

VII. BUDGET, FINANCIAL SCHEDULES, AND AUDITS

2011 BUDGET

Final Approved 2011 Budget — New York Annual Conference										
An "F" next to a budget line item indicates it is to be "fully funded"										
"Discipline" paragraph reference in leftmost column										
		2008	2009	2010	Approved	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)	
		Actual	Actual	Budget	2011	2011	2010 vs.	2011 vs.	2011 vs.	
					Budget	vs. 2010	2010%	2009 Act.	2009 Act. %	
614	I.	Anticipated Income								
	l.	Income from Shared Ministry Apportionments	7,467,754	7,486,510	8,484,238	8,594,558	110,320	1.3%	1,108,048	14.8%
	ii.	Income from registrations and fees	160,047	306,310	193,000	309,000	116,000	60.1%	2,690	0.9%
	iii.	Income from reserve funds		26,543	13,000	25,000	12,000	92.3%	(1,543)	-5.8%
	iv.	From Board of Pensions & Health Benefits	150,000	380,000	370,000	750,000	380,000	102.7%	370,000	97.4%
	v.	Reserves spent for General Ch Apportionments	150,000	160,000					(150,000)	-100.0%
	vi.	Transfer from Bishop's Partner's in Ministry Fund	15,000	6,400					(6,400)	-100.0%
	vii.	Prior Year Apportionments	71,316	75,580					(75,580)	-100.0%
		Total New York Annual Conference Income	7,864,117	8,431,343	9,060,238	9,678,558	618,320	6.8%	1,247,215	14.8%
	I.	Clergy Support								
614.1a	A.	District Superintendent expenses								
	1.	Salaries	435,525	439,459	435,108	452,514	F 17,406	4.0%	13,055	3.0%
	2.	Expenses	484,636	511,606	494,300	523,668	F 29,368	5.9%	12,062	2.4%
	3.	District Trustees (formerly "Parsonages")	87,024	84,014	95,007	99,360	3,453	3.6%	5,346	5.7%
	4.	Reserve for full funding			114,871	120,652	5,781	5.0%	120,652	
		Total District Superintendent Support ...	1,007,185	1,045,079	1,140,186	1,196,194	56,008	4.9%	151,115	14.5%
614.1b	B.	Episcopal Fund								
		326,967	314,829	320,320	325,205	4,885	1.5%	10,376	3.3%	
614.1c	C.	Conference share of Bishop's Housing								
		8,520	8,520	8,520	23,520	F 15,000	176.1%	15,000	176.1%	
		Reserve for full funding			1,053	2,907	1,854	176.1%	2,907	
		Total Conf share Bishop's Housing ...	8,520	8,520	9,573	26,427	16,854	176.1%	17,907	210.2%
614.1d	D.	Pension and Benefit needs								
	1.	Retirees medical benefits	1,207,523	1,300,181	1,587,857	1,896,065	F 308,208	19.4%	595,884	45.8%
	2.	Reserve for emergency CPP/CRSP	8,542	3,000	10,000	0	(10,000)	-100.0%	(3,000)	-100.0%
	3.	Repayment - dep acct / Bd Pension Health Benefits	148,272	111,212	-	10,000	10,000		(101,212)	-91.0%
	4.	CRSP-DB for disabled pastors	47,000	47,000	47,000	47,000	F 0.0%	0.0%	-	0.0%
	5.	Reserve for full funding - retiree medical			196,252	234,345	38,093	19.4%	234,345	
	6.	Res. for full funding - CRSP-DB for disabled pastors			5,809	5,809	-	0.0%	5,809	
	7.	Reserve for full funding - deposit account loan								
		Total Pension and Benefit needs ...	1,411,337	1,461,393	1,846,918	2,193,219	346,301	18.8%	731,826	50.1%
614.1e	E.	Equitable Compensation								
		144,938	146,578	160,000	175,000	15,000	9.4%	28,422	19.4%	
	F.	Other programs of clergy support								
625.2	1.	Salary Adjustment Fund	43,307	76,126	70,000	70,000	-	0.0%	(6,126)	-8.0%
626	2.	Emergency Aid Fund	39,993	46,712	45,000	45,000	-	0.0%	(1,712)	-3.7%
614.1f	3.	Clergy Recruitment	-	-	5,000	5,000	-	0.0%	5,000	
614.1f	4.	Moving expense - active members	27,791	25,362	30,000	30,000	-	0.0%	4,638	18.3%
614.1f	5.	Moving expense - retired members	6,000	3,000	10,000	10,000	-	0.0%	7,000	233.3%
614.1f	6.	Vocational (chance) assistance	8,735	10,000	10,000	20,000	10,000	100.0%	10,000	100.0%
		Total Other programs of clergy support ...	125,426	161,200	170,000	180,000	10,000	5.9%	18,800	11.7%
635.1b	G.	Conference Board of Ordained Ministry								
		63,219	71,875	73,600	84,500	10,900	14.8%	12,625	17.6%	
614		Total Clergy Support ...	3,087,592	3,209,474	3,720,597	4,180,545	459,948	12.4%	971,071	30.3%
	II.	Administration								
614.2a	A.	Conf. Council on Finance and Administration reserves								
		248,797	261,451	200,000	200,000	0	0.0%	(61,451)	-23.5%	
614.2a	B.	Treasurer's office expense								
	1.	Office salaries & Temporary Staff	293,403	291,486	312,500	312,500	F -	0.0%	21,014	7.2%
	2.	Benefits for lay personnel	89,504	105,686	125,813	129,893	F 4,080	3.2%	24,207	22.9%
	3.	Treasurer / Director of Administrative Services	128,741	129,125	132,936	138,065	F 5,129	3.9%	8,940	6.9%
	4.	Travel, recruiting, etc.	1,044	-	1,000	1,000	-	0.0%	1,000	
	5.	Equipment purchase and maintenance	53,108	51,045	55,000	55,000	-	0.0%	3,955	7.7%
	6.	Technical support	78,705	103,531	75,000	75,000	-	0.0%	(28,531)	-27.6%
	7.	Supplies, postage, telephone	75,781	88,542	90,000	90,000	-	0.0%	1,458	1.6%
	8.	Audit fees	24,000	24,000	22,000	25,000	3,000	13.6%	1,000	4.2%
	9.	Reserve for full funding			70,604	71,742	1,138	1.6%	71,742	
		Total Treasurer's office expense ...	744,286	793,415	884,853	898,200	13,347	1.5%	104,785	13.2%
614.2a	C.	Other conference administrative expenses								
	1.	Trustee's operating expenses	181,713	126,574	140,000	140,000	-	0.0%	13,426	10.6%
	2.	Camping Insurance expenses	50,000	70,000	50,000	70,000	20,000	40.0%	3,340	0.0%
	3.	Assistant to the Bishop	21,146	54,250	54,613	57,555	F 2,942	5.4%	3,305	6.1%
	4.	Conference Journal	51,566	51,113	50,000	50,000	-	0.0%	(1,113)	-2.2%
	5.	Conference Sessions	343,800	382,545	349,700	431,850	82,150	23.5%	49,305	12.9%
	6.	Property administration	301,646	226,404	250,000	255,800	5,800	2.3%	29,396	13.0%
	7.	Commission on archives and history - prog / travel	-	9,483	36,500	11,500	(25,000)	-68.5%	2,017	21.3%
	8.	Archivist - compensation	6,441	26,126	30,000	35,000	F 5,000	16.7%	8,874	34.0%
	9.	Commission on Sexual Ethics	75	4,829	2,700	2,100	(600)	-22.2%	(2,729)	-56.5%
	9.	Comm. on Religion & Race - Anti-Racism Training	-	-	30,000	35,000	5,000	16.7%	35,000	
	10.	General & Jurisdictional Conference reserve travel	8,717	-	-	-	F -	-	-	-
	11.	Justice For Our Neighbors (JFON)	-	20,000	25,000	25,000	-	0.0%	5,000	25.0%
	12.	Reserve for full funding			10,458	11,439	981	9.4%	11,439	
614.2a		Total other conference administrative expenses ...	965,104	971,324	1,028,971	1,125,244	96,273	9.4%	153,920	15.8%

FINANCIALS

298 - BUDGET, FINANCIAL SCHEDULES AND AUDITS

Final Approved 2011 Budget — New York Annual Conference																		
An "F" next to a budget line item indicates it is to be "fully funded"																		
"Discipline" paragraph reference in leftmost column																		
		2008	2009	2010	Approved	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)									
		Actual	Actual	Budget	2011	2011 vs. 2010	2010 vs. 2009	2011 vs. 2009 Act.	2011 vs. 2009 Act. %									
614.2b	D.	Episcopal area administrative fund																
		1.	52,500	55,000	52,500	52,500	F	-	0.0%	(2,500)	-4.5%							
		2.	3,000	3,000	3,000	3,000	F	-	0.0%	-	0.0%							
		3.			6,860	6,860	-	0.0%		6,860								
					62,360	62,360	0	0.0%		4,360	7.5%							
			55,500	58,000	62,360	62,360												
614.2b	E.	Jurisdictional conference administrative apportionments								2,066	8.4%	-	0.0%					
614.2b	F.	General Administration Fund								110,060	129,150	126,180	126,439	259	0.2%	(2,711)	-2.1%	
614.2b	G.	Interdenominational Cooperation Fund								32,093	31,244	31,027	30,503	(524)	-1.7%	(741)	-2.4%	
614.2a	H.	Contingency funds								22,060	16,392	20,000	20,000	-	0.0%	3,608	22.0%	
			2,202,538	2,287,680	2,378,029	2,489,450		111,421	4.7%	201,770	8.8%							
614.3	III.	World Service & Conference Benevolences																
614.3b	A.	World Service Fund								1,250,254	1,158,961	1,164,546	1,158,713	(5,833)	-0.5%	(248)	0.0%	
614.3	B.	Conference Benevolences (Conference Programs)																
		1.	Program Funds - District and Conference COM Cat 1 & 2															
		a.	15,802	12,121	40,845	40,850		5	0.0%	28,729	237.0%							
		b.	23,861	29,763	40,845	40,850		5	0.0%	11,087	37.3%							
		2.	Travel and Training / Conference Funds															
		a.	3,841	1,832	3,000	3,000		-	0.0%	1,168	63.8%							
		b.	19,488	15,834	12,000	12,000		-	0.0%	(3,834)	-24.2%							
		c.	2,676	3,697	-	5,000		5,000		1,303	35.2%							
		3.	Operating Funds															
		a.	6,959	9,893	6,000	6,000		-	0.0%	(3,893)	-39.4%							
		b.	2,500	2,500	300	2,500		2,200	733.3%	-	0.0%							
		c.	12,000	10,560	12,000	12,000		-	0.0%	1,440	13.6%							
		d.	900	-	-	12,000		-	-	-	-							
		4.	Programming Support															
		a.	56,000	56,000	56,000	56,000	F	-	0.0%	-	0.0%							
		b.	14,400	14,080	16,000	16,000		-	0.0%	1,920	13.6%							
		c.	1,780	1,760	3,000	3,000		-	0.0%	1,240	70.5%							
		d.	3,690	6,600	5,500	5,500		-	0.0%	(1,100)	-18.7%							
		e.	-	1,200	1,500	1,500		-	0.0%	300	25.0%							
		f.	900	-	-	1,500		-	-	-	-							
		g.	5,850	5,720	7,000	7,000		-	0.0%	1,280	22.4%							
		h.	-	-	4,500	4,500		-	0.0%	4,500								
		i.	-	450	2,000	2,000		-	0.0%	1,550	344.4%							
		j.	1,500	-	2,000	2,000		-	0.0%	2,000								
		k.	-	-	500	500		-	0.0%	500								
		l.	-	-	10,000	10,000		-	0.0%	10,000								
		5.	Ecumenical Relations															
		a.	8,550	8,360	8,500	8,500		-	0.0%	140	1.7%							
		b.	12,600	8,360	8,500	8,500		-	0.0%	140	1.7%							
		6.	Program Funding															
		a.	2,760	1,445	3,500	3,500		-	0.0%	2,055	142.2%							
		b.	18,197	17,399	20,000	20,000		-	0.0%	2,601	14.9%							
		c.	17,141	22,063	41,398	41,400		2	0.0%	19,337	87.6%							
		7.	Resources, Media, Training, Equipment Funding															
		a.	19,799	14,818	25,000	25,000		-	0.0%	10,182	68.7%							
		b.	83,349	48,949	90,000	100,000		10,000	11.1%	51,051	104.3%							
		c.	49,975	46,064	60,000	60,000		-	0.0%	13,936	30.3%							
		8.	Fixed Expenses															
		a.	15,012	17,636	20,000	20,000	F	-	0.0%	2,364	13.4%							
		b.	-	-	12,000	12,000	F	-	0.0%	12,000								
		9.	134,003	153,200	160,000	160,000	F	-	0.0%	6,800	4.4%							
		10.	-	30,000	90,000	120,000		30,000	33.3%	90,000	300.0%							
		11.	-	-	30,652	30,652		-	0.0%	30,652								
			533,533	540,304	792,540	839,752		47,212	6.0%	299,448	55.4%							
614.3c	C.	Administrative expenses - directly related to III.B.																
		a.	251,681	252,810	254,751	264,840	F	10,089	4.0%	12,030	4.8%							
		b.	-	-	31,486	32,733		1,247	4.0%	32,733								
			251,681	252,810	286,237	297,573		11,336	4.0%	44,763	17.7%							
			2,035,468	1,952,075	2,243,323	2,296,038		52,715	2.3%	343,963	17.6%							
614.4	IV.	Other Apportioned Causes																
614.4	A.	Missional Priority Commission								148,054	124,000	125,000	130,000	5,000	4.0%	6,000	4.8%	
614.4	B.	Black College Fund								161,801	161,423	159,039	156,139	(2,900)	-1.8%	(6,284)	-3.3%	
614.4	C.	Africa University Fund								35,745	35,797	35,594	34,945	(649)	-1.8%	(852)	-2.4%	
614.4	D.	Ministerial Education Fund								304,753	301,340	398,656	391,441	(7,215)	-1.8%	90,101	29.9%	
			650,353	622,560	718,289	712,525		(5,764)	-0.8%	89,965	14.5%							
Total New York Annual Conference Budgeted Expenses			7,975,951	8,071,789	9,060,238	9,678,558		618,320	6.8%	1,608,769	19.9%							
"General Church Apportionments" (our Shared Ministry Apportionments that help fund the ministries of the United Methodist Church all around the world) are shown in bold letters and numbers.																		

The following information is the 2008 Audit repeated from the 2009 Journal. The 2009 Audit was not complete at the time that this document went to press. The 2009 Audit will be posted to the nyac.com Web site as soon as it is available and will be printed in the 2011 Journal.

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF
THE NEW YORK ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

DECEMBER 31, 2008

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

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DECEMBER 31, 2008

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INDEPENDENT AUDITOR'S REPORT

Council on Finance and Administration
of the New York Annual Conference of
the United Methodist Church
White Plains, New York

We have audited the accompanying statement of financial position of the Funds Under the Stewardship of the Council on Finance and Administration of the New York Annual Conference of the United Methodist Church (a nonprofit organization) as of December 31, 2008, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the management of the Council on Finance and Administration of the New York Annual Conference of the United Methodist Church. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2007 financial statements and, in our report dated October 12, 2008, we expressed a qualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As more fully described in Note 15, the Annual Conference has not included in its financial statements for the year ended December 31, 2008, and in the summarized comparative information for the year ended December 31, 2007, the present value of the anticipated costs of post-retirement health benefits in the accompanying statements of financial position, activities, and cash flows and related disclosures that, in our opinion, should be included in order to present the financial statements in conformity with accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of not including the present value of the anticipated cost of post-retirement health benefits and related disclosures, as discussed in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Funds Under the Stewardship of the Council on Finance and Administration of the New York Annual Conference of the United Methodist Church as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

D'Arcangelo & Co., LLP
November 5, 2009

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

STATEMENT OF FINANCIAL POSITION

**DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)**

	<u>2008</u>	2007 (As restated) (see Note 16)
ASSETS		
Cash and cash equivalents	\$ 1,398,474	\$ 1,421,297
Investments	1,314,108	1,396,986
Church receivables	1,542,586	767,878
Accounts receivable, other	18,646	18,646
Parish development loans receivable, net of allowance of \$407,000 in both 2008 and 2007	896,322	1,088,461
Prepaid expenses	2,390	4,359
Due from Outdoor Ministries	3,589	24,354
Equipment, net	<u>24,184</u>	<u>39,573</u>
	<u>\$ 5,200,299</u>	<u>\$ 4,761,554</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 1,717,281	\$ 1,413,394
Due to Conference Board of Pensions and Health Benefits	189,192	313,891
Loans payable, Conference Board of Pensions and Health Benefits	389,917	389,917
Church apportionments designated for future periods	<u>72,532</u>	<u>84,406</u>
Total liabilities	<u>2,368,922</u>	<u>2,201,608</u>
Net assets:		
Unrestricted	876,321	674,333
Temporarily restricted	<u>1,955,056</u>	<u>1,885,613</u>
Total net assets	<u>2,831,377</u>	<u>2,559,946</u>
	<u>\$ 5,200,299</u>	<u>\$ 4,761,554</u>

See notes to financial statements.

2.

FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)

	2008			2007
	Unrestricted	Temporarily restricted	Total	(As restated) (see Note 16) Totals
SUPPORT AND REVENUES				
Receipts from church apportionments	\$ 2,113,051	\$ 5,472,329	\$ 7,585,380	\$ 7,448,036
Designated benevolences	-	840,117	840,117	678,673
Other contributed benevolences	369	266,745	267,114	376,718
Fees and reimbursements	235,400	390	235,790	192,776
Investment earnings (loss)	(11,690)	(88,002)	(99,692)	70,904
Interest on revolving loans	-	57,755	57,755	80,631
Total support and revenue	2,337,130	6,549,334	8,886,464	8,847,738
RECLASSIFICATIONS				
Net assets released from restrictions	6,479,891	(6,479,891)	-	-
Total support, revenues and reclassifications	8,817,021	69,443	8,886,464	8,847,738
EXPENSES				
Program services:				
Clergy support	2,843,299	-	2,843,299	2,903,182
World service fund	1,250,255	-	1,250,255	1,423,482
Conference benevolences	830,600	-	830,600	882,670
Other apportioned causes	751,228	-	751,228	649,084
Program distributions	297,047	-	297,047	309,559
Designated benevolences	624,241	-	624,241	816,679
Revolving loan fund expenses	14,306	-	14,306	180,217
Total program services	6,610,976	-	6,610,976	7,164,873
Management and administrative	2,015,899	-	2,015,899	1,938,469
Supporting activities:				
Administrative services for churches and Conference organizations	(11,842)	-	(11,842)	87,806
Total expenses	8,615,033	-	8,615,033	9,191,148
Change in net assets	201,988	69,443	271,431	(343,410)
Net assets, beginning of year:				
As previously stated	674,333	1,885,613	2,559,946	2,797,899
Prior period adjustment (see Note 16)	-	-	-	105,457
As restated	674,333	1,885,613	2,559,946	2,903,356
Net assets, end of year	\$ 876,321	\$ 1,955,056	\$ 2,831,377	\$ 2,559,946

See notes to financial statements.

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

STATEMENT OF CASH FLOWS

**YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)**

	<u>2008</u>	<u>2007</u> <u>(As restated)</u> <small>(see Note 16)</small>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 271,431	\$ (343,410)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Non-cash items:		
Depreciation	23,633	18,696
Provision for uncollectible loans	-	81,000
Realized (gain) on sale of investments	(25,236)	(28,850)
Unrealized valuation (gain) loss on investments	153,551	(74,054)
(Increase) decrease in operating assets:		
Church apportionments and benevolences receivable	(774,708)	192,791
Prepaid expenses	1,969	16,022
Increase (decrease) in operating liabilities:		
Accounts payable	303,887	1,217,267
Church apportionments designated for future periods	<u>(11,874)</u>	<u>(86,010)</u>
Net cash provided by (used in) operating activities	<u>(57,347)</u>	<u>993,452</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(1,781,921)	(235,277)
Proceeds from sales and redemptions of investments	1,736,484	210,000
Loans made from parish development revolving loan fund	(79,032)	(151,275)
Collections of parish development revolving loan principal	271,171	422,466
Receivable from outdoor ministries	20,765	109,390
Purchase of property and equipment	<u>(8,244)</u>	<u>(4,047)</u>
Net cash provided by investing activities	<u>159,223</u>	<u>351,257</u>

(Continued)

FUNDS UNDER THE STEWARDSHIP OF THE
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STATEMENT OF CASH FLOWS
 (Continued)

YEAR ENDED DECEMBER 31, 2008
 (With Comparative Totals for December 31, 2007)

	<u>2008</u>	2007 <u>(As restated)</u> (see Note 16)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of obligation to Conference Board of Pensions and Health Benefits	\$ (124,699)	\$ (318,639)
Net increase (decrease) in cash and cash equivalents	(22,823)	1,026,070
Cash and cash equivalents, beginning of year	<u>1,421,297</u>	<u>395,227</u>
Cash and cash equivalents, end of year	<u>\$ 1,398,474</u>	<u>\$ 1,421,297</u>

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1. Nature of operations:

The New York Annual Conference of the United Methodist Church (the "Conference") is one of sixty-five annual conferences of the United Methodist Church in the United States of America. Annual conferences provide regional administrative governance of and support for individual United Methodist churches that are members of the Conference.

The New York Annual Conference includes all churches in the Metropolitan New York area, Long Island, the Hudson Valley, the lower Catskill Mountains and the western half of the State of Connecticut. The Conference Council on Finance and Administration ("CCFA") consists of representative clergy and lay staff who are responsible for administering the financial affairs of the New York Annual Conference and includes only those funds under the stewardship of that body. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

The CCFA derives substantially all of its support and revenues from Conference local churches. Expenses consist primarily of clergy support; Conference apportionments to the General Church located in Nashville, Tennessee; conducting religious and charitable programs; supporting mission and church ministries; and managing and administering the finances of the Conference.

CCFA supports local churches by collection and timely remitting of Conference-wide local church clergy pension and health benefits and church insurance programs. CCFA also provides payroll processing services on a reimbursed cost basis for other Conference entities.

Conference church buildings, district parsonages, camp property and other property and equipment of the New York Annual Conference are owned by the Board of Trustees of the New York Annual Conference of the United Methodist Church. The Conference's Outdoor Ministries Subcommittee operates the Conference's retreat and camping programs. The Board of Trustees and Outdoor Ministries Subcommittee are not under the stewardship of CCFA. Those assets and operations are not included in the accompanying financial statements of CCFA.

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2. Summary of significant accounting policies:

Basis of presentation:

The financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-For-Profit Organizations*. In accordance with SFAS No. 117, CCFA is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets depending on the existence and/or nature of donor stipulations.

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily restricted net assets - The portion of net assets resulting from (a) contributions and other inflows of assets the use of which is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of CCFA pursuant to those stipulations and, (b) other asset enhancements and diminishments subject to the same kinds of stipulations.

Permanently restricted net assets - The portion of net assets resulting from (a) contributions and other inflows of assets that are subject to donor-imposed stipulations that they be maintained permanently by CCFA, that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization and, (b) other asset enhancements and diminishments subject to the same kind of stipulations. CCFA does not have any permanently restricted net assets.

Management estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications:

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

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2. **Summary of significant accounting policies (continued):**

Cash and cash equivalents:

For purposes of the statement of cash flows, CCFA considers cash and certificates of deposit with a maturity of three months or less, at date of purchase, to be cash equivalents. Cash in money market mutual funds and certificates of deposits held for investment purposes are not considered to be cash or cash equivalents.

Investments:

Investments are composed of equity securities, bonds, mutual funds and certificates of deposit and are managed by the United Methodist Frontier Foundation (the "Foundation"). The investments are carried at fair value based on quoted market prices. Unrealized gains and losses resulting from valuation of investments, stated at fair value at year-end, are included in the change in net assets in the statement of activities. Realized gains and losses are computed using the specific identification method.

Income taxes:

The CCFA has been classified as a religious organization exempt from taxation under Internal Revenue Code Section 501(c)(3). In addition, the CCFA qualifies for charitable contribution deductible by donors under Section 170(b)(1)(a) and has been classified as an organization that is not a private foundation.

Equipment, net:

Equipment including assets purchased directly by CCFA in excess of \$1,000, and used for Conference administrative operations, is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which range from 5 to 20 years.

Rent expense:

Rent expense is recognized on the straight-line basis over the term of the lease. Rent expense in excess of the scheduled lease payments is included in accounts payable.

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2. **Summary of significant accounting policies (continued):**

Revenue recognition:

Church apportionments:

CCFA recognizes as revenue all receipts received during the year from churches under apportionment and those amounts received through an annual determined date in January of the following year, which are designated by the remitting churches for the prior year's apportionment. Receipts recognized as revenue, but received after December 31st are recorded in church apportionments.

CCFA local church support receipts and disbursements:

Receipts and disbursements received from churches for local church clergy benefits or participation in Conference insurance programs, and related remittances are recorded as a pass-through and not as CCFA revenue and expenses. CCFA maintains separate funds for each of these programs; however, the Conference has guaranteed payment to the plan administrators and program providers for the Conference-wide obligation, whether or not CCFA has received payment from participating local churches. The local church arrears are regularly reviewed to determine the churches ability to support the clergy appointed to the church. CCFA and the Conference do not record arrears from churches as receivables. At year-end, CCFA recognizes any gain or loss from the fund activities. If a church subsequently pays its arrears, the receipt is included in the subsequent year's pass-through, and included in the year-end gain or loss recognized for that year.

Donated services:

A number of clergy and lay staff of the Conference donate a substantial amount of time to the CCFA. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition under SFAS No. 116, *Accounting for Contributions and Contributions Made*.

3. **Parish Development loans receivable:**

The Parish Development Commission provides unsecured financing to local churches and other Conference entities for improvements and major repairs from a Revolving Loan Fund. The loans are made at the interest rates determined by the Parish Development Committee with interest on outstanding loans currently 7.5% percent per annum.

Loan principal repayments and interest are deposited back into the Revolving Loan Fund to fund future loans and grants.

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3. **Parish Development loans receivable (continued):**

The Revolving Loan Fund recognizes interest income on performing loans only and regularly reviews collectability and adjusts the allowance for doubtful accounts as necessary, based on management annual review of arrears. As of December 31, 2008, the allowance was \$407,000, and comparatively also \$407,000 for 2007.

4. **Investments:**

The CCFA investments at December 31, 2008 and comparatively for 2007 consist of the following:

	<u>2008</u>	<u>2007</u>
Mutual funds:		
Equity funds	\$ 187,498	\$ 151,922
Bond funds	667,270	76,631
Cash held for investment	<u>459,340</u>	<u>1,168,433</u>
	<u>\$ 1,314,108</u>	<u>\$ 1,396,986</u>

The following provides the cost basis, fair value and valuation gains (losses) at December 31, 2008:

	<u>Cost basis</u>	<u>Fair value</u>	<u>Unrealized gains (losses)</u>
Invested through the United Methodist Frontier Foundation ("UMFF"):			
Conference Operations Fund	\$ 214,094	\$ 210,353	\$ (3,741)
Pension Benefits Fund	280,561	217,313	(63,248)
Revolving Loan Fund	<u>305,948</u>	<u>305,948</u>	-
Total invested through UMFF	800,603	733,614	(66,989)
Conference Operations Fund:			
Money market mutual fund	<u>585,082</u>	<u>580,494</u>	<u>(4,588)</u>
	<u>\$ 1,385,685</u>	<u>\$ 1,314,108</u>	<u>\$ (71,577)</u>

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4. Investments (continued):

This presentation of the relationship between cost basis and fair values of investments is provided for analysis purposes. Unrealized valuation gains (losses) are recognized as of December 31st of each year as a result of valuing investments at fair value.

	Cost	Fair value	Unrealized
Balance, end of year	<u>\$ 1,385,685</u>	<u>\$ 1,314,108</u>	\$ (71,577)
Balance, beginning of year	<u>\$ 1,315,011</u>	<u>\$ 1,396,985</u>	81,974
Net unrealized valuation losses			(153,551)
Net realized gain on sales of investments			<u>25,236</u>
Net realized and unrealized (losses)			<u>\$ (128,315)</u>

Investment return is summarized as follows:

	Unrestricted	Temporarily restricted	Total
Interest and dividend income	\$ 19,341	\$ 18,724	\$ 38,065
Net realized and unrealized gains	(31,031)	(97,284)	(128,315)
Investment fees	<u>-</u>	<u>(9,442)</u>	<u>(9,442)</u>
Total investment income	<u>\$ (11,690)</u>	<u>\$ (88,002)</u>	<u>\$ (99,692)</u>

Investments in securities:

The Conference invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

5. Equipment:

Equipment and related accumulated depreciation as of December 31, 2008 and comparatively for 2007 are as follows:

	2008	2007
Equipment	\$ 563,078	\$ 563,078
Accumulated depreciation	<u>(538,894)</u>	<u>(523,505)</u>
Property and equipment, net	<u>\$ 24,184</u>	<u>\$ 39,573</u>

Depreciation expense for the year ended December 31, 2008 was \$23,633 and comparatively \$18,696 for 2007.

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6. Obligations payable - Conference Board of Pensions and Health Benefits:

Obligation to the health benefit reserve account:

In 2003, CCFA in consultation with the Conference Board of Pensions and Health Benefits borrowed \$1,200,000, interest free, from the Health Benefit Reserve Deposit Account so the Conference could pay HealthFlex arrears existing at the time. Funds to repay the loan are being generated by a budget appropriation funded by the Clergy Benefits Apportionment in 2005 and the Clergy Support Apportionment in years after 2005.

The following summarizes the history and current status of CCFA's obligation to the Health Benefit Reserve Account as of December 21, 2008:

Original borrowing	\$ 1,200,000
Less: repayment of obligation from apportionments:	
Apportioned and paid in 2005 (as restated)	(264,286)
Apportioned and paid in 2006 (as restated)	<u>(303,184)</u>
Balance at December 31, 2006	632,530
Apportioned and paid in 2007 (as restated)	<u>(318,639)</u>
Balance at December 31, 2007	313,891
Paid in 2008	<u>(124,699)</u>
Balance at December 31, 2008	<u>\$ 189,192</u>

In February 2009, a payment of \$79,461 from the 2008 apportionment was made to the Health Benefit Reserve Account thereby reducing the obligation balance to \$109,732.

Obligation to the pension deposit account for arrearage of the Ministers Pension Plan:

From September 2005 through January 2006, CCFA borrowed a total of \$389,917, interest free, from the Conference Board of Pensions and Health Benefits Pension Deposit Account. CCFA paid off Ministers Pension Plan contribution arrears existing at the time.

Subsequent to January 2006, CCFA has maintained the Conference's pension obligations current and no additional borrowing was required. The obligation has no specific repayment schedule, and the Conference has not adopted a plan or designated specific funds to repay the obligation.

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6. **Obligations payable - Conference Board of Pensions and Health Benefits (continued):**

As of December 31, 2008 and 2007, as restated (see Note 16), CCFA had the following obligations payable:

	<u>2008</u>	<u>2007</u> (As restated)
Obligation to health benefit reserve deposit account	\$ 189,192	\$ 313,891
Obligation to the pension deposit account	<u>389,917</u>	<u>389,917</u>
Total obligations	<u>\$ 579,109</u>	<u>\$ 703,808</u>

7. **Obligation from pre-1982 clergy pension plan:**

The Ministers Reserve Pension Plan ("MRPP"), a multi-conference defined benefit pension plan administered by General Board of Pension and Health Benefits, provides pension benefits to eligible clergy of the Conference for years of service prior to December 31, 1981, when the MRPP plan was discontinued and replaced with a new ministers pension plan. No additional pension benefits under the MRPP plan are being accrued for years after 1982.

As of December 31, 2008, the balance of net assets held for benefits in the plan for accumulated plan benefits to be paid in the future totaled \$30,964,420. The Conference has the option to use any projected surplus to either fund future pension obligations or, upon the satisfaction of all the outstanding MRPP obligations receive credit for any excess funds available.

Conference Integrity in Pensions program:

In order to pay the unfunded past service obligation of the MRPP plan, the Conference established the Integrity in Pensions program in 1981. Each church was apportioned their share of the MRPP obligation designed to pay the obligation in full by 2012. Collection of the Integrity in Pensions program receipts are restricted for the MRPP pension obligation and are paid to the Conference Board of Pension and Health Benefits pension deposit account held by General Board of Pension and Health Benefits to be used for MRPP plan funding.

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7. Obligation from pre-1982 clergy pension plan (continued):

Receipts for the integrity in pensions apportionment and remittances to the pension deposit accounts for the year ended December 31, 2008 and comparative for 2007 were:

	2008	2007
Total pension apportionments, contributions, bequests and support received by CCFA	\$ 278,642	\$ 334,239
Total remittances by the CCFA to the pension deposit account held by the General Board of Pensions	288,391	334,239
Excess of remittances over receipts	\$ (9,749)	\$ -

8. Retirement plans:

Clergy Retirement Security Plan:

The CCFA participates in a multi-employer retirement plan, the Clergy Retirement Security Plan ("CRSP"), administered by the General Board of Pension and Health Benefits, which replaced the Ministerial Pension Plan as of January 1, 2007. CRSP includes a defined contribution component; a defined benefit component; and a death disability and survivor benefit (Comprehensive Protection Plan) component.

CRSP requires eligible minister contributions and an employer contribution based on minister compensation as defined in the Plan. Ministers compensation is defined as salary plus a housing allowance or a computed housing allowance equivalent.

The following table summarized the contributions required under the Plan:

Minister's contribution for the defined contribution component	3.0 %
Minister's contribution for comprehensive protection plan component	3.0 %
CCFA for the employer contribution	10.4 %
Total plan contribution	16.4 %

CCFA pension expense for clergy assigned at the Conference's site for the year ended December 31, 2008 was \$122,479, and comparatively \$113,080 for 2007.

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8. Retirement plans (continued):

Lay-staff retirement plan - United Methodist Personal Investment Plan:

Lay-staff retirement benefits are covered under a separate 403(b) defined contribution plan called the United Methodist Personal Investment Plan (formerly Cumulative Pension and Benefit Fund). Participation in the Plan requires each eligible employee to contribute 3% of compensation with an additional 12% paid by CCFA.

Pension expense for CCFA lay-staff for the year ended December 31, 2008 was \$29,900 and comparatively \$25,136 for 2007.

9. Medical and health plan:

Beginning January 1, 2001, the Conference provides health benefits under a multi-employer plan, HealthFlex, administered by the General Board of Pension and Health Benefits. HealthFlex which provides medical and health benefits for eligible clergy and lay-staff working at the Conference site.

The cost of participating in the HealthFlex Plan are based on a uniform rate determined annually by the Conference Board of Pensions and Health Benefits and approved at the Annual Conference.

CCFA's cost of HealthFlex for its clergy and staff for the year ended December 31, 2008 was \$118,735, and comparatively \$119,703 for 2007.

CCFA also provides 75% of HealthFlex cost for retired clergy. CCFA's HealthFlex cost for retired clergy for the year ended December 31, 2008 and comparatively for 2007 were:

	2008	2007 (as restated)
CCFA's retiree clergy HealthFlex cost	\$ 1,332,017	\$ 1,407,896
Less: Medicare drug subsidy	<u>(260,411)</u>	<u>(206,992)</u>
Net CCFA's HealthFlex cost for retired clergy	<u>\$ 1,071,606</u>	<u>\$ 1,200,904</u>

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10. Support services for local churches:

CCFA support services for pension, health benefits and insurance programs for churches:

The Conference has committed to the timely payment of the Conference's mandated CRSP and HealthFlex costs to General Board of Pension and Health Benefits. Likewise the Conference has committed to the timely payment of mandated workers compensation insurance and church option property/casualty insurance. CCFA pays the costs billed, whether or not individual churches have contributed their share. As of the end of the year, CCFA records a gain or loss from the administration of these programs.

Conference payroll services:

CCFA also provides payroll processing services for the Outdoor Ministries Camping Program, Frontier Foundation, and Episcopal Office on a reimbursement basis. If reimbursements are not received, CCFA has made the payroll payments. The Conference monitors these entities to determine that they meet their payroll reimbursement obligation to CCFA.

At December 31, 2008 and comparatively for 2007, CCFA recognized gains (losses) on support services it provides to local churches and Conference entities as follows:

	<u>2008</u>	<u>2007</u> (As restated)
Conference church clergy benefit and insurance programs:		
CRSP and CPP pension plans	\$ 40,810	\$ (40,820)
Integrity in pensions	(9,749)	-
HealthFlex	31,414	199,976
Property and casualty insurance	(52,719)	(204,273)
Workers compensation insurance	<u>2,593</u>	<u>104,957</u>
Gain on Conference church clergy benefit and insurance programs	12,349	59,840
Payroll processing		
Camping payroll	<u>(507)</u>	<u>(147,646)</u>
Total gain (loss) on Conference support services	<u>\$ 11,842</u>	<u>\$ (87,806)</u>

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11. Deposit accounts:

In accordance with a resolution of the Annual Conference, the Conference Board of Pensions and Health Benefits, a separate entity, maintains three accounts with the General Board of Pension and Health Benefits on behalf of the Conference for the purpose of funding pension liabilities and health benefits. As of December 31, 2008, the Pension Deposit Account held \$312,506, the Integrity in Pensions Deposit Account held \$729,678, and the Health Benefits Reserve Deposit Account held \$7,605,017.

CCFA pensions and health benefits remittances made to these accounts are recorded as expenses by CCFA. The Deposit Accounts are held at the General Board of Pension and Health Benefits and may be drawn down only upon the approval of the Conference Board of Pensions and Health Benefits to fund Conference obligations to the MRPP pension or HealthFlex plans.

12. Concentrations of credit risk:

Cash and cash equivalent balances held at banks may exceed the Federal Depository Insurance Corporation ("FDIC") limits. CCFA monitors its cash balances and the financial institutions involved as a method of reducing its credit risk with banks.

Investments were transferred and invested in investment pools administered by the United Methodist Frontier Foundation ("UMFF") and are deposited with brokerage firms. The amounts held may exceed FDIC or Security Industry Protection Corporation ("SIPC") insurance. The Foundation monitors these balances and the brokerages it deals with to determine whether the balances that may exceed SIPC insured limits are covered by additional brokerage insurance programs as a method of determining the credit risk and in choosing brokerage firms with whom to deal to reduce the Foundation's exposure to credit risk.

13. Lease commitments:

Office facilities:

The CCFA leases its office space from the Board of Trustees for \$100,380 per annum through February 2021. Payments are required to be made directly to the United Methodist Development Fund on behalf of the Board of Trustees and began in February 2002.

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13. Lease commitments (continued):

Episcopal residence:

CCFA also leases the Episcopal residence from the Board of Trustees for \$8,520 per annum through June 2018. Payments are made to the Conference Board of Trustees to provide for the payment of the principal on the mortgage debt carried on the property.

Office equipment:

CCFA leases office and printing equipment under various commercial leases with the equipment suppliers or commercial leasing companies.

Rent expense for real estate and equipment for the year ended December 31, 2008 was \$168,754 and comparatively was \$174,834 for 2007.

Future annual minimum lease commitments as of December 31, 2008 are as follows:

Year ended	
<u>December 31,</u>	
2009	\$ 122,625
2010	108,900
2011	108,900
2012	108,900
2013	108,900
Thereafter	<u>778,720</u>
	<u>\$ 1,336,945</u>

14. Contingency:

Litigation:

The Conference is a party to several pending and threatened litigations as plaintiff and as defendant. In those cases where the Conference is a named defendant, outside legal counsel does not believe that there will be a material adverse effect on the financial statements. Accordingly, provisions for contingent gains and losses have not been included in the financial statements.

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15. **Postretirement health benefits:**

CCFA, acting as the fiduciary for the health benefits provided by the Conference to retired clergy, has not included in its liabilities and reduced its temporarily restricted net assets for the present value of the anticipated costs of postretirement health benefits.

The Conference has been providing medical and health benefits to retired ministers and others, as described in Note 9. The requirement to provide postretirement medical and health benefits has not been established in a formal plan; however, these benefits have routinely been provided to retirees and funded through Conference assessed church apportionments and administered by CCFA. The Conference has not recognize the medical and health benefits to retired clergy as an obligation as a formal benefit plan does not exist.

Accounting principles provide that the accumulated postretirement benefit obligation be recorded in the financial statements at the present value of the anticipated actuarial cost of health benefits for retirees in Statement of Financial Accounting Standards ("SFAS") No. 106, *Employers Accounting for Postretirement Benefits Other Than Pensions*. CCFA has not engaged an actuary to provide the necessary information as of December 31, 2008; however, the General Board of Pension and Health Benefits of The United Methodist Church, Incorporated obtained an actuarial valuation of the New York Annual Conference of the United Methodist Church's retiree healthcare benefits as of December 31, 2006. The primary purpose of this valuation was to measure the assets and liabilities under the plan using actuarial methods prescribed by SFAS No. 106. Liability measures are important for the Conference financial planning should the Conference choose to continue providing retiree healthcare benefits. The report's valuation of the Conference's accumulated postretirement benefit obligation is \$30,151,727 as of December 31, 2006. The accumulated postretirement benefit obligation is the portion of the expected postretirement benefit obligation attributed to past service. The actuarial valuation was based on the projected unit credit funding method, and used plan provisions based on current Conference benefit practices and various actuarial assumptions.

The effect of recording the costs in accordance with SFAS No. 106 would be to increase liabilities and decrease temporarily restricted net assets (Health Benefits Fund).

The Conference is not required to comply with the health benefit provisions until the plan is formally adopted; however, to comply with accounting principles generally accepted in the United States of America, a post-retirement obligation must be recognized when benefits are being provided and the obligation is likely to be incurred.

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15. Postretirement health benefits (continued):

The recording of the liability for the post-retirement health benefits is expected to deplete the net assets of the Health Benefits Fund with the excess adversely affecting the Operating Fund's net assets; however, because the funding for the liability has and is expected to continue to be provided from the annual apportionment of churches, the Conference expects that the future payment of the post-retirement benefit obligation can be met through its normal annual assessment of churches.

16. Restatement of 2007 financial statements and prior period adjustment:

In connection with prior year obligations in arrears to General Board of Pension and Health Benefits for the HealthFlex health benefit plan, and the MPP/CPP ministers pension plan (see Note 6), CCFA arranged borrowings and a grant from the Conference Pension Deposit Account and the Health Benefit Reserve Account.

Due to a misinterpretation in applying payments to CCFA's obligations to the Health Benefit Reserve Deposit Account, prior year obligations had been misstated. CCFA's obligation at December 31, 2008 reflects the restated obligation amount based on a review of the history of the obligations and applications of repayments made from Clergy Benefit and Support Apportionments since 2004. To properly present the comparative obligation payable to the Conference Board of Pension and Health Benefits Deposit Account, net assets and related revenue and expenses as and for the year ended December 31, 2007, the 2007 financial statements were restated and a prior period adjustment of \$105,457 increasing unrestricted fund balance as of January 1, 2007 was recorded.

17. Subsequent events:

Due to a decline in the value of plan assets subsequent to December 31, 2008, the Conference's funding obligations for the MPP/MRPP Pension Plans are currently projected to require additional contributions from the Conference of nearly \$1,000,000 in 2011. The Conference is currently having meetings with the related agencies as to how the Conference will address these future obligations. To date, no decisions have been made regarding future funding.

During 2009, investment markets have continued to be adversely impacted by a number of economic factors that resulted in a credit crisis requiring government intervention in investment markets. The Conference has not been able to ascertain the extent that its investments have been affected, as market values are in the midst of reacting to the credit crisis and are experiencing wide daily fluctuations in market values.

D'Arcangelo & Co., LLP
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INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

Council on Finance and Administration
of the New York Annual Conference of
the United Methodist Church
White Plains, New York

The report on our audit of the basic financial statements of the Funds Under the Stewardship of the Council on Finance and Administration of the New York Annual Conference of the United Methodist Church (a nonprofit organization) as of December 31, 2008 appears on page 1. That audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules on pages 22 to 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, except for the effects on the schedule of expenses by fund of not including post-retirement health benefits expense as explained in the third paragraph of our report on page 1, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The prior year comparative information has been derived from the Organization's 2007 financial statements and, in our report dated October 12, 2008, we expressed a qualified opinion on those financial statements. The budget information has been provided for comparative purposes only and was not audited or reviewed by us and, accordingly, we do not express an opinion on it.

D'Arcangelo & Co., LLP
November 5, 2009

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

SCHEDULE OF RECEIPTS FROM CHURCH APPORTIONMENTS

**YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)**

	2008		2007 (as restated)	
	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Total</u>	<u>Total</u>
Receipts from church apportionments:				
Conference operation	\$ 1,865,558	\$ -	\$ 1,865,558	\$ 1,810,064
Clergy support	-	3,082,767	3,082,767	3,383,230
Connectional ministries:				
World service	-	1,129,774	1,129,774	1,083,330
Conference benevolences	-	593,185	593,185	476,482
Administrative operations	247,493	-	247,493	-
Other apportioned causes	-	666,603	666,603	694,930
Total receipts from church apportionments	<u>\$ 2,113,051</u>	<u>\$ 5,472,329</u>	<u>\$ 7,585,380</u>	<u>\$ 7,448,036</u>

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

SCHEDULE OF CLERGY SUPPORT

YEAR ENDED DECEMBER 31, 2008

(With the 2008 Budget and 2007 Actual for Comparative Purposes)

	Actual 2008	Budget 2008 (unaudited)	Actual 2007 (as restated)
Budgeted clergy support:			
District superintendent expenses:			
Salaries	\$ 433,981	\$ 435,107	\$ 413,672
Expenses	505,777	510,716	480,689
Parsonages	87,024	86,024	78,561
Contingency fund	-	-	35,000
Total district superintendent expenses	<u>1,026,782</u>	<u>1,031,847</u>	<u>1,007,922</u>
Episcopal fund	<u>326,969</u>	<u>326,967</u>	<u>274,657</u>
Bishop's housing - Conference share	<u>8,520</u>	<u>8,520</u>	<u>8,520</u>
Pension and benefit needs:			
Retirees medical benefit, net of Medicare subsidy of \$260,411 (2008) and \$206,992 (2007)	1,071,606	1,233,504	1,200,904
Reserve for emergency CPP/MPP	4,845	10,000	-
Repayment to deposit account (see note below)	-	150,000	-
CRSP-DB for disabled pastors	<u>47,000</u>	<u>47,000</u>	<u>47,000</u>
Total pension and benefits needs	<u>1,123,451</u>	<u>1,440,504</u>	<u>1,247,904</u>
Equitable compensation	<u>146,438</u>	<u>160,000</u>	<u>135,708</u>
Other clergy support programs:			
Salary adjustment fund	43,307	80,000	82,868
Emergency aid fund	39,593	37,500	35,896
Clergy recruitment	-	5,000	1,800
Moving expense - active members	28,542	26,000	25,963
Moving expense - retired members	6,000	10,000	1,858
Vocational assistance	<u>8,735</u>	<u>10,000</u>	<u>-</u>
Total other clergy support programs	<u>126,177</u>	<u>168,500</u>	<u>148,385</u>
Conference Board of Ordained Ministry	<u>71,887</u>	<u>77,300</u>	<u>69,374</u>
Total budgeted clergy support	2,830,224	3,213,638	2,892,470
Off-budget clergy support:			
Bishop's housing costs	<u>13,075</u>	<u>-</u>	<u>10,712</u>
Total clergy support	<u>\$ 2,843,299</u>	<u>\$ 3,213,638</u>	<u>\$ 2,903,182</u>

Note: Repayment of deposit account

Repayment of the deposit account is recorded as a reduction of the loan liability. Repayment for the years ended December 31, 2008 was \$124,699, and comparatively was \$318,638 for 2007.

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

SCHEDULE OF WORLD SERVICE AND CONFERENCE BENEVOLENCES

**YEAR ENDED DECEMBER 31, 2008
(With the 2008 Budget and 2007 Actual for Comparative Purposes)**

	Actual 2008	Budget 2008 (unaudited)	Actual 2007 (as restated)
World Service:			
Budgeted world service expenses	<u>\$ 1,250,255</u>	<u>\$ 1,250,254</u>	<u>\$ 1,423,482</u>
Conference Benevolences:			
Program funds:			
Category I	17,040	40,845	23,882
Category II	<u>32,352</u>	<u>40,845</u>	<u>43,338</u>
Total program funds	<u>49,392</u>	<u>81,690</u>	<u>67,220</u>
Travel and training/Conference funds:			
Board/Committee travel	3,840	3,000	2,242
Delegate travel	20,464	12,000	5,677
CMVT annual planning retreat	<u>2,677</u>	<u>5,000</u>	<u>1,543</u>
Total travel and training	<u>26,981</u>	<u>20,000</u>	<u>9,462</u>
Operating funds:			
Program, literature and supplies	6,860	1,500	3,750
Memberships	2,500	300	-
District Council on Ministries	12,000	12,000	12,000
Committee administration	<u>-</u>	<u>1,000</u>	<u>1,175</u>
Total operating funds	<u>21,360</u>	<u>14,800</u>	<u>16,925</u>
Programming support:			
Campus ministries	56,000	56,000	56,000
Rural and migrant ministries	14,400	16,000	14,240
UM Appalachian Ministries Network	1,780	2,000	1,780
Cooperative School of Christian Mission	3,680	4,000	2,670
Chinese ministry	-	2,500	1,780
Haitian ministry	900	1,000	-
Hispanic ministry	5,850	6,500	5,785
Korean ministry	-	4,500	-
Black Methodists for Church Renewal	-	2,000	-
Mission trip leader	<u>1,500</u>	<u>2,000</u>	<u>1,780</u>
Total programming support	<u>84,110</u>	<u>96,500</u>	<u>84,035</u>
Ecumenical relations:			
Christian Conference of Connecticut	8,550	9,500	8,455
New York State Community of Churches	<u>12,600</u>	<u>14,000</u>	<u>12,460</u>
Total ecumenical relations	<u>\$ 21,150</u>	<u>\$ 23,500</u>	<u>\$ 20,915</u>

(Continued)

FUNDS UNDER THE STEWARDSHIP OF THE
 COUNCIL ON FINANCE AND ADMINISTRATION OF THE
 NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

SCHEDULE OF WORLD SERVICE AND CONFERENCE BENEVOLENCES
 (continued)

YEAR ENDED DECEMBER 31, 2008
 (With the 2008 Budget and 2007 Actual for Comparative Purposes)

	Actual 2008	Budget 2008 (unaudited)	Actual 2007 (as restated)
Program funding:			
Board of Laity	\$ 2,760	\$ 3,000	\$ 1,692
Youth/Children/Adult ministries	24,187	15,000	55,004
Emerging ministries	<u>18,752</u>	<u>27,898</u>	<u>24,551</u>
Total program funding	<u>45,699</u>	<u>45,898</u>	<u>81,247</u>
Resources, media, training and equipment funding:			
Learning center	24,860	25,000	13,510
Conference newspaper	103,739	90,000	91,871
Equipping local church outreach	<u>44,711</u>	<u>60,000</u>	<u>44,434</u>
Total resources, media training and equipment funding	<u>173,310</u>	<u>175,000</u>	<u>149,815</u>
Fixed expenses: age-level ministries stipends	<u>15,012</u>	<u>15,000</u>	<u>15,012</u>
Parish development	<u>139,792</u>	<u>154,500</u>	<u>173,000</u>
Total program funds	<u>576,806</u>	<u>626,888</u>	<u>617,631</u>
Administrative expenses:			
Program staff, salaries and benefits	253,794	248,209	265,039
Reserve for full funding	-	37,089	-
Total administrative expenses	<u>253,794</u>	<u>285,298</u>	<u>265,039</u>
Total budgeted conference benevolences	<u>830,600</u>	<u>912,186</u>	<u>882,670</u>
Total world service and conference benevolences	<u>\$ 2,080,855</u>	<u>\$ 2,267,897</u>	<u>\$ 2,306,152</u>

FUNDS UNDER THE STEWARDSHIP OF THE
 COUNCIL ON FINANCE AND ADMINISTRATION OF THE
 NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

SCHEDULE OF OTHER APPORTIONED CAUSES

YEAR ENDED DECEMBER 31, 2008
 (With the 2008 Budget and 2007 Actual for Comparative Purposes)

	Actual 2008	Budget 2008 (unaudited)	Actual 2007 (as restated)
Other apportioned causes:			
Missional priority	\$ 148,054	\$ 130,000	\$ 72,450
Black college fund	166,282	161,801	161,578
Africa University fund	35,745	35,731	39,448
Ministerial education fund	<u>401,147</u>	<u>406,336</u>	<u>375,608</u>
Total other apportioned causes	<u>\$ 751,228</u>	<u>\$ 733,868</u>	<u>\$ 649,084</u>

FUNDS UNDER THE STEWARDSHIP OF THE
 COUNCIL ON FINANCE AND ADMINISTRATION OF THE
 NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

SCHEDULE OF PROGRAM DISTRIBUTIONS

YEAR ENDED DECEMBER 31, 2008
 (With Comparative Totals for December 31, 2007)

	<u>2008</u>	<u>2007</u>
		(as restated)
Program distributions:		
One Great Hour	\$ 55,718	\$ 51,779
World Communications	30,429	36,388
Human Relations	20,464	21,385
Peace with Justice	7,416	8,153
United Methodist Student Day	14,856	13,853
United Methodist City Society	12,221	15,814
Connecticut Central District Mission Society	7,826	10,126
Connecticut/New York District Mission Society	-	637
Anchor House	9,135	4,894
New York Methodist Hospital	3,807	3,839
Bethel Methodist Home	578	40
Bethany Home	578	40
Brooklyn Methodist Church	2,562	2,687
Methodist Church Home of New York	903	1,190
Methodist Home Connecticut Shelton	2,124	687
Children Home of Binghamton	1,638	6,043
Golden Cross	-	6,942
Women's Advocate Ministry	528	125
Native American	8,385	6,584
Millennium fund	50,000	-
Parish consulting	237	(200)
Bishops discretionary fund	3,388	2,148
Scholarship fund - NYES	13,800	13,900
CMVT - Earmarked	29,738	24,405
Black College Lunch	11,116	43,500
After-school salary support	9,600	34,600
Total program distributions	<u>\$ 297,047</u>	<u>\$ 309,559</u>

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

SCHEDULE OF DESIGNATED BENEVOLENCES

**YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)**

	<u>2008</u>	<u>2007</u> (as restated)
Designated benevolences expenses:		
Bishop's Partners in Mission	\$ 145,252	\$ 317,539
Early Response Team	94,191	124,891
Disaster Response Team	7,200	5,000
Cambodia mission	-	500
Ghana mission	50,010	41,941
Mozambique mission	10,000	-
Haitian mission	10,000	-
Bolivia mission	8,886	-
Northeast jurisdiction Korean	82,416	129,940
Walton Relief Comm.	-	5,946
Walton church appeal	-	29,205
Katrina church recovery	11,325	75,633
Ghana church building project	775	-
Clergy day apart	17,584	23,854
Costa Rica mission	34,882	43,702
East Africa mission	45,663	-
New Day Church	34,646	-
Chile mission	720	-
Bishops appeal for global AIDS	3,738	-
Iowa disaster	4,806	-
Ecuador mission	1,941	-
Justice for our neighbors	38,841	8,788
Youth mission ambassadors	21,365	-
Other designated benevolences	-	9,740
Total off-budget designated benevolences expenses	<u>\$ 624,241</u>	<u>\$ 816,679</u>

**FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH**

SCHEDULE OF MANAGEMENT AND ADMINISTRATIVE EXPENSES

**YEAR ENDED DECEMBER 31, 2008
(With the 2008 Budget and 2007 Actual for Comparative Purposes)**

	Actual 2008	Budget 2008 (unaudited)	Actual 2007 (as restated)
Budgeted management and administrative expenses:			
Treasurer's office expense:			
Office salaries and temporary staff	\$ 310,403	\$ 294,000	\$ 242,609
Benefits for lay personnel	95,134	89,701	97,900
Director of Administrative Services/Treasurer	131,347	128,356	123,160
Travel and recruiting	1,045	1,000	3,067
Equipment purchase and maintenance	53,109	51,000	26,186
Technical support	78,706	75,000	102,076
Supplies, postage and telephone	78,231	90,000	160,866
Audit fees	<u>24,000</u>	<u>21,000</u>	<u>21,000</u>
Total treasurer's office expense	<u>771,975</u>	<u>750,057</u>	<u>776,864</u>
Other administrative expenses:			
Trustees' operating expenses	178,964	140,000	118,216
Assistant to the Bishop	22,273	36,780	35,927
Conference journal	41,640	38,350	81,633
Conference sessions	338,279	411,350	353,598
Property administration	351,646	275,000	342,114
Commission on archives and history	6,789	50,500	10,109
Commission on sexual ethics	75	2,700	227
General and jurisdictional travel	<u>8,717</u>	<u>10,000</u>	<u>-</u>
Total other conference administrative expenses	<u>948,383</u>	<u>964,680</u>	<u>941,824</u>
Episcopal area administrative fund:			
Bishop's area expense fund	52,500	52,500	50,000
Bishop's discretionary fund	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Total Episcopal area administrative fund	<u>55,500</u>	<u>55,500</u>	<u>53,000</u>
National administrative apportionments:			
National general administrative	110,063	110,060	94,273
Jurisdictional conference administration	24,639	24,639	24,638
Interdenominational cooperation fund	32,095	32,093	29,116
Contingency fund	<u>49,611</u>	<u>20,000</u>	<u>58</u>
Total national administrative apportionments	<u>216,408</u>	<u>186,792</u>	<u>148,085</u>
Total budgeted management and administrative expenses	1,992,266	1,957,029	1,919,773
Off-budget management and administrative expenses:			
Equipment depreciation	<u>23,633</u>	<u>-</u>	<u>18,696</u>
Total management and administrative expenses	<u>\$ 2,015,899</u>	<u>\$ 1,957,029</u>	<u>\$ 1,938,469</u>

FUNDS UNDER THE STEWARDSHIP OF THE
COUNCIL ON FINANCE AND ADMINISTRATION OF THE
NEW YORK ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

SCHEDULE OF CHURCH BENEFIT AND INSURANCE PROGRAMS

YEAR ENDED DECEMBER 31, 2008
(With Comparative Totals for December 31, 2007)

	2008		2007 (as restated)		
	Receipts	Payments	Receipts	Payments	Excess (deficiency of receipts over payments)
Administration of church benefits:					
Church pensions:					
Clergy retirement security plan ("CRSP")	\$ 3,005,505	\$ 2,964,695	\$ 2,954,158	\$ 2,994,978	\$ (40,820)
Integrity in pensions,	278,642	288,391	334,239	334,239	-
Total church pensions	<u>3,284,147</u>	<u>3,253,086</u>	<u>3,288,397</u>	<u>3,329,217</u>	<u>(40,820)</u>
Church HealthFlex	3,631,639	3,600,225	3,802,289	3,602,313	199,976
Administration of church insurance:					
Property and casualty insurance	2,122,023	2,174,742	1,304,508	1,508,781	(204,273)
Workers compensation insurance	388,211	385,618	258,251	153,294	104,957
Total administration of church insurance	<u>2,510,234</u>	<u>2,560,360</u>	<u>1,562,759</u>	<u>1,662,075</u>	<u>(99,316)</u>
Administration of camping payroll	675,281	675,788	361,609	509,255	(147,646)
Total administrative services for church and conference organizations	<u>\$ 10,101,301</u>	<u>\$ 10,089,459</u>	<u>\$ 9,015,054</u>	<u>\$ 9,102,860</u>	<u>\$ (87,806)</u>

**Funds Administered by the Board of Trustees
of the New York Annual Conference
of the United Methodist Church**

Financial Statements

December 31, 2008



O'Connor Davies Munns & Dobbins, llp
 ACCOUNTANTS AND CONSULTANTS

Independent Auditors' Report

The Board of Trustees New York Annual Conference of the United Methodist Church

We have audited the accompanying statement of financial position of the Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church ("Board of Trustees") as of December 31, 2008 and the related statement of activities and cash flows for the year then ended. These financial statements are the responsibility of the Board of Trustees' management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative summarized information has been derived from the Board of Trustees' 2007 financial statements and, in our report dated July 24, 2008, we expressed a qualified opinion on those financial statements with respect to the scope limitation described in the penultimate paragraph below.

Except as provided below, we conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 3, a significant portion of the property and equipment of the Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church has not been reflected in the accompanying financial statements. Due to lack of supporting documentation, the value of such assets is not determinable.

In our opinion, except for such adjustments and additional disclosures as might have been determined to be necessary if the scope of our audit had not been limited as described in the preceding paragraph, the financial statement referred to above present fairly, in all material respects, the financial position of the Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church at December 31, 2008 and its changes in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

O'Connor Davies Munns & Dobbins, LLP

Harrison, New York
 August 20, 2009

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Statement of Financial Position

December 31, 2008

(with comparative amounts at December 31, 2007)

	2008	2007
ASSETS		
Cash and cash equivalents	\$ 574,181	\$ 847,165
Investments	2,420,668	2,760,419
Due from New York Annual Conference - Insurance	58,629	284,000
Due from Conference Council on Finance and Administration	29,721	21,201
Land, buildings and equipment, net	3,619,232	3,704,420
	\$ 6,702,431	\$ 7,617,205
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 20,000	\$ 20,000
Custodial funds held	35,822	34,862
Loan payable - United Methodist Development Fund	769,316	803,388
Total Liabilities	825,138	858,250
Net Assets		
Unrestricted	4,696,303	5,268,686
Temporarily restricted	521,302	830,581
Permanently restricted	659,688	659,688
Total Net Assets	5,877,293	6,758,955
	\$ 6,702,431	\$ 7,617,205

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Statement of Activities

Year Ended December 31, 2008

(with summarized totals for the year ended December 31, 2007)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2008 Total	2007 Total
REVENUE					
Grants and contributions	\$ -	\$ -	\$ -	\$ -	\$ 5,000
Investment return	(79,645)	(201,089)	-	(280,734)	167,032
Interest income	732	-	-	732	5,357
Amounts to be paid by Conference Council on Finance and Administration	129,888	-	-	129,888	128,888
Donated services	19,044	-	-	19,044	18,000
	70,019	(201,089)	-	(131,070)	324,277
Net assets released from restrictions	108,190	(108,190)	-	-	-
Total Revenue	<u>178,209</u>	<u>(309,279)</u>	<u>-</u>	<u>(131,070)</u>	<u>324,277</u>
EXPENSES					
Distribution of income and grants	471,136	-	-	471,136	382,052
Accounting fees	21,000	-	-	21,000	20,000
Administrative	19,690	-	-	19,690	18,621
Property expenses	-	-	-	-	15,802
Repairs and maintenance	57,947	-	-	57,947	33,471
Interest	66,296	-	-	66,296	63,808
Depreciation and amortization	114,523	-	-	114,523	124,840
Total Expenses	<u>750,592</u>	<u>-</u>	<u>-</u>	<u>750,592</u>	<u>658,594</u>
Change in Net Assets	(572,383)	(309,279)	-	(881,662)	(334,317)
NET ASSETS					
Beginning of year	<u>5,268,686</u>	<u>830,581</u>	<u>659,688</u>	<u>6,758,955</u>	<u>7,093,272</u>
End of year	<u>\$ 4,696,303</u>	<u>\$ 521,302</u>	<u>\$ 659,688</u>	<u>\$ 5,877,293</u>	<u>\$ 6,758,955</u>

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Statement of Cash Flows

Year Ended December 31, 2008

(with comparative amounts for the year ended December 31, 2007)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (881,662)	\$ (334,317)
Adjustments to reconcile change in net assets to net cash from operating activities		
Realized and unrealized losses (gains) on investments	343,700	(85,971)
Depreciation	114,523	124,840
Change in operating assets and liabilities		
Amounts due from New York Annual Conference - Insurance	225,371	(284,000)
Amounts due from Conference Council on Finance and Administration	(8,520)	8,432
Accounts payable and accrued expenses	-	(9,750)
Custodial funds	960	(480)
Net Cash from Operating Activities	(205,628)	(581,246)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	505,114	599,956
Purchase of investments	(509,063)	(299,516)
Aquisition of property and equipment	(29,335)	(63,897)
Net Cash from Investing Activities	(33,284)	236,543
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on United Methodist Development Fund loan	(34,072)	(36,560)
Net Cash from Financing Activities	(34,072)	(36,560)
Net Change in Cash and Cash Equivalents	(272,984)	(381,263)
CASH AND CASH EQUIVALENTS		
Beginning of year	847,165	1,228,428
End of year	\$ 574,181	\$ 847,165
SUPPLEMENTARY CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 66,296	\$ 63,808

See notes to financial statements

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

1. Organization

The accompanying financial statements include the assets, liabilities, revenue and expenses of the Funds Administered by the Board of Trustees of The New York Annual Conference of The United Methodist Church (the "Board of Trustees"). With reference to paragraph 2512.3 of The Book of Discipline of The United Methodist Church, the Board of Trustees shall receive, collect and hold in trust, for the benefit of the Annual Conference and its agencies, any and all donations, bequests and devises of any kind or character, real or personal, that may be given, devised, bequeathed, or conveyed to the said Board or to the Annual Conference and its agencies as such for any benevolent, charitable, or religious purpose, and shall administer the same, and the income therefrom, in accordance with the directions of the donor, trustor, or testator, and in the interest of the church, society, institution, or agency contemplated by such donor, trustor, or testator, under the direction of the Annual Conference. In addition, the Board of Trustees has the responsibility for caring for the legal and insurance matters which affect the Annual Conference.

The Board of Trustees is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as an organization that is not a private foundation.

2. Summary of Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements of the Funds Administered by the Board of Trustees of The New York Annual Conference of The United Methodist Church follows.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions in determining the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results may differ significantly from those estimates.

Financial Statement Presentation

The classification of an organization's net assets and its support and revenue is based on the existence or absence of donor-imposed restrictions. Amounts for each class of net assets-permanently restricted, temporarily restricted, and unrestricted are displayed in the Board of Trustees' statement of financial position and the amounts of change in each of such classes of net assets in its statement of activities.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For financial statements purposes, the Board of Trustees considers highly liquid investments with maturities of three months or less, at the time of purchase, to be cash equivalents.

Investments

The Board of Trustees adopted FASB Statement No. 157 Fair Value Measurements, (“SFAS 157”) as of January 1, 2008, which, among other things, defines fair value, establishes a hierarchal framework for measuring fair value and expands disclosure about fair value measurements. SFAS 157 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value hierarchy is organized into three levels based upon the assumptions (referred to as “inputs”) used in pricing the asset or liability. SFAS 157 states that “observable inputs” reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from independent sources and “unobservable inputs” reflect an entity’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

The fair value hierarchy prioritizes the inputs used in valuation techniques and creates the following three broad levels, with Level 1 being the highest priority:

Level 1 Inputs

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. SFAS 157 requires entities to measure fair value using quoted market prices whenever available, unless the active market is not readily available to the entity in which case a Level 2 or Level 3 valuation methodology may be appropriate.

Level 2 Inputs

Level 2 inputs are inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly with fair value being determined through the use of models or other valuation methodologies.

Level 3 Inputs

Level 3 inputs are unobservable inputs for the asset or liability and are used to the extent that observable inputs do not exist. Level 3 inputs require significant management judgment and estimation. The types of investments which would generally be included in this category include equity and/or debt securities issued by private entities.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Investments (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an investment's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Investment gains and losses, both realized and unrealized, are reported in the statement of activities as increases or decreases in unrestricted net assets unless their use is temporarily or permanently restricted by explicit donor stipulations or by law.

Land, Buildings and Equipment, Net

The cost of assets acquired with a useful life greater than one year are capitalized and depreciated over their estimated useful lives. Eight district parsonages are carried at their original cost. The parsonages are being depreciated on the straight-line method over their estimated useful lives of fifty years.

Mineral Rights

The Board of Trustees retains the mineral rights to a parcel of land sold in a prior year. Because the value, if any, is not presently determinable, no amounts applicable to these rights have been recorded in the accompanying financial statements.

Capitalized Costs

The Board of Trustees capitalizes certain professional costs incurred in connection with the renovation of the conference center. Upon completion of the project, these costs will be reclassified as leasehold improvements and will be depreciated over its estimated useful life

Donated Services

The value of donated services for the use of office space and administrative support are reflected in the accompanying financial statements based upon the estimated value of the office space and personnel costs provided.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

2. Summary of Significant Accounting Policies (continued)

Accounting for Uncertainty in Income Taxes

In July 2006 the FASB issued FIN 48, "Accounting for Uncertainty in Income Taxes," which sets out a framework for organizations to use to determine the appropriate level of tax reserves required in order to maintain uncertain tax positions. FASB Staff Position No. FIN 48-3, has deferred adoption of FIN 48 until fiscal years beginning after December 15, 2008.

Management is not aware of any violation of its tax status as an organization exempt from income taxes, nor of any exposure to unrelated business income tax. Consequently, in the opinion of management, adoption of FIN 48 should not have a significant affect on the Organization. The Board of Trustees current accounting policy is to provide liabilities for uncertain tax positions when a liability is probable and estimable.

3. Unrecorded Property

A significant portion of the property and equipment of the Board of Trustees has not been capitalized, and is not reflected in the accompanying statement of financial position. These assets include certain camps and related camp equipment and certain abandoned church properties. Due to a lack of adequate supporting documentation, the value of these assets is not determinable.

4. Investments and Investment Return

The following are major categories of investments measured at fair value using level 2 inputs according to the SFAS 157 hierarchy at December 31, 2008:

Cash and cash equivalents	\$ 711,383
Bond funds	1,315,260
Equity funds	<u>394,025</u>
	<u>\$ 2,420,668</u>

The above funds consist of units of interest in commingled funds maintained by the United Methodist Frontier Foundation. The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets still held at the reporting date included within investment income in the statement of activities is \$343,700.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

4. Investments and Investment Return (continued)

Investment return for the year ended December 31, 2008 consists of the following:

	Unrestricted	Temporarily Restricted	Total
Dividends and interest	\$ 40,320	\$ 49,002	\$ 89,322
Realized and unrealized losses on investments	(168,550)	(175,150)	(343,700)
Less investment fees	<u>(13,826)</u>	<u>(12,530)</u>	<u>(26,356)</u>
	<u>\$ (142,056)</u>	<u>\$ (138,678)</u>	<u>\$ (280,734)</u>

The credit and liquidity crisis in the United States has resulted in substantial volatility in the global financial markets. Consequently, the values of the Board of Trustee's individual investments have and will fluctuate in response to changing market conditions, the affect of which will be recognized in subsequent periods and cannot be determined at this time.

5. Land, Buildings and Equipment, Net

Land and buildings, net consist of the following at December 31, 2008:

	Cost	Accumulated Depreciation	Net
District parsonages	\$ 1,020,986	\$ 478,681	\$ 542,305
Episcopal residence	368,590	368,590	-
Leasehold improvements	66,637	5,561	61,076
Capitalized costs	26,595	-	26,595
Conference center	<u>3,521,363</u>	<u>532,107</u>	<u>2,989,256</u>
Total	<u>\$ 5,004,171</u>	<u>\$ 1,384,939</u>	<u>\$ 3,619,232</u>

6. Episcopal Residence

During 1984, in accordance with The Book of Discipline of The United Methodist Church, the Board of Trustees acquired a 70% undivided interest in the Episcopal residence of the Resident Bishop of the New York area. During 1991, the Board of Trustees acquired the remaining 30% undivided interest in this Episcopal residence.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

6. Episcopal Residence (continued)

During 1992, as a result of the acquisition in 1991 of the remaining 30% undivided interest in the Episcopal residence, the then existing agreement between the Conference Council on Finance and Administration (“CCF&A”) and the Board of Trustees was amended to provide that CCF&A would restore, to the assets of the Board of Trustees, approximately \$318,700 over a twenty-year period with interest at 8.5%.

The cost of the Episcopal residence is being depreciated on the straight-line method over its estimated useful life of twenty years.

7. Loan Payable

In 2001, the Board of Trustees borrowed \$1,000,000 from the United Methodist Development Fund towards the purchase and renovation of a new conference center located in White Plains, New York. The agreement provides for monthly payments of principal and interest of \$8,364 through the loan’s maturity on February 1, 2021. Interest on the note is charged at 8.00%.

Aggregate maturities of this obligation at December 31, 2008 are due as follows:

Year	Amount
2009	\$ 39,486
2010	42,763
2011	46,312
2012	50,156
2013	54,319
Thereafter	536,280
	\$ 769,316

8. Donated Services

CCF&A provides office space and administrative support to the Board of Trustees at no charge. These financial statements reflect the estimated value of these services at \$19,044.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

9. Custodial Funds

Custodial Funds (Death Benefits Plan Fund and Funds Managed for Others), for the year ended December 31, 2008, are summarized below:

Funds held for others, as of January 1, 2008	\$ 34,862
Investment Income	<u>960</u>
Funds held for others, as of December 31, 2008	<u>\$ 35,822</u>

10. Endowment Funds

The Board of Trustees maintains various donor-restricted and board designated funds whose purpose is to provide long term support for its charitable programs. In classifying such funds for financial statement purposes as either permanently restricted, temporarily restricted or unrestricted net assets, the Board of Trustees looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York.

The Board has determined that, absent donor stipulations to the contrary, the provisions of New York State law do not impose either a permanent or temporary restriction on the income or capital appreciation derived from the original gift.

The following is a reconciliation of the activity in the endowment funds:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, January 1, 2008	\$ 1,446,176	\$ 654,555	\$ 659,688	\$ 2,760,419
Investment income, net	26,474	36,492	-	62,966
Capital depreciation	(168,550)	(175,150)	-	(343,700)
Appropriation for programs	<u>(59,017)</u>	<u>-</u>	<u>-</u>	<u>(59,017)</u>
Balance, December 31, 2008	<u>\$ 1,245,083</u>	<u>\$ 515,897</u>	<u>\$ 659,688</u>	<u>\$ 2,420,668</u>

Comprised of the Following

Donor restricted funds	\$ -	\$ 515,897	\$ 659,688	\$ 1,175,585
Board designated funds	1,245,083	-	-	1,245,083

Certain of the Board of Trustees donor restricted endowments have experienced losses due to market fluctuations and the continuing requirements of funded programs. Generally accepted accounting principals require that such excess losses be absorbed by the unrestricted net assets of the Board of Trustees and that future gains be allocated to unrestricted net assets until such losses have been restored. Aggregate, cumulative losses absorbed by the unrestricted net assets at December 31, 2008 amounted to \$168,550.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

11. Restrictions and Limitations on Net Assets

Certain net assets of the Board of Trustees are restricted based upon donor stipulations. Such restricted net assets are deemed “released from restriction” when the Board of Trustees expends funds in accordance with the donor’s stipulated purpose. Restricted funds to be held in perpetuity by donor instruction are classified as permanently restricted.

Fund Description	Net Assets Released From Restriction in 2008	Temporarily Restricted Net Assets at December 31, 2008	Permanently Restricted Net Assets at December 31, 2008
Special Funds			
Groveville Cemetery Fund	\$ -	\$ 2,964	\$ -
Bosley Memorial Fund	-	8,485	-
	<u>-</u>	<u>11,449</u>	<u>-</u>
Trust Funds			
Denver Fund	26,689	203,533	505,000
Aldersgate Church Fund	10,340	39,660	87,673
Shauman Fund	1,000	18,851	3,504
Hess Fund for World Division	303	481	9,170
Hess Fund for National Division	668	102	18,341
J.F. Hess Trust Fund	-	-	10,000
Collard Fund	702	13,324	5,000
Williams Fund	7,040	87,200	20,000
Jeffersonville Fund	93	788	1,000
Hess Craryville	88	591	-
Hess Methodist Hospital	214	300	-
Hess Five Points	53	655	-
	<u>47,190</u>	<u>365,485</u>	<u>659,688</u>
Memorial Garden Fund	-	7,513	-
Sessions Woods - Darling Fund	61,000	136,855	-
	<u>\$ 108,190</u>	<u>\$ 521,302</u>	<u>\$ 659,688</u>

12. Concentration of Credit Risk

Financial instruments that potentially subject the Board of Trustees to concentrations of credit risk consist principally of cash accounts in financial institutions which from time to time exceed the Federal depository insurance limit, investments and receivables which are expected to be collected in the normal course of business.

Investments of the Board of Trustees are held in diversified portfolios consisting of equities, debt securities and money market funds to limit its exposure to market risks, but may be concentrated at times.

**Funds Administered by The Board of Trustees of
The New York Annual Conference of The United Methodist Church**

Notes to Financial Statements

13. Contingencies

Asset Retirement Obligations

Financial Accounting Standards Board (FASB) Interpretation No. 47 (FIN 47), *Accounting for Conditional Asset Retirement Obligations (an interpretation of FASB Statement No. 143)* requires recognition of a liability for legal obligations associated with the retirement of tangible long-lived assets when the timing and/or method of settlement of the obligation is conditional on a future event. This Interpretation requires that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which it occurred if a reasonable estimate of fair value can be made. The Board of Trustees is not aware of the existence of any asset retirement obligations.

