THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

FINANCIAL STATEMENTS

For the Year Ended
December 31, 2014

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THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

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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 financial statements of the United Methodist Foundation of the Greater New Jersey Annual Conference (the Foundation), which comprise the statement of financial position as of December 31, 2014, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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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, 2014, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the United Methodist Foundation of the Greater New Jersey Annual Conference's 2013 financial statements, and our report dated August 6, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Lambides, Arnold, Moulthrop LLP

June 29, 2015

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
AS OF DECEMBER 31, 2013

	2014	2013
ASSETS		
Cash and cash equivalents	$ 26,666	$ 23,208
Investments	6,701,826	6,277,996
Total assets	$ 6,728,492	$ 6,301,204
LIABILITIES AND NET ASSETS		
Liabilities:		
Agency accounts	$ 6,510,018	$ 6,099,153
Net Assets:		
Unrestricted:		
Memorial	11,678	10,889
Undesignated	206,796	191,162
Total net assets	218,474	202,051
Total liabilities and net assets	$ 6,728,492	$ 6,301,204

See notes to the financial statements.

Exhibit A

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	2014	2013
Unrestricted:		
Revenue:		
Administrative management fee	$ 16,228	$ 13,464
Investment income	12,967	25,754
Total revenues	29,195	39,218
Expenses:		
General and administrative	12,772	2,837
Total expenses	12,772	2,837
Change in Unrestricted Net Assets	16,423	36,381
Net Assets at Beginning of Year	202,051	165,670
Net Assets at End of Year	$218,474	$202,051

See notes to the financial statements.

Exhibit B

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
WITH SUMMARIZED FINANCIAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

	2014	2013
Cash Flows from Operating Activities:		
Change in net assets	$ 16,423	$ 36,381
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Decrease) increase in agency accounts	410,865	1,318,962
Cash provided (used) by operating activities	427,288	1,355,343
Cash Flows from Investing Activities:		
Net change in investments	(423,830)	(1,344,717)
Cash provided (used) by investing activities	(423,830)	(1,344,717)
Net Increase in Cash and Cash Equivalents	3,458	10,626
Cash and Cash Equivalents at Beginning of Year	23,208	12,582
Cash and Cash Equivalents at End of Year	$ 26,666	$ 23,208

See notes to the financial statements.

Exhibit C

THE UNITED METHODIST FOUNDATION OF THE GREATER NEW JERSEY ANNUAL CONFERENCE

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

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 are reported in the financial statements at fair value. Net appreciation or depreciation in the fair value of investments, which consist of the realized gains or losses and the unrealized appreciation or depreciation on those investments, are recognized 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, 2013, from which the summarized information was derived.

Continued

3. Investments:

Investments at fair value, by type, are summarized as follows at December 31, 2014:

	Cost	Fair Value
Money market funds	$ 568,237	$ 568,237
Fixed income		
U.S. government obligations	1,268,882	1,287,628
Corporate bonds	875,463	894,899
Equities	2,316,568	3,951,062
	$5,029,150	$6,701,826

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

	Foundation	Agency Accounts	Total
Interest and dividends	$ 4,158	$ 136,967	$ 141,125
Realized and unrealized gains	10,667	351,360	362,027
Management fees	(1,858)	(48,048)	(49,906)
	$ 12,967	$ 440,279	$ 453,246

4. Fair Value Measurements:

The Foundation reports its fair value measurements using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels as of the fair value hierarchy under GAAP are:

Level 1 - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities;

Level 2 - Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability;

Continued

4. **Fair Value Measurements:** (continued)

Level 3 - Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, inputs supported by little or no market activity

The values of assets measured at December 31, 2014 are as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 568,237	$ 568,237		
Equities				
Communications	131,920	131,920		
Consumer discretionary	360,617	360,617		
Consumer staples	470,107	470,107		
Energy	298,874	298,874		
Financial	643,552	643,552		
Healthcare	815,597	815,597		
Industrials	280,933	280,933		
Materials	127,225	127,225		
Technology	822,237	822,237		
Fixed income				
U.S. government obligations	1,287,628		1,287,628	
Corporate bonds	894,899		894,899	
Total Investments	$ 6,701,826	$ 4,519,299	$ 2,182,527	$ -

The following is a description of the valuation methodologies used for assets measured at fair value:

Equity securities: valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets (Level 1)

U.S. government obligations and corporate bonds: value based on a modeled bid evaluation pricing estimate for comparable instruments (Level 2).

Continued

5. Agency Accounts:

The following schedule summarizes the activity in the agency accounts:

Balance at beginning of year	$ 6,099,153
Deposits	202,834
Investment return	440,279
Withdrawals	(232,248)
Balance at end of year	$ 6,510,018

6. Related Party Transaction:

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

7. Income Taxes:

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law.

The accounting standards on accounting for uncertainty in income taxes address the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Foundation may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Fund and various position related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the financial statements from a tax position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. There were no unrecognized tax benefits identified or recorded as liabilities for fiscal year 2014 and 2013.

The Foundation is not required to file a federal form 990 because it is an integrated auxiliary of a church. Therefore, the Fund has voluntarily elected not to file a federal form 990 since its inception and for that reason, the statute of limitations has not started to expire for IRS examination of income tax issues.

Continued

8. Subsequent Events:

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through June 29, 2015, the date the financial statements were available to be issued.

Concluded