XIV. 2009 INDEPENDENT AUDITOR'S REPORTS

Greater New Jersey Annual Conference

Centenary Fund and Preachers' Aid Society

United Methodist Foundation of The Greater NJ Annual Conference

Lambrides, Lamos, Moulthrop, LLP

Montclair, NJ

December 31, 2009

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2009

* * *

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1.
FINANCIAL STATEMENTS:	
Statement of Financial Position	2.
Statement of Activities	3.
Statement of Cash Flows	4.
Notes to the Financial Statements	5.

LAMBRIDES
ARNOLD, MOULTHROP LLP
CERTIFIED PUBLIC ACCOUNTANTS

Council on Finance and Administration
Greater New Jersey Annual Conference
of the United Methodist Church
Ocean, New Jersey 07712-4733

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of the Greater New Jersey Annual Conference of the United Methodist Church (the Conference) as of December 31, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Conference's December 31, 2008 financial statements and, in our report dated April 29, 2009 we expressed an unqualified 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Greater New Jersey Annual Conference of the United Methodist Church as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lambrides, Arnold, Moulthrop LLP

April 21, 2010

26 Park Street, Montclair, NJ 07042-3434 • Tel 973·744·8660 • Fax 973·744·3437

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 5,965,171	$ 5,607,081
Investments (Note 3)	17,046,402	11,639,259
Accounts receivable	82,383	48,995
Loans receivable, net of allowance of $335,974 - 2009 and $314,665 - 2008	1,752,244	1,814,499
Interest receivable	-	1,066
Education Society scholarship advances	43,605	41,205
Prepaid expenses	118,669	124,609
Property and equipment (Note 4)	3,725,771	3,751,619
Beneficial interest in perpetual trust	230,685	231,407
Total assets	$28,964,930	$23,259,740
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expense	$ 1,246,875	$ 1,203,713
Security deposit	164,750	162,500
Refundable grant payable	204,081	204,081
Mortgage payable (Note 5)	665,977	725,134
Post-retirement employee benefit obligation (Note 11)	55,020,400	47,570,000
Total liabilities	57,302,083	49,865,428
Net Assets:		
Unrestricted	(29,486,896)	(27,935,789)
Temporarily restricted (Note 7)	708,614	890,750
Permanently restricted (Note 8)	441,129	439,351
Total net assets	(28,337,153)	(26,605,688)
Total liabilities and net assets	$28,964,930	$23,259,740

See notes to the financial statements.

Exhibit A

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2009	TOTAL 2008
Revenues, Gains, and Other Support:					
Disciplinary obligations	$ 3,659,115			$ 3,659,115	$ 3,418,463
World service benevolences	3,007,814			3,007,814	3,154,776
Other apportioned	669,440			669,440	731,409
Non apportioned	315,126	$ 85,364	$ 2,500	402,990	1,446,432
Change in value of perpetual trusts			(722)	(722)	(97,060)
Net gain (loss) on investments	2,724,985			2,724,985	(3,964,311)
Investment income	234,441	30,391		264,832	296,343
Other revenue	8,125,872	2,132		8,128,004	5,166,685
Gain on sale of real estate	766,319			766,319	1,185,778
Net assets released from restriction	300,023	(300,023)		-	-
Total revenues, gains, and other support	19,803,135	(182,136)	1,778	19,622,777	11,338,515
Expenses:					
Clergy support	2,196,898			2,196,898	2,164,094
Administrative expense	1,924,844			1,924,844	2,104,484
World service programs	3,082,230			3,082,230	3,113,587
Other apportioned funds	705,648			705,648	710,687
Other disbursements	5,805,955			5,805,955	5,898,281
Post-retirement benefit obligation	2,891,400			2,891,400	3,219,676
Depreciation	127,776			127,776	111,395
Interest expense	45,386			45,386	48,853
Loss on disposal of church property	15,105			15,105	-
Total expenses and losses	16,795,242	-	-	16,795,242	17,371,057
Change in net assets before effect of adoption of FASB ASC 715	3,007,893			3,007,893	(6,032,542)
Effect of adoption of recognition provisions of FASB ASC 715	(4,559,000)			(4,559,000)	- 3,749,000
Change in Net Assets	(1,551,107)	(182,136)	1,778	(1,731,465)	(2,283,542)
Net Assets at Beginning of Year	(27,935,789)	890,750	439,351	(26,605,688)	(24,322,146)
Net Assets at End of Year	$ (29,486,896)	$ 708,614	$ 441,129	$ (28,337,153)	$ (26,605,688)

See notes to the financial statements.

Exhibit B

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	$ (1,731,465)	$ (2,283,542)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	127,776	111,395
Realized loss on investments	1,553,328	81,798
Unrealized (gain) loss on investments	(4,277,591)	3,979,573
Loss on disposal of fixed assets	15,105	-
(Increase) decrease in:		
Allowance for uncollectibile loans	52,216	2,616
Accounts receivable	(33,388)	433,000
Prepaid expenses	5,940	(74,967)
Interest receivable	1,066	(1,066)
Education Society scholarship advances	(2,400)	(41,205)
Increase (decrease):		
Security deposit	2,250	162,500
Increase in grants payable	-	12,600
Accounts payable and accrued expenses	43,162	(49,739)
Post-retirement benefit liability	7,450,400	(514,000)
Net cash provided by operating activities	3,206,399	1,818,963
Cash Flows from Investing Activities:		
Increase in loans receivable	(98,630)	(451,667)
Repayments of loans receivable	108,669	202,107
Purchase of investments	(26,446,127)	(15,509,091)
Proceeds from the sale of investments	23,763,969	15,260,759
Purchase of fixed assets	(117,033)	(1,086,781)
Net cash used by investing activities	(2,789,152)	(1,584,673)
Cash Flows from Financing Activities:		
Payments on loans payable	(59,157)	(55,692)
Net cash used by financing activities	(59,157)	(55,692)
Net Increase in Cash and Cash Equivalents	358,090	178,598
Cash and Cash Equivalents at Beginning of Year	5,607,081	5,428,483
Cash and Cash Equivalents at End of Year	$ 5,965,171	$ 5,607,081
Supplemental disclosure - interest paid	$ 45,386	$ 48,853

See notes to the financial statements.

Exhibit C

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **Organization:**

Greater New Jersey Annual Conference of the United Methodist Church (the Conference) is an integral part of the General Conference of the United Methodist Church. Each member church in the Greater New Jersey Annual Conference supports the operating budget and, in addition, makes contributions or grants to the Conference's and General Conference's missions and programs. Investment revenue and program revenue also support the activities of the Conference.

The Conference is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

2. **Summary of Significant Accounting Policies:**

(a) *Basis of Accounting*

The financial statements of the Conference have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

(b) *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its codification statement No. 958, Not-for-Profit entities. Under FASB ASC 958, the Conference is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

(c) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

(d) *Cash and Cash Equivalents*

For purposes of the Statement of Cash Flows, the Conference considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

(e) *Investments*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair values based on quoted prices in active markets (national security exchanges) for identical assets, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair values at date of receipt.

continued

Table of Contents

2. **Summary of Significant Accounting Policies (continued):**

(f) *Accounts Receivable*

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

(g) *Prior-Year Summarized Comparative Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Conference's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

(h) *Land, Buildings and Equipment*

Depreciable assets over $5,000 are recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation is recorded on a straight-line basis over the estimated useful lives as follows:

Buildings	30 - 40 years
Equipment, furniture and fixtures	5 - 10 years

(i) *Restricted and Unrestricted Revenue and Support*

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

continued

2. Summary of Significant Accounting Policies (continued):

(j) *Permanently Restricted Net Assets*

Permanently restricted net assets consist of contributions received subject to the restriction that principal be retained in perpetuity, and that only income and gains on invested assets be utilized.

(k) *Post-retirement Benefits*

The Conference has adopted FASB ASC 715, Compensation – Retirement Benefits which requires that the funded status of defined benefit pensions and other postretirement benefit plans be fully recognized in the statement of financial position.

3. Investments:

Investments at December 31, 2009 consisted of the following:

	Cost	Fair Value
Money Markets	$ 3,742,068	$ 3,742,068
Certificate of Deposit	106,702	106,702
Common Stock	8,382,387	10,183,943
Greater New Jersey Foundation Common Fund	1,600,662	1,534,026
General Board of Pensions	1,052,290	1,479,663
Total	$14,884,109	$17,046,402

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2009:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	$ 296,105	$ 30,391		$ 326,496
Less investment fees	(61,664)			(61,664)
Investment income	234,441	30,391		264,832
Realized gain/(loss)	(1,552,606)			(1,552,606)
Unrealized gain/(loss)	4,277,591		$ (722)	4,276,869
Net gain (loss) on investments	2,724,985	-	(722)	2,724,263
Total investment return	$ 2,959,426	$ 30,391	$ (722)	$ 2,989,095

continued

3. **Investments (continued):**

Investments as of December 31, 2009 are summarized below based on when they may be redeemed or sold:

	Fair Values
Daily	$ 17,046,402

4. **Property and Equipment:**

Details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net
Land	$1,339,150		$1,339,150
Buildings	3,612,124	$(1,230,581)	2,381,543
Computer equipment and software	34,695	(34,695)	-
Furniture and fixtures	26,506	(21,428)	5,078
Total	$5,012,475	$(1,286,704)	$3,725,771

5. **Mortgage Payable:**

Mortgage payable to United Methodist Development Fund in monthly installments of $8,712 including interest at 6.5% per annum, due March 2018, collateralized by the Conference's Administrative Building in Ocean, NJ. Interest expense for 2009 on the mortgage payable was $45,386.

Principal maturities are as follows:

2010	$ 63,114
2011	67,341
2012	74,851
2013	76,663
2014	81,797
Thereafter	305,211
	$668,977

continued

6. Net Assets Released from Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors as follows:

Scholarships	$ 35,652
Scholarship allowance	164,820
Assistance to specific United Methodist Churches within the Conference	33,304
Missional programs, church growth, and church construction	66,247
Total net assets released from restrictions	$300,023

7. Temporarily Restricted Net Assets:

Temporarily restricted net assets are available for the following purposes:

Missional programs, church growth, and/or church construction	$ 139,751
Various scholarships for education	380,195
Retired preachers, ill or in need	101,766
Sisterhood	4,605
Specific United Methodist Churches within the Conference	5,911
Mission concerns of the Northeast District	75,644
Benevolence to United Methodist Women	682
Clergy assistance	60
Total temporarily restricted net assets	$ 708,614

8. Permanently Restricted Net Assets:

Permanently restricted net assets are restricted to investment in perpetuity, the income from which is expendable to support:

Various scholarships for education	$ 223,944
Old and needy women of the Methodist Episcopal denomination	10,000
Pension and health benefits of retired clergy	5,000
Clergy assistance	1,500
Missional programs, church growth and/or church construction	110,360
Missions in North East New Jersey	90,325
Total permanently restricted net assets	$ 441,129

continued

9. **Conference Board of Pensions:**

Effective January 1, 2008, the Conference adopted the Clergy Retirement Security Program which had been established by the General Conference of the United Methodist Church. This plan supersedes and replaces the provisions of the prior plans. The church contribution rate under the Clergy Retirement Security Program was 14% through March 31, 2009 and 15.50% from April 1, 2009 through December 31, 2009 of the active participant's plan compensation for a plan year. The 2008 church contribution rates under the Comprehensive Protection Plan are 3% for full-time clergy, 3.4% for less-than-full-time (3/4 and 1/2 time), and 4.4% for optional coverage (1/4 time or leave status.)

Under the provisions of the plans, the Conference is required to maintain an amount in its Deposit Account sufficient to provide for the monthly transfer of the church contributions on behalf of its active participants.

10. **Defined Contribution Plan:**

Effective January 1, 1975, the Conference adopted a contributory pension plan for lay employees, covering all full-time employees electing to participate. Under this plan the Conference will contribute 6% of each participant's annual salary, and the participants will contribute an additional 3% of all past earnings of eligible employees.

11. **Post-Retirement Benefit Obligation:**

The Conference's post-retirement health care benefit plan provides health insurance coverage to employees with 5 years of service who retire directly from active service at or after the age of 62. Married employees eligible for the plan will also have coverage for their spouse. Upon an eligible retiree's death, spousal coverage continues for the spouse's lifetime.

Effective July 1, 2002 a person becoming an annuitant on July 1, 2002 with less than 20 years of annuity credit in the United Methodist Church at retirement shall share in the cost of the premium. The annuitant's share shall be 5% times the number of full years by which the annuity credit is less than 20.

Effective July 1, 2003 for an annuitant under the age of 65 commencing benefits after July 1, 2003, the Conference shall contribute an amount equal to the coverage cost of a Medicare-eligible annuitant, prorated for service years less than 20.

continued

Table of Contents

11. Post-Retirement Benefit Obligation (continued):

Obligations and Funded Status

	(In Thousands)
Benefit obligations	$ (55,020)
Plan assets at fair value	-
Funded status	$ (55,020)
Employer contributions	$ 2,766
Medicare Part D Subsidy	190
Benefit paid	(2,956)
	$ -
Amounts recognized in the statement of financial position consist of:	
Current liabilities	$ (2,698)
Non-current liabilities	(52,322)
	$ (55,020)
Amounts recognized in the statement of activities consist of :	
Service cost	$ 1,522
Interest cost	2,901
Actuarial gain/loss	5,793
Medicare Part D Subsidy	190
Benefits paid	(2,956)
Amortization of transition obligation, prior service cost, and net actuarial loss	(4,559)
	$ 2,891

Items not yet recognized as a component of net periodic pensions costs

	(In Thousands)
Transition obligation	$ 2,459
Prior service cost	2,619
Net actuarial loss	10,834
Total not yet recognized as a component of net periodic pension cost	$ 15,912

continued

11. Post-Retirement Benefit Obligation (continued):

The transition obligation, prior service cost, and net actuarial loss for the post-retirement benefit plan that will be amortized from changes in unrestricted net assets into net periodic benefit cost over the next fiscal year are (in thousands) $552, $685, and $459, respectively.

The following assumptions were used in accounting for the plan:

Weighted-average assumption to determine benefit cost and benefit obligation at December 31, 2009:	
Discount rate	6.00%
Assumed Health Care Cost Trends Rates:	
Health care cost trend rate assumed for next year	7.50%
Ultimate trend rate	5.00%
Year that the ultimate rate is reached	2015

There are no plan assets at December 31, 2009.

The following benefits are expected to be paid:

	(In Thousands)	
	After Reflecting Medicare Subsidies	Before Reflecting Medicare Subsidies
2010	2,698	2,954
2011	2,867	3,138
2012	3,048	3,339
2013	3,204	3,507
2014	3,352	3,672
2015-2018	18,507	20,298

12. Concentration of credit risk:

The Conference maintains cash balances at several financial institutions in excess of the $250,000 FDIC insured limits. The Conference's uninsured cash balances totaled $4,360,094 as of December 31, 2009.

continued

13. **Reimbursed expenditures:**

The Conference administers a comprehensive insurance plan, a health insurance plan and a pension and disability fund for all United Methodist churches affiliated with the Conference. The Conference invoices the churches to obtain reimbursement for the cost of insurance, pension, and disability plan payments made on behalf of the churches.

For the year ended December 31, 2009 the following amounts were collected and disbursed by the Conference for each respective benefit plan:

	Pension and Disability Plan	Health Insurance	Comprehensive Insurance Plan	Total
Collected	$ 3,644,288	$ 10,272,797	$ 2,988,217	$ 16,905,302
Disbursed	(3,644,288)	(10,358,597)	(2,553,152)	(16,556,037)
Net Activity	$ -	$ (85,800)	$ 435,065	$ 349,265

14. **Endowment:**

The Conference's endowment consists of approximately 12 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Relevant Law

The Council on Finance and Administration of the Conference has interpreted the New Jersey State's Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conference classifies 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 organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA,

continued

14. **Endowment (continued):**

the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the organization
(7) The investment policies of the organization.

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2009:

	Temporarily Restricted	Permanently Restricted	Total
Opening endowment assets	$ 187,119	$ 439,351	$ 626,470
Contributions		2,500	2,500
Interest and dividends	14,223		14,223
Net appreciation		(722)	(722)
Appropriated for expenditure	(1,739)		(1,739)
Closing endowment assets	$ 199,603	$ 441,129	$ 640,732

Return Objectives and Risk Parameters

The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Conference expects its endowment funds, over time, to provide an average rate of return of approximately 6.5 percent annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Conference relies on a total return strategy in which investments returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conference targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

continued

Table of Contents

14. **Endowment (continued):**

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Conference has a policy of appropriating for expenditure 4% of the average fair value of each respective endowment. The Organization expects the current spending policy to allow its endowment funds to grow at a minimal average rate of 4% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

15. **Expense Allocation:**

Expenses are charged to program and supporting services on the basis on periodic time and expense studies. Allocation of expenses for the year ending December 31, 2009, is as follows:

Program services	$ 14,682,131
Management and general	2,113,111
Total expenses	$ 16,795,242

16. **Subsequent Events:**

In preparing these financial statements, the Conference has evaluated events and transactions for potential recognition or disclosure through April 21, 2010 the date the financial statements were available to be issued.

concluded

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2009

* * *

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1.
FINANCIAL STATEMENTS:	
Statement of Financial Position	2.
Statement of Activities	3.
Statement of Cash Flows	4.
Notes to the Financial Statements	5.

LAMBRIDES
ARNOLD, MOULTHROP LLP
CERTIFIED PUBLIC ACCOUNTANTS

The Centenary Fund and Preacher's Aid Society
of the Greater New Jersey Annual Conference of the
United Methodist Church

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of The Centenary Fund and Preacher's Aid Society of The Greater New Jersey Annual Conference of the United Methodist Church (the Fund) as of December 31, 2009, and the related statements of activities and of cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Fund's December 31, 2008 financial statements and, in our report dated April 15, 2009, we expressed an unqualified 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 Organization'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Centenary Fund and Preacher's Aid Society of The Greater New Jersey Annual Conference of the United Methodist Church as of December 31, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lambrides, Arnold, Moulthrop LLP

April 15, 2010

26 Park Street, Montclair, NJ 07042-3434 • Tel 973·744·8660 • Fax 973·744·3437

Table of Contents

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 23,565	$ 12,814
Accrued income receivable	15,600	45,795
Investments at fair value	9,119,028	7,724,796
Bristol Glen Deposits	215,000	215,000
Total Assets	$ 9,373,193	$ 7,998,405
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	5,500	8,515
Total liabilities	5,500	8,515
Net Assets - Unrestricted:		
Donation base	5,966,982	5,867,116
Distribution fund	3,400,711	2,122,774
Total net assets	9,367,693	7,989,890
Total liabilities and net assets	$ 9,373,193	$ 7,998,405

See notes to the financial statements.

Exhibit A

Table of Contents

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	DONATION BASE	DISTRIBUTION FUND	TOTAL 2009	TOTAL 2008
Support and Revenue:				
Contributions	$ 99,866		$ 99,866	$ 162,739
Interest and dividends		$ 321,781	321,781	315,009
Investment gains (losses)		1,426,951	1,426,951	(2,709,107)
Total support and revenue	99,866	1,748,732	1,848,598	(2,231,359)
Expenses:				
Program services:				
Clergy/family support		16,550	16,550	
Health insurance support		402,413	402,413	383,250
Total program services		418,963	418,963	383,250
Supporting Services:				
Development		9,000	9,000	9,000
Insurance		1,169	1,169	1,175
Investment Management		30,728	30,728	27,580
Miscellaneous		194	194	1,337
Postage			-	360
Travel		1,241	1,241	856
Printing			-	3,394
Professional fees		9,500	9,500	11,939
Total supporting services		51,832	51,832	55,641
Total expenses		470,795	470,795	438,891
Change in Net Assets	99,866	1,277,937	1,377,803	(2,670,250)
Net Assets at Beginning of Year	5,867,116	2,122,774	7,989,890	10,660,140
Net Assets at End of Year	$5,966,982	$3,400,711	$ 9,367,693	$ 7,989,890

See notes to the financial statements.

Exhibit B

Table of Contents

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	$ 1,377,803	$(2,670,250)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized losses on investments	124,469	847,164
Unrealized (gains) losses on investments	(1,551,420)	1,861,943
(Increase) decrease in:		
Pledges receivable	-	7,078
Accrued income receivable	30,195	4,330
Prepaid expense	-	200
Increase (decrease) in:		
Accounts payable	(3,015)	840
Grants payable	-	(365,000)
Net cash used by operating activities	(21,968)	(313,695)
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	11,860,208	8,057,849
Purchase of investments	(11,827,489)	(7,751,351)
Net cash provided by investing activities	32,719	306,498
Net Increase (Decrease) in Cash and Cash Equivalents	10,751	(7,197)
Cash and Cash Equivalents at Beginning of Year	12,814	20,011
Cash and Cash Equivalents at End of Year	$ 23,565	$ 12,814

See notes to the financial statements.

Exhibit C

Table of Contents

THE CENTENARY FUND AND PREACHER'S AID SOCIETY OF THE GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009

1. **Organization, Contributions and Benefits:**

The Centenary Fund and Preacher's Aid Society for the Greater New Jersey Annual Conference of the United Methodist Church (the Fund) was founded to serve the needs of retired clergy, widows and dependent children of deceased clergy.

2. **Summary of significant Accounting Policies:**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) *Accrual Basis Financial Statements*

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

(b) *Net Assets*

The net assets of the Fund and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Fund to utilize funds in furtherance of its mission.

- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the Fund which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

continued

Table of Contents

2. **Summary of significant Accounting Policies (continued):**

(c) *Prior-Year summarized Comparative Information*

The financial statements include certain prior-year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

(d) *Contributions*

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges). Contributions are considered available for unrestricted use unless specifically restricted by the donor.

(e) *Cash and Cash Equivalents*

Cash includes checking, savings and money market accounts. Certificates of deposit with maturity of three months or less when purchased are considered to be cash equivalents. Money market funds held by brokers for investment purposes are classified as investments.

(f) *Investments and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted prices in active markets (national securities exchanges) for identical assets, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair value at date of receipt.

(g) *Tax Exempt Status*

The Fund's earnings are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

(h) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

continued

3. **Investments:**

Investments are recorded at fair value and consist of the following at December 31, 2009:

	Fair Value	Cost
Cash and cash equivalents	$ 363,947	$ 363,947
Equity - corporate stocks	1,229,937	1,111,526
Fixed income - U.S. Government obligations	1,969,088	1,938,058
Mutual funds:		
Equity	3,536,204	3,347,051
Fixed income	1,620,715	1,558,497
Real estate	213,561	160,000
Tangible assets - commodities	185,576	164,698
Total investments	$ 9,119,028	$ 8,643,777

4. **Bristol Glen Deposit:**

The Fund has provided a refundable capital deposit in the Bristol Glen retirement home for two retired clergy.

5. **Unrestricted Net Assets:**

(a) *Donation Base*

Donation base net assets represent the cumulative balance of gifts made to the Fund designated for long-term investment.

(b) *Distribution Fund:*

Distribution fund net assets represent the cumulative investment return net of the Fund's expenses. Distribution fund net assets are expendable for the Fund's charitable purpose.

6. **Related Parties:**

Administrative services are provided by the Greater New Jersey Annual Conference of the United Methodist Church.

7. **Cash Flow Information:**

No liabilities for income taxes or interest expense were incurred or paid for the year ended December 31, 2009.

continued

8. **Subsequent Events:**

In preparing these financial statements, the Conference has evaluated events and transactions for potential recognition or disclosure through April 15, 2010, the date the financial statements were available to be issued.

concluded

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2009

* * *

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1.
FINANCIAL STATEMENTS:	
Statement of Financial Position	2.
Statement of Activities	3.
Statement of Cash Flows	4.
Notes to the Financial Statements	5.

LAMBRIDES
ARNOLD, MOULTHROP LLP
CERTIFIED PUBLIC ACCOUNTANTS

The United Methodist Foundation of the
Greater New Jersey Annual Conference
Ocean, New Jersey

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying statement of financial position of the United Methodist Foundation of the Greater New Jersey Annual Conference (the Foundation) as of December 31, 2009 and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the organization's December 31, 2008 financial statements and, in our report dated April 22, 2009, we expressed an unqualified 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 Foundation'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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Methodist Foundation of the Greater New Jersey Annual Conference as of December 31, 2009, and its activities and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lambrides, Arnold, Moulthrop LLP

August 10, 2010

26 Park Street, Montclair, NJ 07042-3434 • Tel 973·744·8660 • Fax 973·744·3437 • www.lamllp.com

Table of Contents

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2008

	2009	2008
ASSETS		
Cash and cash equivalents	$ 1,916	$ 1,002
Investments	4,274,267	3,918,837
Total assets	$ 4,276,183	$ 3,919,839
LIABILITIES AND NET ASSETS		
Liabilities:		
Agency accounts	$ 4,145,502	$ 3,806,661
Net Assets:		
Unrestricted:		
Memorial	7,840	6,830
Undesignated	122,841	106,348
Total net assets	130,681	113,178
Total liabilities and net assets	$ 4,276,183	$ 3,919,839

See notes to the financial statements.

Exhibit A

Table of Contents

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
Unrestricted:		
Revenue:		
Administrative management fee	$ 11,007	$ 4,776
Investment income		(3)
Gain (loss) on investments	16,590	(28,307)
Total revenues	27,597	(23,534)
Expenses:		
General and administrative	10,094	11,190
Total expenses	10,094	11,190
Change in Unrestricted Net Assets	17,503	(34,724)
Net Assets, Beginning of Year	113,178	147,902
Net Assets, End of Year	$ 130,681	$ 113,178

See notes to the financial statements.

Exhibit B

Table of Contents

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2008

	2009	2008
Cash Flows from Operating Activities:		
Change in net assets	$ 17,503	$ (34,724)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase (decrease) in agency accounts	338,841	(1,118,488)
Cash provided (used) by operating activities	356,344	(1,153,212)
Cash Flows from Investing Activities:		
Net change in investments	(355,430)	1,147,168
Net cash provided (used) by investing activities	(355,430)	1,147,168
Net Increase (Decrease) in Cash and Cash Equivalents	914	(6,044)
Cash and Cash Equivalents at Beginning of Year	1,002	7,046
Cash and Cash Equivalents at End of Year	$ 1,916	$ 1,002

See notes to the financial statements.

Exhibit C

Table of Contents

1. **Organization:**

The United Methodist Foundation of the Greater New Jersey Annual Conference (the Foundation) was organized to serve the investment needs of both local United Methodist churches and Conference related entities. The Foundation provides a professionally managed investment vehicle for church endowment and other long-term funds.

The Foundation is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code.

2. **Summary of significant Accounting Policies:**

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

(a) *Accrual Basis Financial Statements*

The accompanying financial statements have been prepared on the accrual basis and conform to accounting principles generally accepted in the United States of America and in accordance with the principles of not-for-profit accounting.

(b) *Net Assets*

The net assets of the Foundation and changes therein are classified and reported as follows:

- Unrestricted net assets include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the Foundation to utilize funds in furtherance of its mission.

- Temporarily restricted net assets carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Temporary restrictions may expire either because certain actions are taken by the Foundation which fulfill the restrictions or because of the passage of time. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

continued

Table of Contents

2. **Summary of significant Accounting Policies (continued):**

- Permanently restricted net assets are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be permanently retained. Generally, the donors of these funds permit the organization to use all or part of the income earned on related investments, and the net capital appreciation thereon, for general or specific purposes.

(c) *Contributions*

Contributions are recorded as revenue upon receipt of cash or unconditional promises to give (pledges.) Contributions are considered available for unrestricted use unless specifically restricted by the donor.

(d) *Cash and Cash Equivalents*

Cash includes checking, savings and money market accounts. Certificates of deposit with maturity of three months or less when purchased are considered to be cash equivalents. Money market funds held by brokers for investment purposes are classified as investments.

(e) *Investments and Investment Income*

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based on quoted prices in active markets (national securities exchanges) for identical assets, with gains and losses included in the statement of activities. Donated investments are reflected as contributions at their fair values at date of receipt.

(f) *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from their estimates.

(g) *Prior-Year Summarized Comparative Information*

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

continued

3. **Investments:**

Investments are stated at fair value and are summarized as follows:

	Cost	Market
Equities	$2,363,464	$2,580,216
Fixed income	1,454,203	1,496,844
Money market funds	197,207	197,207
	$4,014,874	$4,274,267

The following schedule summaries the investment return and its classification in the statement of activities.

	Foundation	Agency Accounts	Total
Interest and dividends		$ 99,435	$ 99,435
Realized and unrealized gains	16,590	451,570	468,160
Management fees		(39,541)	(39,541)
	$ 16,590	$ 511,464	$ 528,054

4. **Agency Accounts:**

The following schedule summarizes the activity from the agency accounts:

Balance at beginning of year	$ 3,806,661
Deposits	6,882
Investment return	511,464
Withdrawals	(179,505)
Balance at end of year	$ 4,145,502

5. **Related Party Transaction:**

Administrative services are provided by the Greater New Jersey Annual Conference of the United Methodist Church.

6. **Subsequent Events:**

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through August 10, 2010, the date the financial statements were available to be issued.

concluded