

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

Combined Financial Statements

December 31, 2015

Independent Auditors' Report

**Board of Trustees
Funds Under the Stewardship of the New York
Annual Conference of the United Methodist Church
White Plains, New York**

We have audited the accompanying combined financial statements of the Funds Under the Stewardship of the New York Annual Conference of the United Methodist Church (the "NYAC"), which comprise the combined statement of financial position as of December 31, 2015, and the related combined statements of activities and cash flows for the year then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

As more fully described in note 3 to the combined financial statements, the NYAC did not obtain a valuation of its postretirement health benefits for the year ending December 31, 2015. The last valuation obtained was as of December 31, 2014. That valuation reflected an accumulated postretirement obligation of \$23,664,650. By not obtaining a valuation for 2015, a liability cannot be determined, thus resulting in the inability to record such amount in the combined financial statements for the year ending December 31, 2015. The effect on the 2015 combined statement of activities has not been determined. In our opinion, a liability for postretirement health benefits and related disclosures are required by accounting principles generally accepted in the United States of America.

Qualified Opinion

In our opinion, except for the effects of not recording the accumulated postretirement benefit obligation in the combined financial statements at the present value of the anticipated actuarial cost of the health benefits for retirees and related benefit expense as discussed in the Basis for Qualified Opinion paragraph, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the combined financial position of the New York Annual Conference as of December 31, 2015, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the NYAC's December 31, 2014 combined financial statements, and we expressed a qualified audit opinion on those audited combined financial statements in our report dated June 23, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited combined financial statements from which it has been derived.

Report on Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information on pages 19 through 21 is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects of the matter described in our Basis for Qualified Opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

PKF O'Connor Davies, LLP

Harrison, New York
June 23, 2016

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

Combined Statement of Financial Position

December 31, 2015

(with comparative amounts at December 31, 2014)

	2015	2014
ASSETS		
Cash and cash equivalents	\$ 3,068,509	\$ 4,289,206
Investments	16,694,022	16,368,914
Church apportionments receivable	104,928	158,450
Accounts receivable, net	288,146	240,845
Parish development loans receivable, net	1,254,305	1,819,037
Prepaid expenses and other assets	641,527	517,557
Custodial funds held	32,240	338,730
Property and equipment, net	6,094,863	5,856,726
	\$ 28,178,540	\$ 29,589,465
 LIABILITIES AND NET ASSETS		
Liabilities		
Church apportionments designated for future periods	\$ 42,845	\$ 33,859
Accounts payable and accrued expenses	1,421,477	1,602,961
Capital lease obligations	37,762	47,710
Deferred revenue	39,373	-
Loan payable - Conference Board of Pensions and Health Benefits	339,917	349,917
Loan payable - United Methodist Development Fund	397,932	463,717
Loan payable - U.S. Small Business Administration	691,858	703,200
Custodial funds held	32,240	338,730
Total Liabilities	3,003,404	3,540,094
Net Assets		
Unrestricted	15,960,184	16,177,319
Temporarily restricted	8,479,253	9,136,353
Permanently restricted	735,699	735,699
Total Net Assets	25,175,136	26,049,371
	\$ 28,178,540	\$ 29,589,465

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, 2015
(with summarized totals for the year ended December 31, 2014)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2015 Total	2014 Total
SUPPORT AND REVENUE					
Church apportionments	\$ 2,284,276	\$ 5,019,708	\$ -	\$ 7,303,984	\$ 7,455,995
Designated benevolences	-	2,261,312	-	2,261,312	2,549,738
Fees and reimbursements	317,290	-	-	317,290	256,462
Grants and contributions	343,604	12,279	-	355,883	652,397
Retreat	1,387,424	-	-	1,387,424	1,532,586
Store sales	-	-	-	-	4,224
Investment (loss) return	(305,044)	(165,441)	-	(470,485)	389,022
Interest	64,389	-	-	64,389	59,845
Other	960	-	-	960	4,513
Gain on sale of properties	372,885	-	-	372,885	6,187,845
Net assets released from restrictions	<u>7,756,011</u>	<u>(7,756,011)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>12,221,795</u>	<u>(628,153)</u>	<u>-</u>	<u>11,593,642</u>	<u>19,092,627</u>
EXPENSES					
Program	7,699,803	-	-	7,699,803	8,338,314
Campsite					
Quinipet	1,633,449	-	-	1,633,449	1,497,428
Epworth	114	-	-	114	272,545
Kingswood	67,659	-	-	67,659	87,338
Capital campaign	25,192	-	-	25,192	2,712
Management and general	<u>3,012,713</u>	<u>28,947</u>	<u>-</u>	<u>3,041,660</u>	<u>2,531,401</u>
Total Expenses	<u>12,438,930</u>	<u>28,947</u>	<u>-</u>	<u>12,467,877</u>	<u>12,729,738</u>
Change in Net Assets	(217,135)	(657,100)	-	(874,235)	6,362,889
NET ASSETS					
Beginning of year	<u>16,177,319</u>	<u>9,136,353</u>	<u>735,699</u>	<u>26,049,371</u>	<u>19,686,482</u>
End of year	<u>\$ 15,960,184</u>	<u>\$ 8,479,253</u>	<u>\$ 735,699</u>	<u>\$ 25,175,136</u>	<u>\$ 26,049,371</u>

**Funds Under the Stewardship of the New York
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Combined Statement of Cash Flows

Year Ended December 31, 2015

(with comparative amounts for the year ended December 31, 2014)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (874,235)	\$ 6,362,889
Adjustment to reconcile change in net assets to net cash from operating activities		
Realized and unrealized losses (gains) on investments	534,175	(287,566)
Gain on sale of properties	(372,885)	(6,187,845)
Depreciation	372,551	273,620
Amortization	-	22,270
Provision for bad debts	491,894	128,262
Net change in operating assets and liabilities		
Church apportionments receivable	53,522	436,123
Accounts receivable	(539,195)	(17,686)
Parish development loans receivable	564,732	103,046
Prepaid expenses and other assets	(123,970)	(280,341)
Church apportionments designated for future periods	8,986	25,666
Accounts payable and accrued expenses	(163,201)	(125,403)
Deferred revenue	39,373	(12,307)
Net Cash from Operating Activities	(8,253)	440,728
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	761,212	533,251
Purchase of investments	(1,620,495)	(6,055,571)
Proceeds from sale of property	372,885	6,187,845
Disposal of property and equipment	-	626,075
Property and equipment acquisitions	(610,687)	(790,072)
Net Cash from Investing Activities	(1,097,085)	501,528
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of capital lease obligations	(28,232)	(9,464)
Proceeds from loans payable	(11,342)	703,200
Repayment of loans payable	(75,785)	(72,710)
Mortgage principal payments	-	(1,066,202)
Net Cash from Financing Activities	(115,359)	(445,176)
Net Change in Cash and Cash Equivalents	(1,220,697)	497,080
CASH AND CASH EQUIVALENTS		
Beginning of year	4,289,206	3,792,126
End of year	\$ 3,068,509	\$ 4,289,206
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid	\$ 37,272	\$ 79,387

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

Notes to Combined Financial Statements
December 31, 2015

1. Organization

The New York Annual Conference of the United Methodist Church (“NYAC”) is one of fifty-nine annual conferences of the United Methodist Church (“UMC”) 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 NYAC 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 NYAC’s Council on Finance and Administration (“CCFA”) consists of representative clergy and lay staffs that are responsible for administering the financial affairs of the NYAC and includes only those funds under the stewardship of that body.

The CCFA derives substantially all of its support and revenue from the NYAC’s local churches. Expenses consist primarily of clergy support, the NYAC apportionments to the General Council on Finance and Administration of the UMC (“GCFA”) located in Nashville, Tennessee, support for religious and charitable programs, support for missions and church ministries, and management and financial administration of the NYAC.

CCFA administers the apportionment (revenue sharing) function among the local churches. CCFA also supports local churches by the collection and timely remittance of amounts invoiced for pension and health benefits. CCFA administers workers compensation insurance and provides services for other NYAC and UMC entities.

The Camping and Retreat Ministry of the NYAC is a program of the UMC 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 Camping and Retreat Ministry operated two camps in New York State known as Quinipet and Kingswood. In 2014, the Camping and Retreat Ministry sold its Camp Epworth.

The Episcopal Office of the NYAC provides support to the resident Bishop. The Episcopal Office receives, prioritizes and prepares communications for the Bishop’s attention and response, and maintains pastoral records used for assignment of clergy. Additionally, the Episcopal Office arranges and prepares for meetings and other gatherings that the Bishop leads or attends.

The Board of Trustees of the NYAC (the “Board of Trustees”) receives, collects and holds in trust, for the benefit of the NYAC and its agencies, donations, bequests and devises of any kind or character, real or personal, that may be given, devised, bequeathed, or conveyed to the Board of Trustees or to the NYAC and its agencies for any benevolent, charitable, or religious purpose. The Board of Trustees administers the income therefrom, in accordance with the directions of the donor, trustor, or testator, and in the interest of the UMC, society, institution, or agency contemplated by such donor, trustor, or testator, under the direction of NYAC. In addition, the Board of Trustees is responsible for administering the legal, insurance and property matters of the NYAC.

**Funds Under the Stewardship of the
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Notes to Combined Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies

Principles of Combination

The combined financial statements of the Funds Under the Stewardship of the NYAC of the UMC includes the accounts of CCFA, the Board of Trustees, the Camping and Retreat Ministry and the Episcopal Office all of which are under common management. Intercompany transactions including administrative services such as finance, human resources and payroll and related receivables and payables have been eliminated.

Use of Estimates

The accompanying combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue and expenses during the combined 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 NYAC are reported as unrestricted, temporarily restricted and permanently restricted.

Cash and Cash Equivalents

For purposes of the combined statements of financial position and cash flows, the NYAC considers all highly liquid debt instruments with a maturity at time of purchase, of three months or less, to be cash equivalents.

Allowance for Doubtful Accounts Receivable and Apportionments Receivable

An allowance for doubtful accounts receivable is estimated based on a combination of write-off history, aging analysis and any specific known troubled accounts. The allowance for doubtful accounts receivable approximated \$247,100 at December 31, 2015.

Fair Value of Financial Instruments

The NYAC follows U.S. GAAP 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
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Notes to Combined Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Investments Valuation

Investments are carried at fair value.

Investment Income Recognition

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Realized and unrealized gains and losses are included in the determination of change in net assets.

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 on assets or groups of like assets purchased together with a minimum value of \$2,500. Depreciation is calculated using the straight-line method with one half year being recognized in the year of purchase and in the last year. Such assets are depreciated over the estimated useful lives as follows:

Building	50 years
Building improvements	15 years
Furniture and equipment	3-7 years
Computer equipment	3 years

Capitalized Costs

The NYAC 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.

Asset Retirement Obligations

The NYAC follows U.S. GAAP guidance on, *Accounting for Conditional Asset Retirement Obligations*, which 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 guidance requires that the fair value of a liability for a conditional asset retirement obligation be recognized in the period in which it occurred when a reasonable estimate of fair value can be made. The NYAC is not aware of the existence of any asset retirement obligations.

**Funds Under the Stewardship of the
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Notes to Combined Financial Statements
December 31, 2015

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

The NYAC recognizes as revenue, all amounts received during the year from churches under apportionment and those amounts received through an annually 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 apportionments receivable.

Apportionments, Contributions and Benevolences

Church apportionments, contributions and benevolences are recorded as temporarily restricted net assets and support and revenue 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 NYAC.

In-Kind Support

A number of clergy and laity of the NYAC have contributed significant amounts of their time to the affairs of the NYAC, however, these services have not been reflected in the combined financial statements as they do not meet the U.S. GAAP criteria for recognition.

Summarized Financial Information

The combined statements of activities include prior year summarized comparative information in total which does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the combined financial statements for the year ended December 31, 2014 from which the summarized information was derived.

Accounting for Uncertainty in Income Taxes

The NYAC recognizes the effect of income tax positions only if those positions are more likely than not to be sustained. Management has determined that the NYAC had no uncertain tax positions that would require financial statement recognition or disclosure. The NYAC is no longer subject to examination by applicable taxing jurisdictions for periods prior to December 31, 2012.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the combined financial statements through the date that the combined financial statements were available to be issued, which date is June 23, 2016.

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Notes to Combined Financial Statements
December 31, 2015

3. Postretirement Health Benefits

The NYAC is partnering with One Exchange to provide a choice of Medicare Supplement and Medicare Advantage health insurance plans for the NYAC's current and future eligible retirees who are already enrolled in Medicare. These plans are combined with an individual Health Reimbursement Account ("HRA") for each retiree and spouse, as applicable. NYAC will fund the HRA within the plan chosen by the retiree with a fixed amount (determined each year by the NYAC similar to the past service pension rate) with which the retiree may choose to pay healthcare premiums and other health-related expenses. The fixed amount for 2015 was \$2,700 per participant. The NYAC's expense for its retirees for 2015 was \$1,130,268.

U.S. GAAP requires that the accumulated post-retirement benefit obligation be recorded in the combined 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 UMC (the "General Board") obtained an actuarial valuation of the NYAC's retiree healthcare benefits as of December 31, 2014. The valuation of the accumulated post-retirement benefit obligation as of December 31, 2014, was \$23,664,610. This represents the portion of the expected post-retirement benefit obligation attributed to retirees past service.

NYAC did not obtain a valuation of its postretirement health benefits for the year ending December 31, 2015. By not obtaining a valuation for 2015, a liability cannot be determined, thus resulting in the inability to record such amount in the combined financial statements for the year ending December 31, 2015. The effect on the 2015 statement of activities has not been determined.

4. Parish Development Loans Receivable

The NYAC's Parish Development Commission provides unsecured financing to its member churches and NYAC 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 repayments are deposited back into the revolving loan fund to fund future loans and grants. The NYAC annually reviews the collectability of loans outstanding and adjusts the allowance for doubtful accounts accordingly. As of December 31, 2015, the allowance for doubtful accounts approximated \$336,000.

**Funds Under the Stewardship of the
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Notes to Combined Financial Statements
December 31, 2015

5. Endowment, Investments and Investment Return

Interpretation of Law

In 2010, New York State adopted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”). Consistent with its interpretation of NYPMIFA, the NYAC classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the NYAC in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Return Objectives and Risk Parameters

The NYAC maintains various donor-restricted endowment funds and Board designated endowment funds whose purpose is to provide long term support for its programs and facilities. The NYAC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to program supported by its endowment, while attempting to maintain purchasing power of the endowment assets.

The NYAC utilizes a total return investment approach with its asset allocation diversified over multiple asset classes and sub classes. The overall investment objective of the endowment funds and Board designated endowment funds (collectively, the “Endowment”) is to provide the greatest level of support for operating expenses and capital maintenance of the NYAC consistent with the preservation of purchasing power of the Endowment. To balance the current and future needs for operating and maintenance support, the NYAC seeks to maintain or enhance the real (inflation-adjusted) purchasing power of the Endowment, net of payments pursuant to the spending policy described below. This objective leads to a fixed income and equity-oriented investment strategy. The NYAC’s investment performance objective is to attain, over a majority of market cycles, an annualized real total return, net of fees, of at least 5% per annum.

Spending Rate Methods

The NYAC’s policy is to expend amounts from the Endowment to support current operations equal to five percent of the three-year quarterly average market value of investments held. The NYAC may use Board designated endowment funds for operating purposes with the approval of its Trustees.

If permanently restricted Endowment funds have experienced losses below the permanently restricted amount of such funds due to market fluctuations, U.S. GAAP requires that such excess losses be absorbed by the unrestricted net assets of the NYAC and that future gains be allocated to unrestricted net assets until such losses have been restored. The NYAC’s donor restricted Endowment funds have not experienced any losses during 2015.

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5. Endowment, Investments and Investment Return (continued)

The following is a reconciliation of the Endowment activity in investments:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance, January 1, 2015	\$ 8,384,403	\$ 7,248,812	\$ 735,699	\$ 16,368,914
Transfers in	1,434,578	14,924	-	1,449,502
Contributions	56,438	-	-	56,438
Investment income, net	44,094	19,596	-	63,690
Capital depreciation	(346,355)	(187,820)	-	(534,175)
Appropriations for programs	<u>(674,556)</u>	<u>(35,791)</u>	<u>-</u>	<u>(710,347)</u>
Balance, December 31, 2015	<u>\$ 8,898,602</u>	<u>\$ 7,059,721</u>	<u>\$ 735,699</u>	<u>\$ 16,694,022</u>
Comprised of the Following:				
Donor restricted funds	\$ -	\$ 7,059,721	\$ 735,699	\$ 7,795,420
Board designated funds	8,898,602	-	-	<u>8,898,602</u>
				<u>\$ 16,694,022</u>

The following are major categories of investments measured and categorized by the fair value hierarchy at fair value at December 31, 2015:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market fund	\$ 193,545	\$ -	\$ 193,545
Fixed Income fund	-	1,642,847	1,642,847
Equity fund	-	201,382	201,382
Balanced fund	-	4,848,301	4,848,301
Bond fund	-	719,707	719,707
Mixed asset fund	<u>-</u>	<u>9,088,240</u>	<u>9,088,240</u>
Total Investments at Fair Value	<u>\$ 193,545</u>	<u>\$16,500,477</u>	<u>\$16,694,022</u>

Investment (loss) return consists of the following for 2015:

Interest and dividends	\$ 113,655
Net realized and unrealized losses	(534,175)
Investment fees	<u>(49,965)</u>
Total Investment (Loss) Return	<u>\$ (470,485)</u>

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6. Property and Equipment

Property and equipment consists of the following at December 31, 2015:

	CCFA	Board of Trustees	Camping Ministry	Episcopal Office	Total
Buildings	\$ -	\$ -	\$ 821,047	\$ -	\$ 821,047
Building improvements	-	-	1,084,177	-	1,084,177
District parsonages	-	1,020,986	-	-	1,020,986
Episcopal residence	-	379,940	-	-	379,940
Conference center	-	4,058,858	-	-	4,058,858
Vehicles	-	-	212,058	-	212,058
Land improvements	-	-	1,229,131	-	1,229,131
Camp property	-	110,458	-	-	110,458
Furniture and equipment	70,901	-	173,387	62,977	307,265
Construction in progress	-	107,112	-	-	107,112
	<u>70,901</u>	<u>5,677,354</u>	<u>3,519,800</u>	<u>62,977</u>	<u>9,331,032</u>
Accumulated depreciation	<u>(33,611)</u>	<u>(2,287,482)</u>	<u>(858,742)</u>	<u>(56,334)</u>	<u>(3,236,169)</u>
	<u>\$ 37,290</u>	<u>\$ 3,389,872</u>	<u>\$ 2,661,058</u>	<u>\$ 6,643</u>	<u>\$ 6,094,863</u>

7. Capital Lease Obligations

The Camping Ministry has entered into agreements to lease two vehicles under capital leases. Payments remaining on the capital leases are due as follows for years ending December 31:

2016	\$ 12,108
2017	12,108
2018	12,108
2019	<u>4,036</u>
	40,360
Less amount representing interest	<u>(2,598)</u>
	<u>\$ 37,762</u>

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

In 2005 and 2006, the NYAC borrowed \$389,917 from the Conference Board of Pensions and Health Benefits Fund (an uncombined fund of the NYAC), to repay ministerial pension plan contributions in arrears at the time. The loan has no specific repayment terms, and the NYAC has not adopted a plan or designated specific funds to repay the loan which remains outstanding as of December 31, 2015 in the amount of \$339,917.

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Notes to Combined Financial Statements
December 31, 2015

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 the conference center located in White Plains, New York. This loan is secured by the NYAC's real property. In July 2012, the NYAC renegotiated the terms of this loan reducing the interest rate from 8% to 4.75%. The loan requires monthly payments of principal and interest of \$7,200 through the loan's maturity in January 2021. Interest expense amounted to \$20,613 for 2015. Aggregate maturities of this obligation at December 31, 2015 are due as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 69,236
2017	72,597
2018	76,121
2019	79,817
2020	83,692
Thereafter	<u>16,469</u>
	<u>\$ 397,932</u>

10. Loan Payable – U.S. Small Business Administration

In December 12, 2013, the Camping Ministries obtained a loan from the U.S. Small Business Administration in the amount \$703,200 to repair/replace disaster damaged land improvements. There were no advances on this loan until 2015. The loan is secured by the Quinipet camp real property. The loan provides for principal and interest at 3% beginning in December 2014 through the loan's maturity in December 2044. Interest expense for 2015 amounted to \$25,930.

Aggregate maturities of this obligation at December 31, 2015 are due as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 16,326
2017	16,823
2018	17,334
2019	17,862
2020	18,406
Thereafter	<u>605,107</u>
	<u>\$ 691,858</u>

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

Notes to Combined Financial Statements
December 31, 2015

11. Custodial Funds

Custodial funds of \$32,240 represent funds transferred to the NYAC from churches that have closed in order to pay for expenses and fees on their behalf subsequent to their closing. These funds are valued using Level 1 inputs for the year ended December 31, 2015.

12. Retirement Plans

The NYAC participates in a multiemployer defined benefit pension plan administered by the General Board that covers substantially all UMC clergy. There are three plans under these multiemployer plans which are 1) Clergy Retirement Security Program (“CRSP”), 2) the Ministerial Pension Plan (“MPP Annuities”) and 3) the Pre-1982 Plan. This multiemployer plan is a non-electing church plan under the Internal Revenue Code Sections 414 (e) and 410 (d) and as such is exempt from the minimum funding requirements of ERISA, the Pension Protection Act of 2006, and Internal Revenue Code Sections 412 and 430 through 436. Accordingly, no funding improvement plan or zoning funding requirements apply.

Pre-1982 Plan

The Pre-1982 Plan covers service prior to 1982. The Pre-1982 Plan provisions specify that the specific benefit levels of the plan are determined by participating plan sponsors at their annual meeting. The NYAC adopted the following benefit levels for 2015:

Past service rate	\$ 580
Contingent annuitant percentage	70%

As of January 1, 2015, the valuation date, the Pre-1982 Plan had a funded status of 103%. No expense was recognized in 2015, as all amounts were paid by NYAC member churches.

MPP Annuities

The MPP Annuities cover service from 1982 through 2006. As of January 1, 2015, the valuation date, the MPP Annuities plan had a funded status of 110.8%. Expense for 2015 amounted to \$0.

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

Notes to Combined Financial Statements
December 31, 2015

12. Retirement Plans *(continued)*

CRSP

The CRSP plan covers service on or after January 1, 2007. The plan has both defined benefit and defined contribution components. As of January 1, 2015, the valuation date, the CRSP plan had a funded status of 111%. Expense for 2015 amounted to \$130,308.

United Methodist Personal Investment Plan (“UMPIP”)

Lay-staff retirement benefits are covered under UMPIP, a 403(b) defined contribution plan. Participation in UMPIP requires each eligible employee to contribute 3% or more of wages to receive a 12% of salary contribution by the NYAC. Expense for 2015 amounted to \$105,195.

13. Medical and Health Plan

The NYAC provides health benefits under a multi-employer plan, HealthFlex, administered by the General Board. HealthFlex provides medical and health benefits for eligible clergy and eligible lay-staff employed by the NYAC.

The cost of participating in HealthFlex is based on a uniform rate determined annually by the NYAC. The NYAC's expense for its clergy and staff in HealthFlex for 2015 was \$327,928.

14. Support Services

CCFA provides payroll processing and administrative services on a reimbursement basis to the Camping Ministry, the Episcopal Office, the Board of Trustees and the United Methodist Frontier Foundation (the “Frontier Foundation”) (an uncombined entity).

15. Pension and Health Benefits Deposit Accounts

In accordance with a resolution of the NYAC, the Conference Board of Pensions and Health Benefits maintains six accounts with the General Board on behalf of the NYAC for the purpose of funding pension liabilities and health benefits. As of December 31, 2015, the deposit account held \$4,836, the Integrity in Pensions account held \$1,178,044, the Health Benefits Reserve account held \$18,460,466, the Pre-82 pension account held \$25,127,693, the General account held \$274,822 and the Retiree HRA Funding account held \$177,402.

The NYAC pension and health benefits remittances made to these accounts are recorded as accounts receivable by NYAC. These accounts are held at Wespath, the investment division of the General Board, and may be drawn down only upon the approval of the Conference Board of Pension and Health Benefits to fund NYAC benefit obligations.

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

Notes to Combined Financial Statements
December 31, 2015

16. Restrictions and Limitations on Net Assets

Certain net assets of the NYAC are restricted based upon donor stipulations. Such restricted net assets are deemed “released from restriction” when the NYAC 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 presents the net assets released from restrictions and the components of restricted net assets at December 31, 2015:

<u>Fund Description</u>	<u>Net Assets Released From Restriction in 2015</u>	<u>Temporarily Restricted Net Assets at December 31, 2015</u>	<u>Permanently Restricted Net Assets at December 31, 2015</u>
Special Funds			
Bosley Memorial Fund	\$ -	\$ 576	\$ -
Groveville Cemetery Fund	-	3,548	-
Norwalk Parsonage Fund	-	438,270	-
Young Clergy DAP Fund	12,000	194,503	-
Parish Development Loan Fund	-	547,360	-
Permanent Endowment	-	8,075	8,750
	<u>12,000</u>	<u>1,192,332</u>	<u>8,750</u>
Trust Funds			
Aldersgate Church Fund	1,970	87,970	87,673
Collard Fund	478	18,491	5,000
Denver Fund	13,951	415,862	505,000
Dier Trust Fund	-	3,770,422	-
Hess Craryville	60	446	2,500
Hess Five Points	36	264	1,500
Hess Fund for National Division	455	4,004	18,341
Hess Fund for World Division	206	959	9,170
Hess Methodist Hospital	147	1,260	6,000
Jeffersonville Fund	62	2,089	1,000
Shauman Fund	1,000	29,928	3,504
South Norwalk	-	1,094,086	-
Williams Fund	1,708	114,457	20,000
	<u>20,073</u>	<u>5,540,238</u>	<u>659,688</u>
General Camping Programs	2,253	108,286	60,726
Epworth Camp Programs	-	6,441	-
Quinipet Camp Program	336	6,943	6,535
	<u>2,589</u>	<u>121,670</u>	<u>67,261</u>
Conference Programs	7,721,349	1,625,013	-
	<u>\$ 7,756,011</u>	<u>\$ 8,479,253</u>	<u>\$ 735,699</u>

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

Notes to Combined Financial Statements
December 31, 2015

17. Concentrations of Credit Risk

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

18. Operating Lease Commitments

The NYAC leases office equipment, telecommunications equipment and software under various commercial operating leases with equipment suppliers or commercial leasing companies. Rent expense for 2015 was \$62,836. Aggregate minimum annual rental payments at December 31, 2015 for the years ending December 31, are payable as follows:

2016	\$ 85,703
2017	42,233
2018	26,230
2019	<u>13,115</u>
	<u>\$ 167,281</u>

19. Contingencies

The NYAC 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 NYAC's financial position.

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

Supplemental Information

December 31, 2015

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

Combining Schedule of Financial Position
December 31, 2015
(with comparative amounts at December 31, 2014)

	CCFA	Board of Trustees	Camping Ministry	Episcopal Office	Sub-Total	Eliminating Entries Debit (Credit)	2015 Combined	2014 Combined
ASSETS								
Cash and cash equivalents	\$ 2,752,345	\$ -	\$ 125,959	\$ 190,205	\$ 3,068,509	\$ -	\$ 3,068,509	\$ 4,289,206
Investments	5,124,958	11,340,616	205,341	23,107	16,694,022	-	16,694,022	16,368,914
Church apportionments receivable	104,928	-	-	-	104,928	-	104,928	158,450
Accounts receivable, net	254,125	-	34,021	-	288,146	-	288,146	240,845
Parish development loans receivable, net	1,254,305	-	-	-	1,254,305	-	1,254,305	1,819,037
Prepaid expenses and other assets	641,527	-	-	-	641,527	-	641,527	517,557
Due from the Camping Ministry	238,682	-	-	-	238,682	(238,682)	-	-
Due from the Board of Trustees	221,244	-	-	-	221,244	(221,244)	-	-
Due from the Episcopal Office	6,586	-	-	-	6,586	(6,586)	-	-
Custodial funds held	32,240	-	-	-	32,240	-	32,240	338,730
Property and equipment, net	37,290	3,389,872	2,661,058	6,643	6,094,863	-	6,094,863	5,856,726
	<u>\$ 10,668,230</u>	<u>\$ 14,730,488</u>	<u>\$ 3,026,379</u>	<u>\$ 219,955</u>	<u>\$ 28,645,052</u>	<u>\$ (466,512)</u>	<u>\$ 28,178,540</u>	<u>\$ 29,589,465</u>
LIABILITIES AND NET ASSETS								
Liabilities								
Church apportionments designated for future periods	\$ 42,845	\$ -	\$ -	\$ -	\$ 42,845	\$ -	\$ 42,845	\$ 33,859
Accounts payable and accrued expenses	1,327,589	-	93,888	-	1,421,477	-	1,421,477	1,602,961
Capital lease obligations	-	-	37,762	-	37,762	-	37,762	47,710
Deferred revenue	-	-	39,373	-	39,373	-	39,373	-
Due to CCFA	-	221,244	238,682	6,586	466,512	(466,512)	-	-
Loan payable - Conference Board of Pensions and Health Benefits	339,917	-	-	-	339,917	-	339,917	349,917
Loan payable - United Methodist Development Fund	-	397,932	-	-	397,932	-	397,932	463,717
Mortgage payable - U.S. Small Business Administration	-	-	691,858	-	691,858	-	691,858	703,200
Custodial funds held	32,240	-	-	-	32,240	-	32,240	338,730
Total Liabilities	1,742,591	619,176	1,101,563	6,586	3,469,916	(466,512)	3,003,404	3,540,094
Net Assets								
Unrestricted	5,660,827	8,350,102	1,735,886	213,369	15,960,184	-	15,960,184	16,177,319
Temporarily restricted	3,264,812	5,092,772	121,669	-	8,479,253	-	8,479,253	9,136,353
Permanently restricted	-	668,438	67,261	-	735,699	-	735,699	735,699
Total Net Assets	8,925,639	14,111,312	1,924,816	213,369	25,175,136	-	25,175,136	26,049,371
	<u>\$ 10,668,230</u>	<u>\$ 14,730,488</u>	<u>\$ 3,026,379</u>	<u>\$ 219,955</u>	<u>\$ 28,645,052</u>	<u>\$ (466,512)</u>	<u>\$ 28,178,540</u>	<u>\$ 29,589,465</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, 2015
(with summarized totals for the year ended December 31, 2014)

	CCFA			Board of Trustees				Camping Ministry				Episcopal Office	Eliminating Entries (Debit) Credit		2015 Combined	2014 Combined	
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted					
SUPPORT AND REVENUE																	
Church apportionments	\$ 2,284,276	\$ 5,019,708	\$ 7,303,984	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,303,984	\$ 7,455,995	
Contributed benevolences	-	2,261,312	2,261,312	-	-	-	-	-	-	-	-	-	-	-	2,261,312	2,549,738	
Fees and reimbursements	317,290	-	317,290	-	-	-	-	-	-	-	-	-	-	-	317,290	256,462	
Grants and contributions	31,918	-	31,918	-	12,279	-	12,279	239,647	-	-	239,647	117,039	(45,000)	355,883	652,397		
Retreat	-	-	-	-	-	-	-	1,387,424	-	-	1,387,424	-	-	1,387,424	1,532,586		
Store sales	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,224	
Investment (loss) return	(129,369)	(13,510)	(142,879)	(174,649)	(151,931)	-	(326,580)	-	-	-	-	(1,026)	-	(470,485)	389,022		
Interest	64,359	-	64,359	-	-	-	-	30	-	-	30	-	-	64,389	59,845		
Other	-	-	-	960	-	-	960	-	-	-	-	-	-	960	4,513		
Gain on sale of properties	328,561	-	328,561	44,324	-	-	44,324	-	-	-	-	-	-	372,885	6,187,845		
Net assets released from restrictions	7,695,303	(7,695,303)	-	58,119	(58,119)	-	-	2,589	(2,589)	-	-	-	-	-	-	-	
Total Support and Revenue	10,592,338	(427,793)	10,164,545	(71,246)	(197,771)	-	(269,017)	1,629,690	(2,589)	-	1,627,101	116,013	(45,000)	11,593,642	19,092,627		
EXPENSES																	
Program	7,695,303	-	7,695,303	(58,119)	-	-	(58,119)	-	-	-	-	62,619	-	7,699,803	8,338,314		
Campsite																	
Quinipet	-	-	-	-	-	-	-	1,633,449	-	-	1,633,449	-	-	1,633,449	1,497,428		
Epworth	-	-	-	-	-	-	-	114	-	-	114	-	-	114	272,545		
Kingswood	-	-	-	-	-	-	-	67,659	-	-	67,659	-	-	67,659	87,338		
Capital campaign	-	-	-	-	-	-	-	25,192	-	-	25,192	-	-	25,192	2,712		
Management and general	2,857,537	-	2,857,537	193,020	28,947	-	221,967	-	-	-	-	7,156	(45,000)	3,041,660	2,531,401		
Total Expenses	10,552,840	-	10,552,840	134,901	28,947	-	163,848	1,726,414	-	-	1,726,414	69,775	(45,000)	12,467,877	12,729,738		
Change in Net Assets	39,498	(427,793)	(388,295)	(206,147)	(226,718)	-	(432,865)	(96,724)	(2,589)	-	(99,313)	46,238	-	(874,235)	6,362,889		
NET ASSETS																	
Beginning of year	5,621,329	3,692,605	9,313,934	8,556,249	5,319,490	668,438	14,544,177	1,832,610	124,258	67,261	2,024,129	167,131	-	26,049,371	19,686,482		
End of year	\$ 5,660,827	\$ 3,264,812	\$ 8,925,639	\$ 8,350,102	\$ 5,092,772	\$ 668,438	\$ 14,111,312	\$ 1,735,886	\$ 121,669	\$ 67,261	\$ 1,924,816	\$ 213,369	\$ -	\$ 25,175,136	\$ 26,049,371		

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

Statement of Cash Receipts and Disbursements

Year Ended December 31, 2015
(with comparative amounts for the year ended December 31, 2014)

	<u>2015</u>	<u>2014</u>
CASH RECEIPTS		
Budget support	\$117,039	\$118,995
Interest	548	539
Investment income	5,265	8,161
Miscellaneous	<u>17,421</u>	<u>-</u>
Total Cash Receipts	<u>140,273</u>	<u>127,695</u>
 CASH DISBURSEMENTS		
Salaries	45,000	37,400
Employee benefits	17,619	16,239
Supplies	7,529	4,723
Postage	640	1,787
Telephone	-	2,322
Professional fees	2,116	1,945
Travel and entertainment	14,681	13,489
Network support	3,560	4,899
Miscellaneous	<u>1,073</u>	<u>25,789</u>
Total Cash Disbursements	<u>92,218</u>	<u>108,593</u>
 PAYMENT OF PRIOR YEAR ACCRUED LIABILITIES		
Travel and entertainment	<u>7,163</u>	<u>9,424</u>
 Excess of Cash Receipts over Cash Disbursements	40,892	9,678
 Cash at beginning of year	<u>149,314</u>	<u>139,636</u>
 Cash at end of year	<u>\$190,206</u>	<u>\$149,314</u>