XIV. 2010 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, 2010

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2010

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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.

Table of Contents

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, 2010 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, 2009 financial statements and, in our report dated April 21, 2010 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, 2010, 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 1, 2011

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

Table of Contents

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,704,870	$ 5,068,079
Investments (Note 3)	24,123,857	17,046,402
Accounts receivable	1,177,673	979,475
Loans receivable, net of allowance of $344,494 - 2010 and $335,974 - 2009	1,907,253	1,752,244
Pledge Receivable	50,000	-
Interest receivable	36,004	-
Education Society scholarship advances	-	43,605
Prepaid expenses	80,887	118,669
Property and equipment (Note 5)	3,522,611	3,725,771
Beneficial interest in perpetual trust	245,750	230,685
Total assets	$33,848,905	$28,964,930
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 1,294,214	$ 1,246,875
Security deposit	6,250	164,750
Refundable grant payable	204,081	204,081
Amounts held for affiliated camps	1,040,000	-
Mortgage payable (Note 6)	597,377	665,977
Post-retirement employee benefit obligation (Note 12)	63,855,000	55,020,400
Total liabilities	66,996,922	57,302,083
Net Assets:		
Unrestricted Net Assets:		
Designated for:		
Post-retirement employee benefit obligation	(60,072,055)	(52,311,801)
Pension	1,306,507	557,248
Property and equipment	4,312,440	4,475,233
Undesignated	20,000,951	17,792,424
Total unrestricted net assets	(34,452,157)	(29,486,896)
Temporarily restricted (Note 8)	740,081	708,614
Permanently restricted (Note 9)	564,059	441,129
Total net assets	(33,148,017)	(28,337,153)
Total liabilities and net assets	$33,848,905	$28,964,930

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	UNRESTRICTED	TEMPORARILY RESTRICTED	PERMANENTLY RESTRICTED	TOTAL 2010	TOTAL 2009
Revenues, Gains, and Other Support:					
Disciplinary obligations	$ 3,706,039			$ 3,706,039	$ 3,659,115
World service benevolences	3,046,526			3,046,526	3,007,814
Other apportioned	692,988			692,988	669,440
Non apportioned	1,049,361	$ 132,281	$ 107,865	1,289,507	402,990
Change in value of perpetual trusts			15,065	15,065	(722)
Investment income	1,897,459	31,944		1,929,403	2,989,817
Other revenue	6,005,564	1,555		6,007,119	8,128,004
Gain on sale of real estate	1,706,158			1,706,158	766,319
Net assets released from restriction	134,313	(134,313)		-	-
Total revenues, gains, and other support	18,238,408	31,467	122,930	18,392,805	19,622,777
Expenses:					
Clergy support	2,290,095			2,290,095	2,196,898
Administrative expense	1,984,366			1,984,366	1,924,844
World service programs	2,975,441			2,975,441	3,082,230
Other apportioned funds	725,182			725,182	705,648
Other disbursements	6,221,968			6,221,968	5,805,955
Post-retirement benefit obligation	8,834,600			8,834,600	2,891,400
Depreciation	127,361			127,361	127,776
Interest expense	44,656			44,656	45,386
Loss on disposal of church property	-			-	15,105
Total expenses and losses	23,203,669	-	-	23,203,669	16,795,242
Change in net assets before effect of adoption of FASB ASC 715	(4,965,261)	31,467	122,930	(4,810,864)	2,827,535
Effect of adoption of recognition provisions of FASB ASC 715				-	(4,559,000)
Change in Net Assets	(4,965,261)	31,467	122,930	(4,810,864)	(1,731,465)
Net Assets at Beginning of Year	(29,486,896)	708,614	441,129	(28,337,153)	(26,605,688)
Net Assets at End of Year	$ (34,452,157)	$ 740,081	$ 564,059	$ (33,148,017)	$ (28,337,153)

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	$ (4,810,864)	$ (1,731,465)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation expense	127,361	127,776
Realized (gain) loss on investments	(618,612)	1,553,328
Unrealized gain on investments	(912,511)	(4,278,313)
Change in value of perpetual trusts	(15,065)	722
Gain on disposal of fixed assets	(1,706,158)	(766,319)
(Increase) decrease in:		
Accounts receivable	(198,198)	(33,388)
Allowance for uncollectible loans	8,520	52,216
Pledges receivable	(50,000)	-
Interest receivable	(36,004)	1,066
Education Society scholarship advances	43,605	(2,400)
Prepaid expenses	37,782	5,940
Increase (decrease) in:		
Accounts payable and accrued expenses	47,339	43,162
Security deposit	(158,500)	2,250
Amounts held for affiliated camps	1,040,000	-
Increase in post-retirement benefit liability	8,834,600	7,450,400
Net cash provided by operating activities	1,633,295	2,424,975
Cash Flows from Investing Activities:		
Increase in loans receivable	(323,848)	(98,630)
Repayments of loans receivable	160,319	108,669
Purchase of investments	(13,622,669)	(26,446,127)
Proceeds from the sale of investments	8,076,337	23,763,969
Proceeds from sale of fixed assets	1,853,657	781,424
Purchase of fixed assets	(71,700)	(117,033)
Net cash used by investing activities	(3,927,904)	(2,007,728)
Cash Flows from Financing Activities:		
Payments on loans payable	(68,600)	(59,157)
Net cash used by financing activities	(68,600)	(59,157)
Net Increase (Decrease) in Cash and Cash Equivalents	(2,363,209)	358,090
Cash and Cash Equivalents at Beginning of Year	5,068,079	4,709,989
Cash and Cash Equivalents at End of Year	$ 2,704,870	$ 5,068,079
Supplemental disclosure - interest paid	$ 44,656	$ 45,386

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, 2010

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) *Net Assets*

The net assets of the Conference 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 Conference 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 Conference 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.

(c) *Use of Estimates*

The Preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of revenues and expenses in the financial statements and accompanying notes. Actual results could differ from these estimates.

Continued

Table of Contents

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

(d) *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, 2009, from which the summarized information was derived.

(e) *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.

(f) *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.

(g) *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.

(h) *Firm Pledges*

Firm pledges are recognized as income in the year for which the pledge is made. Pledges that are expected to be received within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the pledges are received. Amortization of the discount is included in contribution revenue.

Continued

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

(i) *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	25 - 40 years
Equipment, furniture and fixtures	4 - 10 years

(j) *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, 2010 consisted of the following:

	Cost	Fair Value
Money Markets	$ 5,206,787	$ 5,206,787
Certificate of Deposit	106,702	106,702
Equities	6,225,895	8,322,608
Fixed income	6,334,683	6,675,222
The United Methodist Foundation of the Greater New Jersey Annual Conference	1,610,294	1,616,222
General Board of Pensions	1,564,692	2,196,316
Total	$21,049,053	$24,123,857

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31, 2010:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Dividends and interest	$ 437,922	$ 33,499		$ 471,421
Less investment fees	(73,141)			(73,141)
Investment income	364,781	33,499		398,280
Realized gain/(loss)	618,612			618,612
Unrealized gain/(loss)	912,511		$ 15,065	927,576
Net gain (loss) on investments	1,531,123	-	15,065	1,546,188
Total investment return	$1,895,904	$ 33,499	$ 15,065	$1,944,468

Continued

3. **Investments:** (continued)

Investments as of December 31, 2010 are summarized below based on when they may be redeemed or sold:

	Fair Values
Daily	$ 24,123,857

4. **Pledges Receivable:**

Pledges receivable represent amounts due from an individual that is expected to be collected by December 31, 2011.

5. **Property and Equipment:**

Details of property and equipment are as follows:

	Cost	Accumulated Depreciation	Net
Land	$ 1,191,650		$1,191,650
Buildings	3,683,824	$(1,354,556)	2,329,268
Computer equipment and software	34,695	(34,695)	-
Furniture and fixtures	26,506	(24,813)	1,693
Total	$ 4,936,675	$(1,414,064)	$3,522,611

6. **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 2010 on the mortgage payable was $44,656.

Principal maturities are as follows:

2011	$ 61,897
2012	71,853
2013	76,666
2014	81,800
2015	87,278
Thereafter	217,883
	$597,377

Continued

Table of Contents

7. **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	$ 86,910
Assistance to specific United Methodist Churches within the Conference	1,500
Missional programs, church growth, and church construction	45,903
Total net assets released from restrictions	$ 134,313

8. **Temporarily Restricted Net Assets:**

Temporarily restricted net assets are available for the following purposes:

Missional programs, church growth, and/or church construction	$ 208,889
Various scholarships for education	333,829
Retired preachers, ill or in need	105,837
Sisterhood	4,720
Specific United Methodist Churches within the Conference	5,912
Mission concerns of the Northeast District	79,643
Benevolence to United Methodist Women	1,109
Clergy assistance	142
Total temporarily restricted net assets	$ 740,081

9. **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	$ 331,309
Old and needy women of the Methodist Episcopal denomination	10,000
Pension and health benefits of retired clergy	5,000
Clergy assistance	2,000
Missional programs, church growth and/or church construction	118,275
Missions in North East New Jersey	97,475
Total permanently restricted net assets	$ 564,059

Continued

Table of Contents

10. **Conference Board of Pensions:**

Effective January 1, 2007, 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 is 15.50% of the active participant's plan compensation for a plan year. The 2010 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.

11. **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.

12. **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 after 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

12. **Post-Retirement Benefit Obligation:** (continued)

Obligations and Funded Status

	(In Thousands)
Benefit obligations	$ (63,855)
Plan assets at fair value	-
Funded status	$ (63,855)
Employer contributions	$ 3,290
Medicare Part D Subsidy	(359)
Benefit paid	(2,931)
	$ -
Amounts recognized in the statement of financial position consist of:	
Current liabilities	$ (2,577)
Non-current liabilities	(61,278)
	$ (63,855)
Amounts recognized in the statement of activities consist of :	
Service cost	$ 1,493
Interest cost	3,220
Actuarial gain/loss	7,411
Medicare Part D Subsidy	(359)
Benefits paid	(2,931)
	$ 8,834

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

	(In Thousands)
Transition obligation	$ 2,097
Prior service cost	1,774
Net actuarial loss	17,786
Total not yet recognized as a component of net periodic pension cost	$ 21,657

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 $1,080, respectively.

Continued

Table of Contents

12. **Post-Retirement Benefit Obligation:** (continued)

The following assumptions were used in accounting for the plan:

Weighted-average assumption to determine benefit cost and benefit obligation at December 31, 2010:	
Discount rate	6.00%
Assumed Health Care Cost Trends Rates:	
Health care cost trend rate assumed for next year	8.75%
Ultimate trend rate	5.50%
Year that the ultimate rate is reached	2018

There are no plan assets at December 31, 2010.

The following benefits are expected to be paid:

	(In Thousands)	
	After Reflecting Medicare Subsidies	Before Reflecting Medicare Subsidies
2011	$ 2,577	$ 2,820
2012	2,808	3,074
2013	3,027	3,310
2014	3,248	3,554
2015	3,481	3,811
2016-2019	20,384	22,346

13. **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 $1,905,606 as of December 31, 2010.

14. **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.

Continued

Table of Contents

14. **Reimbursed Expenditures:** (continued)

For the year ended December 31, 2010 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	$ 3,671,603	$ 14,407,139	$ 2,698,995	$ 20,777,737
Disbursed	(3,671,603)	(17,539,179)	(3,031,021)	(24,241,803)
Net Activity	$ -	$ (3,132,040)	$ (332,026)	$ (3,464,066)

15. **Endowment:**

The Conference's endowment consists of approximately 14 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, the Conference 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.

Continued

Table of Contents

15. **Endowment:** (continued)

Changes in Endowment Net Assets for the Fiscal Year Ended December 31, 2010:

	Temporarily Restricted	Permanently Restricted	Total
Opening endowment assets	$ 199,603	$ 441,129	$ 640,732
Contributions	1,421	107,865	109,286
Interest and dividends	20,792		20,792
Net appreciation		15,065	15,065
Appropriated for expenditure	(6,459)		(6,459)
Closing endowment assets	$ 215,357	$ 564,059	$ 779,416

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.

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.

Continued

16. **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, 2010, is as follows:

Program services	$ 21,047,286
Management and general	2,156,383
Total expenses	$ 23,203,669

17. **Reclassification:**

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

18. **Subsequent Events:**

In preparing these financial statements, the Conference has evaluated events and transactions for potential recognition or disclosure through April 1, 2011, 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, 2010

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Table of Contents

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.

Table of Contents

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, 2010 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, 2009 financial statements and, in our report dated August 10, 2010, 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, 2010, 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

June 3, 2011

26 Park Street, Suite 301, 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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 2,657	$ 1,916
Investments	4,392,331	4,274,267
Total assets	$ 4,394,988	$ 4,276,183
LIABILITIES AND NET ASSETS		
Liabilities:		
Agency accounts	$ 4,254,235	$ 4,145,502
Net Assets:		
Unrestricted:		
Memorial	8,408	7,840
Undesignated	132,345	122,841
Total net assets	140,753	130,681
Total liabilities and net assets	$ 4,394,988	$ 4,276,183

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
Unrestricted:		
Revenue:		
Administrative management fee	$ 10,543	$ 11,007
Investment income	9,331	16,590
Total revenues	19,874	27,597
Expenses:		
General and administrative	9,802	10,094
Total expenses	9,802	10,094
Change in Unrestricted Net Assets	10,072	17,503
Net Assets, Beginning of Year	130,681	113,178
Net Assets, End of Year	$ 140,753	$ 130,681

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	$ 10,072	$ 17,503
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Increase in agency accounts	108,733	338,841
Net Cash provided by operating activities	118,805	356,344
Cash Flows from Investing Activities:		
Net change in investments	(118,064)	(355,430)
Net cash used by investing activities	(118,064)	(355,430)
Net Increase in Cash and Cash Equivalents	741	914
Cash and Cash Equivalents at Beginning of Year	1,916	1,002
Cash and Cash Equivalents at End of Year	$ 2,657	$ 1,916

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

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, 2009, from which the summarized information was derived.

Continued

3. **Investments:**

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

	Cost	Market
Money Market Funds	$ 428,325	$ 428,325
Fixed income	1,403,144	1,463,915
Equities	2,068,275	2,500,091
	$3,899,744	$4,392,331

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

	Foundation	Agency Accounts	Total
Interest and dividends	$ 3,215	$ 96,923	$ 100,138
Realized and unrealized gains	7,428	223,909	231,337
Management fees	(1,312)	(39,558)	(40,870)
	$ 9,331	$ 281,274	$ 290,605

4. **Agency Accounts:**

The following schedule summarizes the activity from the agency accounts:

Balance at beginning of year	$ 4,145,502
Deposits	179,278
Investment return	281,274
Withdrawals	(351,819)
Balance at end of year	$ 4,254,235

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 June 3, 2011, 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, 2010

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Table of Contents

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.

Table of Contents

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, 2010, 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, 2009 financial statements and, in our report dated April 15, 2010, 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, 2010, 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

February 22, 2011

26 Park Street, Suite 301, Montclair, NJ 07042-3434 • Tel 973·744·8660 • Fax 973·744·3437 • www.lamllp.com

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2009

	2010	2009
ASSETS		
Cash and cash equivalents	$ 6,055	$ 23,565
Accrued income receivable	27,962	15,600
Investments at fair value	10,062,822	9,119,028
Bristol Glen Deposits	215,000	215,000
Total Assets	$ 10,311,839	$ 9,373,193
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	$ 5,300	$ 5,500
Total liabilities	5,300	5,500
Net Assets - Unrestricted:		
Donation base	$ 5,998,945	$ 5,966,982
Distribution fund	4,307,594	3,400,711
Total net assets	10,306,539	9,367,693
Total liabilities and net assets	$ 10,311,839	$ 9,373,193

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	DONATION BASE	DISTRIBUTION FUND	TOTAL 2010	TOTAL 2009
Support and Revenue:				
Contributions	$ 31,963		$ 31,963	$ 99,866
Interest and dividends		$ 403,338	403,338	321,781
Investment gains (losses)		989,112	989,112	1,426,951
Total support and revenue	31,963	1,392,450	1,424,413	1,848,598
Expenses:				
Program services:				
Clergy/family support		2,297	2,297	16,550
Health insurance support		422,534	422,534	402,413
Total program services		424,831	424,831	418,963
Supporting Services:				
Development		9,000	9,000	9,000
Insurance		1,205	1,205	1,169
Investment Management		36,758	36,758	30,728
Miscellaneous		6	6	194
Postage		184	184	-
Travel		-	-	1,241
Printing		3,083	3,083	-
Professional fees		10,500	10,500	9,500
Total supporting services		60,736	60,736	51,832
Total expenses		485,567	485,567	470,795
Change in Net Assets	31,963	906,883	938,846	1,377,803
Net Assets at Beginning of Year	5,966,982	3,400,711	9,367,693	7,989,890
Net Assets at End of Year	$5,998,945	$4,307,594	$10,306,539	$ 9,367,693

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, 2010
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2009

	2010	2009
Cash Flows from Operating Activities:		
Change in net assets	$ 938,846	$ 1,377,803
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Realized (gain) loss on investments	(93,739)	124,469
Unrealized (gains) losses on investments	(895,373)	(1,551,420)
(Increase) decrease in:		
Accrued income receivable	(12,362)	30,195
Increase (decrease) in:		
Accounts payable	(200)	(3,015)
Net cash used by operating activities	(62,828)	(21,968)
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	5,458,137	11,860,208
Purchase of investments	(5,412,819)	(11,827,489)
Net cash provided by investing activities	45,318	32,719
Net Increase (Decrease) in Cash and Cash Equivalents	(17,510)	10,751
Cash and Cash Equivalents at Beginning of Year	23,565	12,814
Cash and Cash Equivalents at End of Year	$ 6,055	$ 23,565

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, 2010

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, 2009, 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, 2010:

	Fair Value	Cost
Cash and cash equivalents	$ 826,806	$ 826,806
Equity - corporate stocks	1,137,241	976,609
Fixed income - U.S. Government obligations	2,043,439	2,013,249
Mutual funds:		
Equity	3,742,778	2,824,316
Fixed income	1,804,455	1,680,607
Real estate	177,617	105,913
Tangible assets - commodities	330,486	264,698
Total investments	$ 10,062,822	$ 8,692,198

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, 2010.

Continued

Table of Contents

8. **Subsequent Events:**

In preparing these financial statements, the Conference has evaluated events and transactions for potential recognition or disclosure through February 22, 2011, the date the financial statements were available to be issued.

Concluded