

VII. BUDGET, FINANCIAL SCHEDULES, AND AUDITS

2012 BUDGET

An "F" next to a budget line item indicates it is to be "fully funded"		2010	2011	2012	Approved	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)	Incr/(Decr)
"Discipline" paragraph reference in leftmost column		Actual	Budget	Budget	2012 vs. 2011 (\$)	2012 vs. 2011 (%)	2012 vs. 2010 Act.	2012 vs. 2010 Act. %	
614	Anticipated Income								
I.	Income from Shared Ministry Apportionments	7,031,065	8,594,558	8,627,709		33,151	0.4%	1,596,645	22.7%
new wordg	Income from registration fees, contributions, donations	328,436	309,000	328,500		19,500	6.3%	64	0.0%
III.	Income from reserve funds	533,329	25,000		(25,000)	-100.0%	(533,329)	-100.0%	
new line *12	Income from Special Sundays			12,500	12,500	N/A		12,500	N/A
new # in '12	Reserves spent for General Church Apportionments	150,000			-	N/A	(150,000)	-100.0%	
V.	Transfer from Bishop's Partner's in Ministry Fund	6,400			-	N/A	(6,400)	-100.0%	
VII.	Prior Year Apportionments	129,911			-	N/A	(129,911)	-100.0%	
Total New York Annual Conference Income		8,179,141	8,928,558	8,968,709	40,151	0.4%	789,569	9.7%	
I.	Clergy Support								
614.1a	A. District Superintendent expenses								
1.	Salaries	435,108	F 452,514	F 452,514	F -	0.0%	17,406	4.0%	
2.	Benefits & Taxes	178,830	F 184,222	F 191,441	F 7,219	3.9%	12,611	7.1%	
3.	Expenses	335,841	F 339,446	F 340,246	F 800	0.2%	4,406	1.3%	
4.	District Trustees (formerly "Parsonages")	95,907	99,360	99,888	528	0.5%	3,981	4.2%	
5.	Reserve for full funding		120,652	121,643	991	0.8%	121,643	N/A	
	Total District Superintendent Expenses ...	1,045,685	1,196,194	1,205,732	9,538	0.8%	160,047	15.3%	
614.1b	B. Episcopal Fund	320,320	325,205	340,231	15,026	4.6%	19,911	6.2%	
614.1c	C. Conference share of Bishop's Housing	8,510	F 23,520	F 23,520	F -	0.0%	15,010	176.4%	
	Reserve for full funding		2,907	2,907		0.0%	2,907	N/A	
	Total Conf share Bishop's Housing ...	8,510	26,427	26,427	0	0.0%	17,917	210.5%	
614.1d	D. Pension and Benefits								
1.	Retirees medical benefits	1,072,565	F 1,146,065	F 1,122,795	F (23,270)	-2.0%	50,230	4.7%	
2.	Repayment - dep acct / Bd Pension Health Benefits		10,000	10,000	-	0.0%	10,000	N/A	
3.	CRSP-DB for those on Incapacity leave	35,000	F 47,000	F 36,000	F (11,000)	-23.4%	1,000	2.9%	
4.	HealthFlex for those on Incapacity Leave	67,820	F -	F 72,240	F 72,240	N/A	4,420	6.5%	
5.	Reserve for full funding		240,154	152,150	(88,004)	-36.6%	152,150	N/A	
	Total Pension and Benefits...	1,175,385	1,443,219	1,393,185	(50,034)	-3.5%	217,800	18.5%	
614.1e	E. Equitable Compensation	129,718	175,000	170,000	(5,000)	-2.9%	40,282	31.1%	
F.	Other programs of clergy support								
625.2	1. Salary Adjustment Fund	84,017	70,000	75,000	5,000	7.1%	(9,017)	-10.7%	
626	2. Emergency Aid Fund	50,764	45,000	50,000	5,000	11.1%	(764)	-1.5%	
614.1f	3. Clergy Recruitment	5,269	5,000	5,000	-	0.0%	(269)	-5.1%	
614.1f	4. Moving expense - active members	18,559	30,000	25,000	(5,000)	-16.7%	6,441	34.7%	
614.1f	5. Moving expense - retired members	3,049	10,000	10,000	-	0.0%	6,951	228.0%	
614.1f	6. Vocational (change) assistance	5,050	20,000	20,000	-	0.0%	14,950	296.0%	
	Total Other programs of clergy support ...	166,708	180,000	185,000	5,000	2.8%	18,292	11.0%	
635.1b	G. Conference Board of Ordained Ministry	68,835	84,500	82,500	(2,000)	-2.4%	13,665	19.9%	
614	Total Clergy Support ...	2,915,161	3,430,545	3,403,075	(27,470)	-0.8%	487,914	16.7%	
II.	Administration								
614.2a	A. Conf. Council on Finance and Administration reserves	27,350	200,000	175,000	(25,000)	-12.5%	147,650	539.9%	
614.2a	B. Treasurer's office expense								
1.	Office salaries & temporary Staff	292,704	F 312,500	F 341,383	F 28,883	9.2%	48,679	16.6%	
2.	Benefits & Taxes	112,156	F 129,893	F 140,296	F 10,403	8.0%	28,140	25.1%	
3.	Treasurer / Director of Administrative Services	145,375	F 138,065	F 146,506	F 8,441	6.1%	1,130	0.8%	
4.	Travel, recruiting, etc.	0	1,000	1,000	-	0.0%	1,000	N/A	
5.	Equipment purchase and maintenance	55,194	55,000	58,500	3,500	6.4%	3,306	6.0%	
6.	Technical support	154,197	75,000	110,000	35,000	46.7%	(44,197)	-28.7%	
7.	Supplies, postage, telephone	71,081	90,000	75,400	(14,600)	-16.2%	4,319	6.1%	
8.	Audit fees	25,500	25,000	27,000	2,000	8.0%	1,500	5.9%	
9.	Reserve for full funding		71,742	77,641	5,899	8.2%	77,641	N/A	
	Total Treasurer's office expense ...	856,208	898,200	977,728	79,526	8.9%	121,517	14.2%	
614.2a	C. Other conference administrative expenses								
1.	Trustee's operating expenses	153,396	140,000	150,200	10,200	7.3%	(3,196)	-2.1%	
new wording *12	2. Camping	50,000	70,000	90,000	20,000	28.6%	40,000	80.0%	
	a. CF&A administered Camping Reserve	493,825		0	-	N/A	(493,825)	-100.0%	
	3. Assistant to the Bishop	56,141	F 57,555	F 30,000	F (27,555)	-47.9%	(26,141)	-46.6%	
new wording *12	4. Conference journal + reprint	48,474	50,000	56,000	6,000	12.0%	7,528	15.5%	
5.	Conference Sessions	422,718	431,850	431,850	-	0.0%	9,132	2.2%	
6.	Property administration	239,523	255,800	268,800	13,000	5.1%	29,277	12.2%	
7.	Commission on archives and history - prog / travel	9,573	11,500	11,500	-	0.0%	1,927	20.1%	
	a. Archivist - compensation	25,624	F 35,000	F 30,000	F (5,000)	-14.3%	4,376	17.1%	
8.	Commission on Sexual Ethics	187	2,100	2,100	-	0.0%	1,913	1023.6%	
new line *12	a. Sexual Ethics Response Team			3,000	3,000	N/A	3,000	N/A	
9.	Comm. on Religion & Race - Anti-Racism Training	13,086	35,000	39,000	4,000	11.4%	25,914	198.0%	
	General & Jurisdictional Conference reserve travel		F -	F 10,000	F 10,000	N/A	10,000	N/A	
11.	JFON - Justice For Our Neighbors	22,000	25,000	40,000	15,000	60.0%	18,000	81.8%	
12.	Reserve for full funding		11,439	8,652	(2,787)	-24.4%	8,652	N/A	
614.2a	Total other conference administrative expenses ...	1,534,547	1,125,244	1,171,102	45,858	4.1%	(363,445)	-32.7%	
Note: Certain line items of the 2011 budget have been restated to conform to the 2012 presentation.									

INCOME FROM REGISTRATION FEES, CONTRIBUTIONS AND DONATIONS

	2010 Actual	2011 Budget	Approved 2012 Request
Conference Board of Ordained Ministry			
Evaluation Events	4,250	5,000	5,000
Candidacy Fees	23,020	29,000	28,000
Sub-total	<u>27,270</u>	<u>34,000</u>	<u>33,000</u>
Commission on Archives & History			
Donations	919	-	500
Sub-total	<u>919</u>	<u>0</u>	<u>500</u>
Commission on Conference Sessions			
Registration Fees	272,125	275,000	275,000
Sub-total	<u>272,125</u>	<u>275,000</u>	<u>275,000</u>
Connectional Ministries Vision Table			
Registration Fees	28,122	-	20,000
Sub-total	<u>28,122</u>	<u>0</u>	<u>20,000</u>
 Total	 <u><u>328,436</u></u>	 <u><u>309,000</u></u>	 <u><u>328,500</u></u>

PENSIONS AND HEALTH BENEFITS

	2011 Budget	2012 Approved Budget	Increase / (Decrease) Vs. 2011 Budget \$ %	
HealthFlex (Retirees):				
Premium Cost	2,211,420	2,197,560	(13,860)	-0.6%
Benefits Administration	-	50,000	50,000	N/A
Sub-total Expense	2,211,420	2,247,560	36,140	1.6%
CBOPHB Contribution	(550,000)	(600,500)	(50,500)	9.2%
Medicare Part D Rebate	(200,000)	(200,000)	-	0.0%
Expected Receipts from Retirees	(315,355)	(324,265)	(8,910)	2.8%
Sub-total Income	(1,065,355)	(1,124,765)	(59,410)	5.6%
Net Expense - HealthFlex Retirees	1,146,065	1,122,795	(23,270)	-2.0%
HealthFlex (Actives):				
Premium Cost	4,556,160	4,775,632	219,472	4.8%
Benefits Administration	-	50,000	50,000	N/A
Sub-total Expense	4,556,160	4,825,632	269,472	5.9%
Billings to Churches (90%)	(4,100,544)	(4,343,069)	(242,525)	5.9%
Billings to Clergy (10%)	(455,616)	(482,563)	(26,947)	5.9%
Sub-total Income	(4,556,160)	(4,825,632)	(269,472)	5.9%
Net Expense - HealthFlex Actives	-	-	-	N/A
CRSP:				
Remittances to the GBOPHB				
CPP	545,000	562,000	17,000	3.1%
Defined Contribution	596,000	618,000	22,000	3.7%
Integrity in Pensions	220,000	210,000	(10,000)	-4.5%
Defined Benefit	2,343,302	2,198,644	(144,658)	-6.2%
Sub-total Expense	3,704,302	3,588,644	(115,658)	-3.1%
Billings to Churches	(3,704,302)	(3,588,644)	115,658	-3.1%
Sub-total Income	(3,704,302)	(3,588,644)	115,658	-3.1%
Net Expense - CRSP	-	-	-	N/A
Total Expense				
HealthFlex - Retirees	2,211,420.00	2,247,560.00	36,140	1.6%
HealthFlex - Actives	4,556,160.00	4,825,632.00	269,472	5.9%
CRSP	3,704,302.00	3,588,644.00	(115,658)	-3.1%
	10,471,882.00	10,661,836.00	189,954	1.8%
Total Income				
HealthFlex - Retirees	(1,065,355.00)	(1,124,765.00)	(59,410)	5.6%
HealthFlex - Actives	(4,556,160.00)	(4,825,632.00)	(269,472)	5.9%
CRSP	(3,704,302.00)	(3,588,644.00)	115,658	-3.1%
	(9,325,817.00)	(9,539,041.00)	(213,224)	2.3%
Net Expense Transferred to Line I.D.1 Retiree Medical Benefits	1,146,065.00	1,122,795.00	(23,270)	-2.0%

Notes:

- 1) HealthFlex costs for active clergy are allocated to each church with a 3/4 or greater Clergy based upon a uniform rate. The uniform rate for 2012 will be \$14,448, with each church paying 90% (\$13,003) and each Clergy paying 10% (\$1,445). The increase over 2011 is \$907 (7.5%) for each church and \$101 (7.5%) for each Clergy.
- 2) The new deductible for 2012 will be \$250 / single or \$500 / family IF the HealthQuotient survey is taken on-line. Otherwise the deductibles will be \$500 /single or \$1,000 family.
- 3) HealthFlex costs for retired clergy are billed based upon an annual per person rate. The rate is determined by taking the net costs, multiplying them by 25% (the amount billed to most clergy) and dividing by the expected number of participants. The monthly rate for 2012 for those over 65 with basic coverage will be \$70/month. This is an increase of \$3 over 2011. On average, the Conference bears 75% of the net cost and the Retiree bears 25% of the net cost of the program. The expected receipts from Retirees includes a \$50,000 reserve for underpayment of what is actually billed.
- 4) CRSP contributions are equal to 17.4% of Compensation, which is defined as base salary plus, a) any housing allowance provided, or b) 25% of base salary if a Parsonage is provided.

2009 AUDIT

The following information is the 2009 Audit which was not complete at the time that the 2010 Journal went to press. Also included is the most recent Audit, that which covers the 2010 fiscal year.

**Funds Under the Stewardship of the
New York Annual Conference of the
United Methodist Church**

Combined Financial Statements

December 31, 2009



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

Independent Auditors' Report

Board of Trustees White Plains, New York

We have audited the accompanying combined statement of financial position of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church (the "Conference") as of December 31, 2009, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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 Conference'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 more fully described in Note 3, the Conference has not included in its combined financial statements for the year ended December 31, 2009, the liability for postretirement health benefits in the accompanying combined statements of financial position, activities and cash flows and related disclosures that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America.

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 and the effects of not including a liability for postretirement health benefits and related disclosures, as described in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church as of December 31, 2009, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 19 and 20 is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Except for the matter described in the third paragraph, such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

O'Connor Davies Munns & Dobbins, LLP

White Plains, New York
December 21, 2010

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Financial Position

December 31, 2009

ASSETS

Cash and cash equivalents	\$ 1,026,304
Investments	4,926,700
Church apportionments receivables	1,055,354
Accounts receivable	180,431
Parish development loans, net of allowance for doubtful accounts	907,900
Prepaid expenses	2,463
Custodial funds held	36,089
Land, buildings, property improvements and equipment, net	<u>5,244,388</u>
	<u>\$ 13,379,629</u>

LIABILITIES AND NET ASSETS

Liabilities	
Borrowings under line of credit	\$ 321,207
Accounts payable and accrued expenses	2,096,037
Deferred revenue	47,611
Loans payable - Conference Board of Pensions and Health Benefits	389,917
Loan payable - United Methodist Development Fund	729,013
Church apportionments designated for future periods	80,087
Note payable	12,832
Custodial funds held	<u>36,089</u>
Total Liabilities	3,712,793
Net Assets	
Unrestricted	6,697,254
Temporarily restricted	2,242,633
Permanently restricted	<u>726,949</u>
	<u>9,666,836</u>
	<u>\$ 13,379,629</u>

See notes to combined financial statements

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Activities

Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE AND SUPPORT				
Church apportionments	\$ 2,411,761	\$ 5,152,555	\$ -	\$ 7,564,316
Designated benevolences	-	705,182	-	705,182
Other contributed benevolences	1,003	229,503	-	230,506
Fees and reimbursements	289,073	100	-	289,173
Grants and contributions	367,237	5,000	-	372,237
Retreat	825,798	-	-	825,798
Program fees	413,855	-	-	413,855
Food service	197,006	-	-	197,006
Store	13,513	-	-	13,513
Investment return	127,365	208,016	-	335,381
Interest on revolving loans	55,079	-	-	55,079
Interest	783	-	-	783
Other	2,494	-	-	2,494
Donated services	19,044	-	-	19,044
Administrative services for church and conference organizations	(470,218)	-	-	(470,218)
Net assets released from restrictions	6,575,649	(6,575,649)	-	-
Total Revenue and Support	<u>10,829,442</u>	<u>(275,293)</u>	<u>-</u>	<u>10,554,149</u>
EXPENSES				
Program services	6,874,164	-	-	6,874,164
Campsite				
Quinipet	1,086,472	-	-	1,086,472
Epworth	290,563	-	-	290,563
Kingswood	74,314	-	-	74,314
Capital Campaign	55,087	-	-	55,087
Management and general	2,108,623	-	-	2,108,623
Total Expenses	<u>10,489,223</u>	<u>-</u>	<u>-</u>	<u>10,489,223</u>
Change in Net Assets	340,219	(275,293)	-	64,926
NET ASSETS				
Beginning of year	6,357,035	2,517,926	726,949	9,601,910
End of year	<u>\$ 6,697,254</u>	<u>\$ 2,242,633</u>	<u>\$ 726,949</u>	<u>\$ 9,666,836</u>

See notes to combined financial statements

**Funds Under Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Cash Flows

Year Ended December 31, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$	64,926
Adjustment to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gains on investments		(260,031)
Depreciation		215,525
Net change in operating assets and liabilities		
Church receivables		487,232
Accounts receivable		(26,485)
Parish development loans		(11,578)
Prepaid expenses		(73)
Accounts payable and accrued expenses		277,358
Deferred revenue		(10,099)
Due to the General Conference of the United Methodist Church		(428,003)
Church apportionments designated for future periods		<u>7,554</u>
Net Cash from Operating Activities		<u>316,326</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments		(1,002,394)
Proceeds from sale of investments		196,309
Property and equipment acquisitions		<u>(700,679)</u>
Net Cash from Investing Activities		<u>(1,506,764)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Borrowings under line of credit		42,274
Repayment of loans payable		<u>(58,995)</u>
Net Cash from Financing Activities		<u>(16,721)</u>

Net Change in Cash and Cash Equivalents (1,207,159)

CASH AND CASH EQUIVALENTS

Beginning of year		<u>2,233,463</u>
End of year	\$	<u>1,026,304</u>

SUPPLEMENTAL CASH FLOW INFORMATION

Cash paid for interest	\$	75,688
------------------------	----	--------

See notes to combined financial statements

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

1. Nature of Organization

The New York Annual Conference of the United Methodist Church (the "New York Annual 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 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.

The Camping & Retreat Ministry of the New York Annual Conference of the United Methodist Church (the "Camping Ministry"), is a program of the United Methodist Church established for the purpose of providing experiences which shape and expand the Christian commitment of persons of all ages, empowering them to live the truth of the Gospel in their daily lives. The Ministry is made up of three campsites, Quinipet, Epworth and Kingswood, located in New York State.

The Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church (the "Board of Trustees"), is a fund of the United Methodist Church established to receive, collect and hold in trust, for the benefit of the 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 Conference and its agencies as such for any benevolent, charitable, or religious purpose, and shall administer the same, and the income there from, 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 Conference. In addition, the Board of Trustees has the responsibility for caring for the legal and insurance matters which affect the Conference.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church (the "Conference") include the accounts of the Conference Council on Finance and Administration of the New York Annual Conference of the United Methodist Church ("CCFA"), the Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church (the "Board of Trustees") and the accounts of Camping & Retreat Ministry of the New York Annual Conference of the United Methodist Church (the "Camping Ministry") all of which are under common management. Intercompany transactions including administrative services such as finance, human resources and payroll and related receivable and payables have been eliminated.

Use of Estimates

The preparation of the combined 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Conference and the changes therein are classified and reported as unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of demand deposit and money market accounts with maturities of three months or less, at the time of purchase.

Fair Value of Financial Instruments

The Conference follows Financial Accounting Standards Board ("FASB") guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are comprised of equity securities, bonds and mutual funds and are managed by the United Methodist Frontier Foundation (the "UMFF"). The investments are carried at fair value based on quoted market prices. Investment gains and losses, both realized and unrealized, are reported in the combined 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, Property Improvements and Equipment

Land, buildings, property improvements and equipment is stated at cost, less accumulated depreciation. Donated assets are capitalized at their fair value at the time of the donation. Depreciation is provided using the straight-line method over the estimated useful lives of the assets which range from 3-40 years. Maintenance, routine repairs and minor replacements are charged to operations as incurred, while those improvements which materially extend the lives of the assets are capitalized.

Capitalized Costs

The Conference capitalizes certain professional costs incurred in connection with improvements of its conference center located in White Plains, New York. Upon completion of the project, these costs will be reclassified as building improvements and will be depreciated over its estimated useful life.

Revenue Recognition

The Conference recognizes as revenue all amounts 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. Amounts recognized as revenue, but received after December 31 are recorded as church apportionment revenue.

Contributions and Benevolences

Contributions and benevolences are recorded as temporarily restricted net assets and revenue and support if they are received with donor imposed stipulations that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Permanently restricted contributions are those funds whose use is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Conference.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies (continued)

In-kind Support

A number of clergy and lay staff of the Conference have contributed significant amounts of their time to the affairs of the Conference, however, these services, if not professional in nature, have not been reflected in the combined financial statements unless the services provided represent the value of services provided by an otherwise salaried employee.

Accounting for Uncertainty in Income Taxes

The Conference recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of the Conference has determined that the Conference had no uncertain tax positions that would require financial statement recognition. The Conference is no longer subject to audits by the applicable taxing jurisdictions.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the combined financial statements were available to be issued, which date is December 21, 2010.

3. Postretirement Health Benefits

CCFA, acting as the fiduciary for the health benefits provided by the Conference to retired clergy, has not recorded a liability for its postretirement health benefits plan.

The Conference has been providing medical and health benefits to retired ministers and others, as described in Note 14. 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 recognized the medical and health benefits to retired clergy as an obligation as a formal benefit plan does not exist.

Generally accepted accounting principles require 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.

The Conference has not engaged an actuary to provide the necessary information as of December 31, 2009; however, the General Board of Pension and Health Benefits of The United Methodist Church, Inc. 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 valuation of the Conference's accumulated postretirement benefit obligation as of December 31, 2006 was \$30,151,727. The accumulated postretirement benefit obligation is the portion of the expected postretirement benefit obligation attributed to past service.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

4. Parish Development Loans Receivable

The Parish Development Commission (a committee of the Conference) provides unsecured financing to churches and 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 and interest on outstanding loans range at December 31, 2009 from 4% to 8% percent per annum.

Loan principal repayments and interest are deposited back into the revolving loan fund to fund future loans and grants. The Conference annually reviews collectability of loans outstanding and adjusts the allowance for doubtful accounts as necessary. As of December 31, 2009, the allowance for doubtful accounts was \$407,000.

5. Endowment, Investments and Investment Return

The Conference 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 Conference looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York.

The Conference 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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2009	\$ 1,479,080	\$ 1,654,555	\$ 726,949	\$ 3,860,584
Board designations	789,086	-	-	789,086
Contributions	-	5,000	-	5,000
Investment income, net	41,046	34,304	-	75,350
Capital appreciation	86,319	173,712	-	260,031
Appropriation for programs	<u>(63,351)</u>	<u>-</u>	<u>-</u>	<u>(63,351)</u>
Balance, December 31, 2009	<u>\$ 2,332,180</u>	<u>\$ 1,867,571</u>	<u>\$ 726,949</u>	<u>\$ 4,926,700</u>
Comprised of the Following				
Donor restricted funds	\$ -	\$ 1,867,571	\$ 726,949	\$ 2,594,520
Board designated funds	2,332,180	-	-	2,332,180

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

5. Endowment, Investments and Investment Return (continued)

The following are major categories of investments measured at fair value at December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market fund	\$ 1,313,558	\$ -	\$ 1,313,558
Equity fund	955,589	-	955,589
Bond fund	<u>-</u>	<u>2,657,553</u>	<u>2,657,553</u>
Total Investments at Fair Value	<u>\$ 2,269,147</u>	<u>\$ 2,657,553</u>	<u>\$ 4,926,700</u>

Investment return consists of the following for the year ended December 31, 2009:

Interest and dividend income	\$ 127,313
Net realized and unrealized gains	260,031
Investment fees	<u>(51,963)</u>
Total Investment Return	<u>\$ 335,381</u>

6. Land, Buildings, Property Improvements and Equipment, Net

Land, buildings, property improvements and equipment, net consists of the following at December 31, 2009:

	<u>CCF&A</u>	<u>Board of Trustees</u>	<u>Camping Ministry</u>	<u>Total</u>
Buildings	\$ -	\$ -	\$ 581,583	\$ 581,583
Building improvements	-	82,073	547,577	629,650
District parsonages	-	1,020,986	-	1,020,986
Episcopal residence	-	368,590	-	368,590
Conference center	-	3,525,534	-	3,525,534
Vehicles	-	-	94,421	94,421
Roads	-	-	164,710	164,710
Camp property	-	161,500	-	161,500
Furniture and equipment	233,178	-	151,627	384,805
Construction in progress	<u>-</u>	<u>230,851</u>	<u>-</u>	<u>230,851</u>
	233,178	5,389,534	1,539,918	7,162,630
Accumulated depreciation	<u>(220,232)</u>	<u>(1,513,111)</u>	<u>(184,899)</u>	<u>(1,918,242)</u>
	<u>\$ 12,946</u>	<u>\$ 3,876,423</u>	<u>\$ 1,355,019</u>	<u>\$ 5,244,388</u>

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

7. Borrowings Under Line of Credit

The Camping Ministry has a \$75,000 line of credit with a bank which is due in full by April 2012. The Camping Ministry has a second line of credit in the amount of \$250,000, which is secured by the Camping Ministry's investments and is due in full by February 2011. Borrowings under both lines of credit must be repaid over three years with monthly interest payments at one-half percent above the prime rate. At December 31, 2009, the total outstanding balance for both lines was \$321,207. Interest expense for the ended December 31, 2009 was \$14,329.

8. Loan Payable – Conference Board of Pensions and Health Benefits

In 2005 and 2006, the Conference borrowed \$389,917 from the Conference Board of Pensions and Health Benefits Fund (an uncombined fund of the Conference), to repay Ministers Reserve Pension Plan contributions in arrears for the Ministers Reserve Pension Plan that existed at the time (see Note 12). The loan has no specific repayment terms, and the Conference has not adopted a plan or designated specific funds to repay the loan which remains outstanding as of December 31, 2009.

9. Loan Payable – United Methodist Development Fund

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%. Interest expense for the year ended December 31, 2009 was \$60,066.

Aggregate maturities of this obligation at December 31, 2009 are due as follows:

<u>Year</u>	<u>Amount</u>
2010	\$ 42,763
2011	46,312
2012	50,156
2013	54,319
2014	58,827
Thereafter	<u>476,636</u>
	<u>\$ 729,013</u>

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

10. Note Payable

In 2007, the Conference obtained a promissory note, payable in 60 months, which bears interest at an annual rate of 5.90% until April 2008, and increases to 8.25% for the remaining term. The outstanding balance of this loan was \$12,832 as of December 31, 2009. Interest expense for the ended December 31, 2009 was \$1,293.

The principal maturities of this loan as of December 31, 2009, are payable as follows:

2010	\$ 5,205
2011	5,664
2012	<u>1,963</u>
	<u>\$ 12,832</u>

11. Custodial Funds

Custodial Funds represent the Death Benefits Plan Fund and Funds Managed for Others. These funds are valued using Level 1 inputs and for the year ended December 31, 2009, are summarized below:

Funds held for others, as of January 1, 2009	\$ 35,822
Interest Income	<u>267</u>
Funds held for others, as of December 31, 2009	<u>\$ 36,089</u>

12. 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, Inc., provides pension benefits to eligible clergy of the Conference for years of service prior to December 31, 1981. No additional pension benefits under the MRPP plan are being accrued for years after 1982.

As of December 31, 2009, the balance of net assets available for benefits in the MRPP for accumulated plan benefits to be paid in the future, totaled \$32,585,409. 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.

In order to pay the unfunded past service obligation of the MRPP, the Conference established the Integrity in Pensions program in 1981. Each church was apportioned their share of the MRPP obligation, which obligation is expected to be paid in full by 2012.

Collection of the Integrity in Pensions program receipts by the Conference are restricted for the MRPP pension obligation and are paid to the Conference Board of Pension and Health Benefits pension deposit account held by the General Board of Pension and Health Benefits, Inc., to be used for MRPP plan funding.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

12. Obligation from Pre-1982 Clergy Pension Plan (continued)

Amounts collected by the Conference for the Integrity in Pensions apportionment and remittances to the pension deposit account for the year ended December 31, 2009 are as follows:

Total pension apportionments, contributions, bequests and support received by CCFA	\$ 261,253
Total remittances by the CCFA to the pension deposit account held by the General Board of Pensions	<u>251,505</u>
Excess of receipts over remittances	<u>\$ 9,748</u>

13. Retirement Plan

The Conference 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 MRPP as of January 2007. CRSP includes a defined contribution component; a defined benefit component; and a death disability and survivor benefit 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 plan is fully funded as of December 31, 2009.

The following table summarizes the contributions required under the Plan:

Ministers' contribution for the defined contribution component	3%
Ministers' contribution for comprehensive protection plan component	3%
Conference employer contribution	<u>10.4%</u>
Total plan contribution under CRSP	<u>16.4%</u>

The Conference pension expense for clergy for the year ended December 31, 2009 was \$136,430.

Lay-staff retirement benefits are covered under a separate 403(b) defined contribution plan called the United Methodist Personal Investment Plan. Participation in the 403(b) plan requires each eligible employee to contribute 3% of compensation with an additional 12% contributed by the Conference. Pension expense for the Conference lay-staff for the year ended December 31, 2009 was \$29,307.

14. 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, Inc. HealthFlex provides medical and health benefits for eligible clergy and lay-staff employed by the Conference.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

14. Medical and Health Plan (continued)

The cost of participating in the HealthFlex Plan is based on a uniform rate determined annually by the Conference Board of Pensions and Health Benefits, Inc., and approved by the Conference. The Conference's expense for its clergy and staff in the HealthFlex Plan for the year ended December 31, 2009 was \$124,142.

The Conference contributes toward the cost for retired clergy with more than five years of service under the HealthFlex Plan. The Conference's HealthFlex expense for retired clergy for the year ended December 31, 2009 was:

Conference's retiree clergy HealthFlex cost	\$ 1,300,181
Less: Medicare drug subsidy	<u>(295,586)</u>
Net HealthFlex cost for retired clergy	<u>\$ 1,004,595</u>

15. Support Services for Local Churches

The Conference also provides payroll processing services for the Camping Ministry, UMFF, and Episcopal Office on a reimbursement basis. The Conference monitors these entities to determine that they meet their payroll reimbursement obligations to the Conference.

16. Deposit Accounts

In accordance with a resolution of the Conference, the Conference Board of Pensions and Health Benefits maintains three accounts with the General Board of Pension and Health Benefits, Inc., on behalf of the Conference for the purpose of funding pension liabilities and health benefits. As of December 31, 2009, the pension deposit account held \$302,323, the Integrity in Pensions deposit account held \$1,118,413, and the health benefits reserve deposit account held \$11,156,640.

The Conference pensions and health benefits remittances made to these accounts are recorded as expenses by the Conference. The Deposit accounts are held at the General Board of Pension and Health Benefits, Inc., 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.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

17. Restrictions and Limitations on Net Assets

Certain net assets of the Conference are restricted based upon donor stipulations. Such restricted net assets are deemed “released from restriction” when the Conference 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 net assets. The table below present the net assets released from restrictions and the components of restricted net assets at December 31, 2009.

<u>Fund Description</u>	<u>Net Assets Released From Restriction in 2009</u>	<u>Temporarily Restricted Net Assets at December 31, 2009</u>	<u>Permanently Restricted Net Assets at December 31, 2009</u>
Special Funds			
Groveville Cemetery Fund	\$ -	\$ 3,203	\$ -
Bosley Memorial Fund	3,400	5,762	-
	<u>3,400</u>	<u>8,965</u>	<u>-</u>
Trust Funds			
Denver Fund	19,961	249,399	505,000
Aldersgate Church Fund	7,185	57,753	87,673
Shauman Fund	500	22,674	3,504
Hess Fund for World Division	168	964	9,170
Hess Fund for National Division	371	1,167	18,341
J.F. Hess Trust Fund	-	-	10,000
Collard Fund	390	14,445	5,000
Williams Fund	3,765	100,807	20,000
Jeffersonville Fund	184	750	1,000
Hess Craryville	-	724	-
Hess Methodist Hospital	-	652	-
Hess Five Points	-	735	-
	<u>32,524</u>	<u>450,070</u>	<u>659,688</u>
Memorial Garden Fund	-	7,513	-
Sessions Woods - Darling Fund	15,000	124,504	-
	<u>15,000</u>	<u>132,017</u>	<u>-</u>
General Camping Programs	12,078	68,159	60,726
Quinipet Camp Program	349	4,716	6,535
	<u>12,427</u>	<u>72,875</u>	<u>67,261</u>
Conference Programs	6,512,298	1,578,706	-
	<u>\$ 6,575,649</u>	<u>\$ 2,242,633</u>	<u>\$ 726,949</u>

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

18. Concentration of Credit Risk

Financial instruments, which potentially subject the Conference to concentrations of credit risk, consist primarily of cash and cash equivalents. At December 31, 2009, the Conference maintained balances with banking institutions that exceeded the Federal Deposit Insurance Corporation's insurable limit by \$102,211.

Investments are 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 Conference monitors these balances 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 Conference's exposure to credit risk.

19. Lease Commitments

The Conference leases office and printing equipment under various commercial leases with the equipment suppliers or commercial leasing companies. Rent expense for equipment for the year ended December 31, 2009 was \$59,854.

Future annual minimum lease commitments as of December 31, 2009 are as follows:

2010	\$ 50,832
2011	<u>25,416</u>
	<u>\$ 76,248</u>

20. Contingencies

The Conference is involved in litigation arising in the normal course of business. Management estimates that the ultimate resolution of these matters will not be material to the Conference's financial position.

The Conference follows FASB guidance on *Accounting for Conditional Asset Retirement Obligations* that 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 Conference is not aware of the existence of any asset retirement obligations.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

21. Prior Period Adjustment

The Conference's combined financial statements as of December 31, 2008, contained the following errors: (1) understatement of amount due from the Camping Ministry by \$101,803, (2) understatement of land, buildings, property improvements and equipment related to the Board of Trustees by \$161,500, and (3) overstatement of accrued expenses related to CCF&A by \$79,461. Net assets as of January 1, 2009, have been increased by \$342,764 to correct the aggregate effect of these errors. Had the errors not been made, net income for 2008 would have been increased by \$342,764.

Net assets at beginning of year, as previously reported	\$ 9,259,146
Prior period adjustment	<u>342,764</u>
Net assets at beginning of year, as restated	<u>\$ 9,601,910</u>

Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church

Supplemental Information

December 31, 2009

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**
Combining Schedule of Financial Position

December 31, 2009

	CCF&A	Board of Trustees	Camping Ministry	Sub-Total	Eliminating Entries Debit (Credit)	Combined
ASSETS						
Cash and cash equivalents	\$ 830,564	\$ 93,760	\$ 101,980	\$ 1,026,304	\$ -	\$ 1,026,304
Investments	2,231,740	2,536,873	158,087	4,926,700	-	4,926,700
Church receivables	1,055,354	-	-	1,055,354	-	1,055,354
Accounts receivable	148,817	-	31,614	180,431	-	180,431
Parish development loans, net of allowance for doubtful accounts	907,900	-	-	907,900	-	907,900
Prepaid expenses	2,463	-	-	2,463	-	2,463
Due from the Camping Ministry	269,134	-	-	269,134	(269,134)	-
Custodial funds held	-	36,089	-	36,089	-	36,089
Land, buildings, property improvements and equipment, net	12,946	3,876,423	1,355,019	5,244,388	-	5,244,388
	<u>\$ 5,458,918</u>	<u>\$ 6,543,145</u>	<u>\$ 1,646,700</u>	<u>\$ 13,648,763</u>	<u>\$ (269,134)</u>	<u>\$ 13,379,629</u>
LIABILITIES AND NET ASSETS						
Liabilities						
Borrowings under line of credit	\$ -	\$ -	\$ 321,207	\$ 321,207	\$ -	\$ 321,207
Accounts payable and accrued expenses	1,989,671	20,000	86,366	2,096,037	-	2,096,037
Deferred revenue	-	-	47,611	47,611	-	47,611
Due to the CCF&A	-	-	269,134	269,134	269,134	-
Loans payable - Conference Board of Pensions and Health Benefits	389,917	-	-	389,917	-	389,917
Loan payable - United Methodist Development Fund	80,087	729,013	-	729,013	-	729,013
Church apportionments designated for future periods	-	-	-	80,087	-	80,087
Loan payable	-	-	12,832	12,832	-	12,832
Custodial funds held	-	36,089	-	36,089	-	36,089
Total Liabilities	2,459,675	785,102	737,150	3,981,927	269,134	3,712,793
Net Assets						
Unrestricted	1,420,537	4,507,303	769,414	6,697,254	-	6,697,254
Temporarily restricted	1,578,706	591,052	72,875	2,242,633	-	2,242,633
Permanently restricted	2,999,245	5,758,043	67,261	726,949	-	726,949
	<u>\$ 5,458,918</u>	<u>\$ 6,543,145</u>	<u>\$ 1,646,700</u>	<u>\$ 13,648,763</u>	<u>\$ 269,134</u>	<u>\$ 13,379,629</u>

See independent auditors' report

Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church
Combining Schedule of Activities
Year Ended December 31, 2009

	CCF&A			Board of Trustees			Camping Ministry			Eliminating Entries (Debit) Credit	2009 Compared
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total		
REVENUE AND SUPPORT											
Church appointments	\$ 2,411,761	\$ 5,152,555	\$ 7,564,316	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,564,316
Designated benevolences	-	705,182	705,182	-	-	-	-	-	-	-	705,182
Other contributed benevolences	1,003	229,303	230,306	-	-	-	-	-	-	-	230,306
Fees and reimbursements	289,073	100	289,173	-	-	-	-	-	-	-	289,173
Grants and contributions	-	-	-	367,237	5,000	372,237	-	-	-	-	372,237
Rent	-	-	-	423,328	-	423,328	-	-	-	-	423,328
Program fees	-	-	-	413,858	-	413,858	-	-	-	-	413,858
Fundraising	-	-	-	197,006	-	197,006	-	-	-	-	197,006
Stipend service	-	-	-	13,513	-	13,513	-	-	-	-	13,513
Investment return	52,186	48,608	100,794	73,594	120,674	194,268	1,585	38,734	40,319	-	335,381
Interest on revolving loans	55,079	-	55,079	495	-	495	-	-	288	-	55,079
Interest	-	-	-	495	-	495	-	-	288	-	2
Other	-	-	-	-	-	-	2,494	-	2,494	-	19,044
Donated services	-	-	-	19,044	-	19,044	-	-	-	-	-
Amounts to be paid by CCF&A	-	-	-	129,890	-	129,890	-	-	-	-	(129,890)
Administrative services for church and conference organizations	(470,218)	-	(470,218)	-	-	-	-	-	-	-	-
Net assets released from restrictions	6,512,298	(6,512,298)	-	50,924	(50,924)	-	12,427	(12,427)	-	-	(470,218)
Total Revenue and Support	8,851,182	(376,350)	8,474,832	273,947	69,750	343,697	1,834,203	31,307	1,865,510	(129,890)	10,554
EXPENSES											
Program services	6,507,830	-	6,507,830	366,334	-	366,334	-	-	-	-	6,874,164
Campsite	-	-	-	-	-	-	1,086,472	-	1,086,472	-	1,086,472
Quinpet	-	-	-	-	-	-	290,563	-	290,563	-	290,563
Epworth	-	-	-	-	-	-	74,314	-	74,314	-	74,314
Kingwood	-	-	-	-	-	-	55,087	-	55,087	-	55,087
Capital Campaign	1,980,400	-	1,980,400	258,113	-	258,113	-	-	-	-	-
Management and general	8,488,230	-	8,488,230	624,447	-	624,447	1,506,436	-	1,506,436	(129,890)	2,108
Total Expenses	362,952	(376,350)	(13,398)	(350,500)	69,750	(380,750)	327,767	31,307	359,074	-	64,926
Change in Net Assets	1,057,885	1,955,056	3,012,941	4,857,803	521,302	6,038,793	441,647	41,568	550,476	-	9,601
Beginning of year	\$ 1,420,537	\$ 1,578,706	\$ 2,999,243	\$ 4,507,303	\$ 591,052	\$ 6,598,688	\$ 5,758,043	\$ 72,875	\$ 909,550	\$ -	\$ 9,666
End of year											

See independent auditors' report

2010 AUDIT

**Funds Under the Stewardship of the
New York Annual Conference of the
United Methodist Church**

Combined Financial Statements

December 31, 2010



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

Independent Auditors' Report

Board of Trustees White Plains, New York

We have audited the accompanying combined statement of financial position of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church (the "New York Annual Conference") as of December 31, 2010, and the related combined statements of activities and cash flows for the year then ended. These combined financial statements are the responsibility of the New York Annual Conference's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. The prior year comparative summarized information has been derived from the New York Annual Conference's 2009 financial statements and in our report dated December 21, 2010, 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 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 Conference'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 more fully described in Note 3, the Conference has not included in its combined financial statements for the year ended December 31, 2010, the liability for postretirement health benefits in the accompanying combined statements of financial position, activities and cash flows and related disclosures that, in our opinion, should be recorded in order to conform with accounting principles generally accepted in the United States of America. Had this amount been recorded, liabilities would have increased by \$37,867,515. The effect on the statement of activities has not been determined.

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 and the effects of not including a liability for postretirement health benefits and related disclosures, as described in the preceding paragraph, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church as of December 31, 2010, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental information on pages 17 through 19 is presented for the purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly presented in all material respects in relation to the combined financial statements taken as a whole.

O'Connor Davies Munns & Dobbins, LLP

White Plains, New York
November 1, 2011

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Financial Position

December 31, 2010

(with comparative amounts for 2009)

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 1,286,516	\$ 1,026,304
Investments	3,870,460	4,926,700
Church apportionments receivable	1,419,389	1,055,354
Accounts receivable	270,752	180,431
Parish development loans receivable, net	967,477	907,900
Prepaid expenses	41,353	2,463
Custodial funds held	36,299	36,089
Property and equipment, net	5,761,109	5,244,388
	\$ 13,653,355	\$ 13,379,629
LIABILITIES AND NET ASSETS		
Liabilities		
Borrowings under line of credit	\$ 300,258	\$ 321,207
Accounts payable and accrued expenses	1,713,742	2,407,730
Deferred revenue	77,505	47,611
Loans payable - Conference Board of Pensions and Health Benefits, Inc.	389,917	389,917
Loan payable - United Methodist Development Fund	687,468	729,013
Church apportionments designated for future periods	66,268	80,087
Note payable	7,637	12,832
Custodial funds held	36,299	36,089
Total Liabilities	3,279,094	4,024,486
Net Assets		
Unrestricted	5,967,743	6,385,561
Temporarily restricted	3,679,569	2,242,633
Permanently restricted	726,949	726,949
Total Net Assets	10,374,261	9,355,143
	\$ 13,653,355	\$ 13,379,629

See notes to combined financial statements

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Activities

Year Ended December 31, 2010
(with summarized totals for 2009)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2010 Total	2009 Total
REVENUE AND SUPPORT					
Church apportionments	\$ 2,280,160	\$ 6,122,158	\$ -	\$ 8,402,318	\$ 7,564,316
Designated benevolences	-	748,642	-	748,642	705,182
Other contributed benevolences	1,073	236,432	-	237,505	230,506
Fees and reimbursements	359,283	-	-	359,283	309,000
Grants and contributions	246,118	-	-	246,118	372,237
Retreat	768,894	-	-	768,894	825,798
Program fees	462,606	-	-	462,606	413,855
Food service	231,878	-	-	231,878	197,006
Store	22,947	-	-	22,947	13,513
Investment return	102,949	139,215	-	242,164	335,381
Interest on revolving loans	49,272	-	-	49,272	55,079
Other	3,743	-	-	3,743	2,494
Net assets released from restrictions	<u>5,809,511</u>	<u>(5,809,511)</u>	-	-	-
Total Revenue and Support	<u>10,338,434</u>	<u>1,436,936</u>	-	<u>11,775,370</u>	<u>11,024,367</u>
EXPENSES					
Program	6,841,716	-	-	6,841,716	7,344,382
Campsite					
Quinipet	1,254,111	-	-	1,254,111	1,086,472
Epworth	350,989	-	-	350,989	290,563
Kingswood	80,399	-	-	80,399	74,314
Capital Campaign	21,190	-	-	21,190	55,087
Management and general	<u>2,207,847</u>	-	-	<u>2,207,847</u>	<u>2,108,623</u>
Total Expenses	<u>10,756,252</u>	-	-	<u>10,756,252</u>	<u>10,959,441</u>
Change in Net Assets	(417,818)	1,436,936	-	1,019,118	64,926
NET ASSETS					
Beginning of year	<u>6,385,561</u>	<u>2,242,633</u>	<u>726,949</u>	<u>9,355,143</u>	<u>9,290,217</u>
End of year	<u>\$ 5,967,743</u>	<u>\$ 3,679,569</u>	<u>\$ 726,949</u>	<u>\$ 10,374,261</u>	<u>\$ 9,355,143</u>

See notes to combined financial statements

**Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church**

Combined Statement of Cash Flows
Year Ended December 31, 2010
(with comparative amounts for 2009)

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,019,118	\$ 64,926
Adjustment to reconcile change in net assets to net cash from operating activities		
Realized and unrealized gains on investments	141,870	(260,031)
Depreciation	322,626	215,525
Net change in operating assets and liabilities		
Church apportionments receivable	(364,035)	487,232
Accounts receivable	(441,695)	(26,485)
Parish development loans receivable	(59,577)	(11,578)
Prepaid expenses	(38,890)	(73)
Accounts payable and accrued expenses	(342,614)	(150,645)
Deferred revenue	29,894	(10,099)
Church apportionments designated for future periods	<u>(13,819)</u>	<u>7,554</u>
Net Cash from Operating Activities	<u>252,878</u>	<u>316,326</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(47,752)	(1,002,394)
Proceeds from sale of investments	962,122	196,309
Property and equipment acquisitions	<u>(839,347)</u>	<u>(700,679)</u>
Net Cash from Investing Activities	<u>75,023</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
(Repayments) borrowings under line of credit	(20,949)	42,274
Repayment of note payable	(5,195)	(4,567)
Repayment of loans payable	<u>(41,545)</u>	<u>(54,428)</u>
Net Cash from Financing Activities	<u>(67,689)</u>	<u>(16,721)</u>
Net Change in Cash and Cash Equivalents	260,212	(1,207,159)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>1,026,304</u>	<u>2,233,463</u>
End of year	<u>\$ 1,286,516</u>	<u>\$ 1,026,304</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	\$ 66,396	\$ 75,688

See notes to combined financial statements

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

1. Organization

The New York Annual Conference of the United Methodist Church (the "New York Annual Conference") is one of fifty-nine 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 CCFA derives substantially all of its support and revenues from the New York Annual Conference's local churches. Expenses consist primarily of clergy support; the New York Annual 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 New York Annual Conference.

CCFA supports local churches by collection and timely remittance of New York Annual 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 New York Annual Conference entities.

The Camping & Retreat Ministry of the New York Annual Conference of the United Methodist Church (the "Camping Ministry"), is a program of the United Methodist Church established for the purpose of providing experiences which shape and expand the Christian commitment of persons of all ages, empowering them to live the truth of the Gospel in their daily lives. The Ministry is made up of three campsites, Quinipet, Epworth and Kingswood, all located in New York State.

The Episcopal Office of the New York Annual Conference of the United Methodist Church (the "Episcopal Office"), provides support to the resident Bishop of the New York Annual Conference. The Episcopal Office receives, prioritizes and prepares communications for the Bishop's attention and response, and maintains pastoral records used for assignment of clergy and management of the New York Annual Conference. Additionally, the office arranges and/or prepares for meetings and other gatherings that the Bishop leads or attends.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

1. Nature of Organization (continued)

The Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church (the "Board of Trustees"), are used to receive, collect and hold in trust, for the benefit of the New York 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 of Trustees or to the New York 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 New York Annual Conference. In addition, the Board of Trustees has the responsibility for caring for the legal, insurance and property matters which affect the New York Annual Conference.

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church (the "New York Annual Conference") include the accounts of the Conference Council on Finance and Administration of the New York Annual Conference of the United Methodist Church ("CCFA"), the Funds Administered by the Board of Trustees of the New York Annual Conference of the United Methodist Church (the "Board of Trustees"), the accounts of the Camping & Retreat Ministry of the New York Annual Conference of the United Methodist Church (the "Camping Ministry") and the Episcopal Office of the New York Annual Conference of the United Methodist Church (the "Episcopal Office") all of which are under common management. Intercompany transactions including administrative services such as finance, human resources and payroll and related receivable and payables have been eliminated.

Use of Estimates

The preparation of the combined 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 the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

Net assets are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the New York Annual Conference and the changes therein are classified and reported as unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents consist principally of demand deposit and money market accounts with original maturities of three months or less, at the time of purchase.

Allowance for Uncollectible Receivables

An allowance for uncollectible receivables is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. Management has concluded that an allowance is not required as of December 31, 2010.

Fair Value of Financial Instruments

The New York Annual Conference follows Financial Accounting Standards Board ("FASB") guidance on *Fair Value Measurements* which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Investments

Investments are comprised of equity securities, bonds and mutual funds and are managed by the United Methodist Frontier Foundation (the "UMFF"). The investments are carried at fair market value based on quoted market prices. Investment gains and losses, both realized and unrealized, are reported in the combined 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.

Property and Equipment

Property and equipment is stated at cost, less accumulated depreciation. Donated assets are capitalized at their fair value at the time of the donation. Maintenance, routine repairs and minor replacements are charged to operations as incurred, while those improvements which materially extend the lives of the assets are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of such assets as follows:

Building	30 years
Building improvements	10 years
Furniture and equipment	3-5 years

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies (continued)

Capitalized Costs

The New York Annual Conference capitalizes certain costs incurred in connection with improvements of its conference center and camps located in New York. Upon completion of the project, these costs are reclassified as building improvements and are depreciated over their estimated useful life.

Revenue Recognition

The Conference recognizes as revenue all amounts 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. Amounts recognized as revenue, but received after December 31 are recorded as church apportionment revenue.

Contributions and Benevolences

Church apportionments, contributions and benevolences are recorded as temporarily restricted net assets and revenue and support if they are received with donor imposed stipulations that limit their use. Donor restrictions expire by either the passage of stipulated time or the accomplishment of the stated purpose. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions. Permanently restricted contributions are those funds whose use is limited by donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the New York Annual Conference.

In-kind Support

A number of clergy and lay staff of the New York Annual Conference have contributed significant amounts of their time to the affairs of the New York Annual Conference, however, these services, if not professional in nature, have not been reflected in the combined financial statements unless the services provided represent the value of services provided by an otherwise salaried employee.

Accounting for Uncertainty in Income Taxes

The New York Annual Conference recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Management of the New York Annual Conference has determined that it had no uncertain tax positions that would require financial statement recognition. The New York Annual Conference is no longer subject to examinations by the applicable taxing jurisdictions for periods prior to December 31, 2007.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

2. Summary of Significant Accounting Policies (continued)

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the combined financial statements were available to be issued, which date is November 1, 2011.

3. Postretirement Health Benefits

CCFA, acting as the fiduciary for the health benefits provided by the New York Conference to retired clergy, has not recorded a liability for its postretirement health benefits plan.

The New York Conference has been providing medical and health benefits to retired ministers and others, as described in Note 14. 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 partially funded through New York Conference assessed church apportionments and administered by CCFA. The New York Conference has not recognized the medical and health benefits to retired clergy as an obligation as a formal benefit plan does not exist.

Generally accepted accounting principles require 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.

The General Board of Pension and Health Benefits of The United Methodist Church, Inc. obtained an actuarial valuation of the New York Annual Conference of the United Methodist Church's retiree healthcare benefits as of December 31, 2010. The valuation of the New York Conference's accumulated postretirement benefit obligation as of December 31, 2010 was \$37,867,515. The accumulated postretirement benefit obligation is the portion of the expected postretirement benefit obligation attributed to retirees past service.

4. Parish Development Loans Receivable, Net

The Parish Development Commission (a committee of the New York Annual Conference) provides unsecured financing to its member churches and New York Annual Conference entities for improvements and major repairs from a revolving loan fund. The loans are made at interest rates determined by the Parish Development Committee which range from 4% to 8%.

Loan principal and interest repayment are deposited back into the revolving loan fund to fund future loans and grants. The New York Annual Conference annually reviews the collectibility of loans outstanding and adjusts the allowance for doubtful accounts as necessary. As of December 31, 2010, the allowance for doubtful accounts was \$357,000.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

5. Endowment, Investments and Investment Return

The New York Annual Conference 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 New York Annual Conference looks to the explicit directions of the donor where applicable and the provisions of the laws of the State of New York.

The New York Annual Conference 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:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Balance, January 1, 2010	\$ 2,332,180	\$ 1,867,571	\$ 726,949	\$ 4,926,700
Board designations	16,971	-	-	16,971
Investment income, net	50,218	50,076	-	100,294
Capital appreciation	52,731	89,139	-	141,870
Appropriations for programs	<u>(1,315,375)</u>	<u>-</u>	<u>-</u>	<u>(1,315,375)</u>
Balance, December 31, 2010	<u>\$ 1,136,725</u>	<u>\$ 2,006,786</u>	<u>\$ 726,949</u>	<u>\$ 3,870,460</u>
Comprised of the Following				
Donor restricted funds	\$ -	\$ 2,006,786	\$ 726,949	\$ 2,733,735
Board designated funds	1,136,725	-	-	1,136,725

The following are major categories of investments measured at fair value at December 31, 2010:

	Level 1	Level 2	Total
Money market fund	\$ 256,865	\$ -	\$ 256,865
Equity fund	954,657	-	954,657
Bond fund	<u>-</u>	<u>2,658,938</u>	<u>2,658,938</u>
Total Investments at Fair Value	<u>\$ 1,211,522</u>	<u>\$ 2,658,938</u>	<u>\$ 3,870,460</u>

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

5. Endowment, Investments and Investment Return (continued)

Investment return consists of the following for the year ended December 31, 2010:

Interest and dividend income	\$ 159,084
Net realized and unrealized gains	141,870
Investment fees	<u>(58,790)</u>
Total Investment Return	<u>\$ 242,164</u>

6. Property and Equipment, Net

Property and equipment, net consists of the following at December 31, 2010:

	CCF&A	Board of Trustees	Camping Ministry	Episcopal Office	Total
Buildings	\$ -	\$ -	\$ 984,218	\$ -	\$ 984,218
Building improvements	-	451,693	647,267	-	1,098,960
District parsonages	-	1,020,986	-	-	1,020,986
Episcopal residence	-	368,590	-	-	368,590
Conference center	-	3,558,013	-	-	3,558,013
Vehicles	-	-	99,421	-	99,421
Land improvements	-	-	228,438	-	228,438
Camp property	-	161,500	-	-	161,500
Furniture and equipment	255,361	-	156,874	53,513	465,748
Construction in progress	-	-	16,103	-	16,103
	<u>255,361</u>	<u>5,560,782</u>	<u>2,132,321</u>	<u>53,513</u>	<u>8,001,977</u>
Accumulated depreciation	<u>(232,516)</u>	<u>(1,668,839)</u>	<u>(287,962)</u>	<u>(51,551)</u>	<u>(2,240,868)</u>
	<u>\$ 22,845</u>	<u>\$ 3,891,943</u>	<u>\$ 1,844,359</u>	<u>\$ 1,962</u>	<u>\$ 5,761,109</u>

7. Borrowings Under Line of Credit

The Camping Ministry has a \$75,000 line of credit with a bank which matures in April 2012. The Camping Ministry has a second line of credit in the amount of \$250,000, which matures in December 2011 and is secured by the Camping Ministry's investments. Borrowings under both lines of credit must be repaid over three years with monthly interest payments at one-half percent above the prime rate (3.25% at December 31, 2010). At December 31, 2010, the total outstanding balance for both lines was \$300,258. Interest expense for the year ended December 31, 2010 was \$8,155.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

8. Loan Payable – Conference Board of Pensions and Health Benefits

In 2005 and 2006, the New York Annual Conference borrowed \$389,917 from the Conference Board of Pensions and Health Benefits Fund (an uncombined fund of the New York Annual Conference), to repay ministerial pension plan contributions in arrears at the time. The loan has no specific repayment terms, and the New York Annual Conference has not adopted a plan or designated specific funds to repay the loan which remains outstanding as of December 31, 2010.

9. Loan Payable – United Methodist Development Fund

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. This loan is secured by the New York Annual Conference's property located at 20 Soundview Avenue, White Plains, NY. 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%. Interest expense for the year ended December 31, 2010 was \$57,364.

Aggregate maturities of this obligation at December 31, 2010 are due as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 46,312
2012	50,156
2013	54,319
2014	58,827
2015	63,710
Thereafter	<u>414,144</u>
	<u>\$ 687,468</u>

10. Note Payable

The Camping Ministry obtained a promissory note in 2007 which matures in 2012, which bears interest at an annual rate of 8.25%. This loan is secured by the Camping Ministry's equipment. The outstanding balance of this loan was \$7,637 as of December 31, 2010. Interest expense for the ended December 31, 2010 was \$877.

The principal maturities of this loan as of December 31, 2010, are payable as follows:

2011	\$ 5,664
2012	<u>1,973</u>
	<u>\$ 7,637</u>

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

11. Custodial Funds

Custodial Funds represent the Death Benefits Plan Fund and Funds Managed for Others. These funds are valued using Level 1 inputs and for the year ended December 31, 2010, are summarized below:

Funds held for others, as of January 1, 2010	\$ 36,089
Interest Income	<u>210</u>
Funds held for others, as of December 31, 2010	<u>\$ 36,299</u>

12. Obligation from Pre-1982 Clergy Pension Plan

The Pre-1982 Clergy Pension Plan ("Pre 82 Plan"), a multi-employer defined benefit plan administered by the General Board of Pensions and Health Benefits, Inc., is limited to eligible clergy meeting the age and years of service requirements of the Plan. Expense for the year ended December 31, 2010 amounted to \$0, as all amounts were paid by New York Annual Conference member churches.

13. Retirement Plans

The New York Annual Conference participates in a multi-employer defined benefit plan, the Clergy Retirement Security Program ("CRSP"), administered by the General Board of Pensions and Health Benefits, Inc., and is limited to eligible clergy meeting the age and years of service requirements of the Plan. Pension expense amounted to \$103,794 for the year ended December 31, 2010.

Lay-staff retirement benefits are covered under a separate 403(b) defined contribution plan called the United Methodist Personal Investment Plan. Participation in the 403(b) plan requires each eligible employee to contribute 3% or more of wages to receive a 12% contribution by the New York Annual Conference. Pension expense for the New York Annual Conference lay-staff for the year ended December 31, 2010 was \$78,876.

14. Medical and Health Plan

Effective January 1, 2001, the New York Annual Conference provided health benefits under a multi-employer plan, HealthFlex, administered by the General Board of Pension and Health Benefits, Inc.. HealthFlex provides medical and health benefits for eligible clergy and lay-staff employed by the New York Annual Conference.

The cost of participating in HealthFlex is based on a uniform rate determined annually by the Conference Board of Pensions and Health Benefits, Inc., and approved by the New York Annual Conference. The New York Annual Conference's expense for its clergy and staff in HealthFlex for the year ended December 31, 2010 was \$193,800.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

14. Medical and Health Plan

The New York Annual Conference contributes toward the cost for retired clergy with more than five years of service under HealthFlex. The Conference's HealthFlex expense for retired clergy for the year ended December 31, 2010 was as follows:

Conference retiree HealthFlex cost	\$ 1,442,565
Less: Medicare drug subsidy	<u>(261,952)</u>
Net HealthFlex cost for retired clergy	<u>\$ 1,180,613</u>

15. Support Services for Local Churches

The New York Annual Conference also provides payroll processing services for the Camping Ministry, UMFF, and the Episcopal Office on a reimbursement basis. The New York Annual Conference monitors these entities to determine that they meet their payroll reimbursement obligations to the New York Conference.

16. Deposit Accounts

In accordance with a resolution of the New York Annual Conference, the Conference Board of Pensions and Health Benefits, Inc. maintains three accounts with the General Board of Pension and Health Benefits, Inc., on behalf of the New York Annual Conference for the purpose of funding pension liabilities and health benefits. As of December 31, 2010, the pension deposit account held \$680,595, the Integrity in Pensions deposit account held \$1,666,173, and the health benefits reserve deposit account held \$12,576,807.

The New York Annual Conference pension and health benefits remittances made to these accounts are recorded as expense by the New York Annual Conference. The Deposit accounts are held at the General Board of Pension and Health Benefits, Inc., and may be drawn down only upon the approval of the Conference Board of Pensions and Health Benefits, Inc. to fund New York Annual Conference obligations to the Pre-82 Plan or HealthFlex plans.

17. Restrictions and Limitations on Net Assets

Certain net assets of the New York Annual Conference are restricted based upon donor stipulations. Such restricted net assets are deemed "released from restriction" when the New York Annual Conference 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 net assets. The table below present the net assets released from restrictions and the components of restricted net assets at December 31, 2010.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

17. Restrictions and Limitations on Net Assets (continued)

Fund Description	Net Assets Released From Restriction in 2010	Temporarily Restricted Net Assets at December 31, 2010	Permanently Restricted Net Assets at December 31, 2010
Special Funds			
Groveville Cemetery Fund	\$ -	\$ 3,347	\$ -
Bosley Memorial Fund	-	5,955	-
	-	9,302	-
Trust Funds			
Denver Fund	34,471	261,849	505,000
Aldersgate Church Fund	9,078	56,508	87,673
Shauman Fund	2,000	23,070	3,504
Hess Fund for World Division	404	1,141	9,170
Hess Fund for National Division	394	1,557	18,341
J.F. Hess Trust Fund	-	-	10,000
Collard Fund	306	14,856	5,000
Williams Fund	7,673	101,768	20,000
Jeffersonville Fund	82	803	1,000
Hess Craryville	79	773	-
Hess Methodist Hospital	192	780	-
Hess Five Points	48	763	-
	<u>54,727</u>	<u>463,868</u>	<u>659,688</u>
Memorial Garden Fund	-	7,513	-
Sessions Woods - Darling Fund	-	125,681	-
	-	133,194	-
General Camping Programs	-	81,466	60,726
Quinipet Camp Program	-	5,400	6,535
	-	86,866	67,261
Conference Programs	<u>5,754,784</u>	<u>2,986,339</u>	<u>-</u>
	<u>\$ 5,809,511</u>	<u>\$ 3,679,569</u>	<u>\$ 726,949</u>

18. Concentration of Credit Risk

Financial instruments, which potentially subject the New York Annual Conference to concentrations of credit risk, consist primarily of cash and cash equivalents and receivables. At times, the New York Annual Conference maintains balances with banking institutions that exceed the Federal Deposit Insurance Corporation's insurable limit. The New York Annual Conference's receivables are primarily from its members. The New York Annual Conference believes that no significant concentration of credit risk exists with respect to its cash and cash equivalents and receivables.

**Funds Under the Stewardship of the
New York Annual Conference of the United Methodist Church**

Notes to Combined Financial Statements

19. Lease Commitments

The New York Annual Conference leases office and printing equipment under various commercial leases with the equipment suppliers or commercial leasing companies. Rent expense for equipment for the year ended December 31, 2010 was \$55,541. Future annual minimum lease commitments as of December 31, 2010 are \$57,714.

20. Asset Retirement Obligations

The New York Annual Conference follows FASB guidance on *Accounting for Conditional Asset Retirement Obligations* that 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 New York Annual Conference is not aware of the existence of any asset retirement obligations.

21. Contingencies

The New York Annual Conference is involved in litigation arising in the normal course of business. Management estimates that the ultimate resolution of these matters will not be material to the New York Annual Conference's financial position.

**Funds Under the Stewardship of the
New York Annual Conference
of the United Methodist Church**

Supplemental Information

December 31, 2010

Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church
Combining Schedule of Financial Position

December 31, 2010
(with comparative amounts for 2009)

	CCF&A	Board of Trustees	Camping Ministry	Episcopal Office	Sub-Total	Eliminating Entries Debit(Credit)	2010 Combined	2009 Combined
ASSETS								
Cash and cash equivalents	\$ 985,587	\$ 134,834	\$ 64,389	\$ 101,706	\$ 1,286,516	\$ -	\$ 1,286,516	\$ 1,026,304
Investments	1,677,811	2,002,140	173,538	16,971	3,870,460	-	3,870,460	4,926,700
Church appointments receivable	1,419,389	-	-	-	1,419,389	-	1,419,389	1,055,354
Accounts receivable	1,406,920	-	39,070	-	1,445,990	(1,175,238)	270,752	180,431
Parish development loans receivable, net	967,477	-	-	-	967,477	-	967,477	907,900
Prepaid expenses	41,353	-	-	-	41,353	-	41,353	2,463
Custodial funds held	-	36,299	-	-	36,299	-	36,299	36,089
Property and equipment, net	22,845	3,891,943	1,844,359	1,962	5,761,109	-	5,761,109	5,244,388
	<u>\$ 6,521,382</u>	<u>\$ 6,065,216</u>	<u>\$ 2,121,356</u>	<u>\$ 120,639</u>	<u>\$ 14,828,593</u>	<u>\$ (1,175,238)</u>	<u>\$ 13,653,355</u>	<u>\$ 13,379,629</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Borrowings under line of credit	\$ -	\$ -	\$ 300,258	\$ -	\$ 300,258	\$ -	\$ 300,258	\$ 321,207
Accounts payable and accrued expenses	1,553,311	20,000	140,431	-	1,713,742	-	1,713,742	2,407,730
Deferred revenue	-	-	77,505	-	77,505	-	77,505	47,611
Due to CCF&A	-	-	1,119,881	55,357	1,175,238	1,175,238	-	-
Loans payable - Conference Board of Pensions and Health Benefits, Inc.	389,917	-	-	-	389,917	-	389,917	389,917
Loan payable - United Methodist Development Fund	66,268	687,468	-	-	687,468	-	687,468	729,013
Church appointments designated for future periods	-	-	-	-	66,268	-	66,268	80,087
Note payable	-	-	7,637	-	7,637	-	7,637	12,832
Custodial funds held	-	36,299	-	-	36,299	-	36,299	36,089
Total Liabilities	2,009,496	743,767	1,645,712	55,357	4,454,332	1,175,238	3,279,094	4,024,486
Net Assets								
Unrestricted	1,525,547	4,055,397	321,517	65,282	5,967,743	-	5,967,743	6,385,561
Temporarily restricted	2,986,339	606,364	86,866	-	3,679,569	-	3,679,569	2,242,633
Permanently restricted	-	659,688	67,261	-	726,949	-	726,949	726,949
Total Net Assets	<u>4,511,886</u>	<u>5,321,449</u>	<u>475,644</u>	<u>65,282</u>	<u>10,374,261</u>	<u>-</u>	<u>10,374,261</u>	<u>9,355,143</u>
	<u>\$ 6,521,382</u>	<u>\$ 6,065,216</u>	<u>\$ 2,121,356</u>	<u>\$ 120,639</u>	<u>\$ 14,828,593</u>	<u>\$ 1,175,238</u>	<u>\$ 13,653,355</u>	<u>\$ 13,379,629</u>

See independent auditors' report

Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church
Combining Schedule of Activities
Year Ended December 31, 2010
(with summarized totals for 2009)

	CCT&A				Board of Trustees				Camping Ministry			Episcopal Office		Eliminating		2010		2009	
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Remainderly Restricted	Total	Unrestricted	Temporarily Restricted	Remainderly Restricted	Total	Unrestricted	Eliminating (Debit)/Credit	Combined	Combined	2010	Combined	2009	Combined
REVENUE AND SUPPORT																			
Church apportionments	\$ 2,280,160	\$ 6,122,158	\$ 8,402,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,402,318	\$ 7,564,316	\$ -	\$ 7,564,316
Designated benevolences	-	748,642	748,642	-	-	-	-	-	-	-	-	-	-	-	-	748,642	705,182	43,460	705,182
Other contributed benevolences	1,073	236,432	237,505	-	-	-	-	-	-	-	-	-	-	-	-	237,505	230,506	6,999	230,506
Fees and reimbursements	343,550	-	343,550	15,733	-	-	15,733	-	-	-	-	-	-	-	-	359,283	289,173	70,110	289,173
Grants and contributions	-	-	-	15,733	-	-	15,733	118,818	-	-	118,818	-	-	-	-	248,106	248,106	0	248,106
Program fees	-	-	-	-	-	-	-	758,899	-	-	758,899	-	-	-	-	758,899	758,899	0	758,899
Program fees	-	-	-	-	-	-	-	462,606	-	-	462,606	-	-	-	-	462,606	413,855	48,751	413,855
Food service	-	-	-	-	-	-	-	231,878	-	-	231,878	-	-	-	-	231,878	197,006	34,872	197,006
Store	-	-	-	-	-	-	-	22,947	-	-	22,947	-	-	-	-	22,947	13,513	9,434	13,513
Investment return	47,118	55,185	102,303	54,164	70,039	-	124,203	1,667	13,991	-	15,658	-	-	-	242,164	335,381	93,217	335,381	
Interest on revolving loans	49,272	-	49,272	-	-	-	-	-	-	-	-	-	-	-	49,272	55,079	5,807	55,079	
Interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	783	783	
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,344	2,344	
Diocesan services	-	-	-	-	-	-	-	3,356	-	-	3,356	-	-	-	-	3,356	-	3,356	
Amounts to be paid by CCT&A	-	-	-	100,368	-	-	100,368	-	-	-	-	-	-	-	-	(100,368)	-	19,044	
Net assets released from restrictions	5,754,784	(5,754,784)	-	54,722	(54,722)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue and Support	8,475,957	1,407,633	9,883,590	224,992	15,312	-	240,304	1,601,166	13,991	-	1,624,157	127,687	(100,368)	11,775,370	11,024,367	-	-	-	-
EXPENSES																			
Program	6,362,641	-	6,362,641	426,329	-	-	426,329	-	-	-	-	-	-	-	-	52,746	6,841,716	7,344,382	7,344,382
Complete	-	-	-	-	-	-	-	1,254,111	-	-	1,254,111	-	-	-	-	1,254,111	1,086,472	167,639	1,086,472
Enrollment	-	-	-	-	-	-	-	350,989	-	-	350,989	-	-	-	-	350,989	290,563	60,426	290,563
Kingwood	-	-	-	-	-	-	-	80,399	-	-	80,399	-	-	-	-	80,399	74,314	6,085	74,314
Capital Campaign	2,008,306	-	2,008,306	250,569	-	-	250,569	21,190	-	-	21,190	-	-	-	21,190	21,190	55,087	21,190	
Management and general	8,370,947	-	8,370,947	676,898	-	-	676,898	1,706,689	-	-	1,706,689	-	-	-	49,240	2,207,847	2,082,623	2,207,847	
Total Expenses	105,010	1,407,633	1,512,643	(451,906)	15,312	-	(436,594)	(96,523)	13,991	-	(82,532)	25,601	-	1,019,118	1,075,625	10,756,252	10,959,441	10,959,441	
Change in Net Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
NET ASSETS																			
Beginning of year	1,420,537	1,576,706	2,997,243	4,507,303	591,052	659,688	5,758,043	418,040	72,875	67,261	588,176	39,681	-	9,355,143	9,290,217	-	-	-	-
End of year	1,525,547	2,986,339	4,511,886	4,055,397	606,364	659,688	5,331,449	321,517	86,866	67,261	475,644	65,282	-	10,371,261	9,355,143	-	-	-	-

See independent auditor's report

Episcopal Office of the New York Annual Conference of the United Methodist Church

Statement of Cash Receipts and Disbursements

Year Ended December 31, 2010
(with comparative amounts for 2009)

	<u>2010</u>	<u>2009</u>
CASH RECEIPTS		
Budget support	\$127,300	\$128,600
Interest	<u>7</u>	<u>5</u>
Total Cash Receipts	<u>127,307</u>	<u>128,605</u>
 CASH DISBURSEMENTS		
Salaries	38,186	41,500
Employee benefits	8,472	8,996
Supplies	3,207	8,446
Postage	107	3,008
Telephone	1,559	2,358
Professional fees	5,650	5,500
Meals and entertainment	8,779	13,343
Travel	7,646	7,408
Network support	5,688	-
Miscellaneous	<u>1,683</u>	<u>2,906</u>
Total Cash Disbursements	<u>80,977</u>	<u>93,465</u>
Excess of Cash Receipts over Cash Disbursements	46,330	35,140
Cash at beginning of year	<u>56,157</u>	<u>21,017</u>
Cash at end of year	<u>\$102,487</u>	<u>\$ 56,157</u>