



**FINANCIAL STATEMENTS**  
December 31, 2014 and 2013

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
Lakeland, Florida

FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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## INDEPENDENT AUDITOR'S REPORT

The Audit Committee on  
Finance and Administration  
The Florida Annual Conference of  
The United Methodist Church  
Lakeland, Florida

### **Report on the Financial Statements**

We have audited the accompanying financial statements of The Florida Annual Conference of The United Methodist Church, which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities and cash flows for the years 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 audits. We conducted our audits 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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(Continued)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Florida Annual Conference of The United Methodist Church as of December 31, 2014 and 2013, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1, the financial statements being presented are only for The Florida Annual Conference of The United Methodist Church and do not include the assets, liabilities and net assets, and the revenue and expenses of the entire Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. that are recorded in the accounts of the other organizations of the Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. which include Florida Southern College, The Florida United Methodist Children's Home, and the Conference's nine separately incorporated districts. Accordingly, the accompanying financial statements are not intended to present the financial position of the entire Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. as of December 31, 2014 and 2013, or the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Other Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 34-43 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

  
Crowe Horwath LLP

Lakeland, Florida  
June 1, 2015

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 STATEMENTS OF FINANCIAL POSITION  
 December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,450,966	\$ 2,404,197
Accounts receivable	5,243,340	5,454,972
Less allowance for doubtful accounts:		
Health/pension benefits	(257,028)	(350,018)
Ministry protection	<u>(1,886,706)</u>	<u>(1,587,384)</u>
Net accounts receivable (Note 6)	3,099,606	3,517,570
Contributions receivable, net (Notes 2 and 6)	764,723	945,781
Notes and mortgage notes receivable (Notes 3 and 6)	8,618,067	11,665,030
Less allowance for loan losses	<u>(208,883)</u>	<u>(168,753)</u>
Net notes and mortgage notes receivable	8,409,184	11,496,277
Investments		
Held with affiliated organizations (Notes 4 and 6)	53,600,437	48,513,794
Beneficial interest in trusts held with others (Notes 6 and 7)	1,935,540	1,903,932
Held with third party brokers (Notes 5 and 6)	25,621,236	24,038,570
Certificates of deposit (Notes 5 and 6)	<u>104,766</u>	<u>104,766</u>
Total investments	81,261,979	74,561,062
Property and equipment, net (Note 9)	17,461,131	18,109,386
Other assets	<u>28,078</u>	<u>41,898</u>
Total assets	<u>\$ 113,475,667</u>	<u>\$ 111,076,171</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,172,830	\$ 1,662,069
Accrued loss reserves (Notes 10 and 11)	7,900,544	7,495,600
Notes payable (Notes 6 and 12)	853,720	909,009
Line of credit (Note 13)	1,674,780	1,960,697
OPEB liability (Note 14)	49,537,825	38,064,732
Funds held as agent	<u>1,898,910</u>	<u>1,948,033</u>
Total liabilities	63,038,609	52,040,140
Net assets		
Unrestricted		
Undesignated	16,550,255	16,367,525
Board designated		
Ministry protection (Note 11)	8,479,515	8,480,621
Pension and health benefits (Notes 10 and 14)	<u>2,358,254</u>	<u>10,873,926</u>
Total unrestricted net assets	27,388,024	35,722,072
Temporarily restricted (Note 15)	19,860,734	20,193,820
Permanently restricted (Note 16)	<u>3,188,300</u>	<u>3,120,139</u>
Total net assets	<u>50,437,058</u>	<u>59,036,031</u>
Total liabilities and net assets	<u>\$ 113,475,667</u>	<u>\$ 111,076,171</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2014

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>Revenue</b>				
Contributions and apportionments				
Conference benevolences, clergy				
support and church development	\$ 9,214,940	\$ -	\$ -	\$ 9,214,940
Conference service and administration	544,011	-	-	544,011
Other contributions and grants	249,962	1,283,547	47,101	1,580,610
Self-insurance program (Notes 10 and 11)	26,337,826	-	-	26,337,826
Interest income on loans	-	364,219	-	364,219
Interest and dividends (Notes 4 and 5)	2,195,497	373,255	-	2,568,752
Change in valuation of beneficial interest				
in trusts held with others (Note 7)	-	10,548	21,060	31,608
Net investment return (Notes 4 and 5)	2,209,311	(114,600)	-	2,094,711
Fees for services	4,265,449	98,986	-	4,364,435
Other income	279,659	344,826	-	624,485
Loss on sale/disposal of fixed assets	(25,431)	-	-	(25,431)
Net assets released from restrictions (Note 17)	<u>2,693,867</u>	<u>(2,693,867)</u>	<u>-</u>	<u>-</u>
Total revenue	<u>47,965,091</u>	<u>(333,086)</u>	<u>68,161</u>	<u>47,700,166</u>
<b>Expenses</b>				
Conference benevolences, clergy				
support and church development	6,044,745	-	-	6,044,745
Conference service and administration	2,097,861	-	-	2,097,861
Other benevolences and grant expenditures	3,599,735	-	-	3,599,735
Self-insurance program (Notes 10 and 11)	29,525,787	-	-	29,525,787
Depreciation (Note 9)	1,026,466	-	-	1,026,466
Costs of services and other expenses	<u>4,345,032</u>	<u>-</u>	<u>-</u>	<u>4,345,032</u>
Total expenses	<u>46,639,626</u>	<u>-</u>	<u>-</u>	<u>46,639,626</u>
<b>Change in net assets before other changes</b>	1,325,465	(333,086)	68,161	1,060,540
Other post retirement changes other than net periodic cost (Note 14)	<u>(9,659,513)</u>	<u>-</u>	<u>-</u>	<u>(9,659,513)</u>
<b>Change in net assets</b>	(8,334,048)	(333,086)	68,161	(8,598,973)
Net assets at beginning of year	<u>35,722,072</u>	<u>20,193,820</u>	<u>3,120,139</u>	<u>59,036,031</u>
<b>Net assets at end of year</b>	<u>\$ 27,388,024</u>	<u>\$ 19,860,734</u>	<u>\$ 3,188,300</u>	<u>\$ 50,437,058</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
STATEMENT OF ACTIVITIES  
Year ended December 31, 2013

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
<b>Revenue</b>				
Contributions and apportionments				
Conference benevolences, clergy				
support and church development	\$ 9,139,480	\$ -	\$ -	\$ 9,139,480
Conference service and administration	514,115	-	-	514,115
Other contributions and grants	543,096	1,241,274	39,396	1,823,766
Self-insurance program (Notes 10 and 11)	40,065,631	-	-	40,065,631
Interest income on loans	-	382,403	-	382,403
Interest and dividends (Notes 4 and 5)	1,645,743	151,269	-	1,797,012
Change in valuation of beneficial interest				
in trusts held with others (Note 7)	-	20,956	142,479	163,435
Net investment return (Notes 4 and 5)	5,677,083	441,894	-	6,118,977
Fees for services	4,153,442	82,769	-	4,236,211
Other income	248,078	285,845	-	533,923
Gain on sale/disposal of fixed assets	140,524	198,230	-	338,754
Net assets released from restrictions (Note 17)	2,650,696	(2,650,696)	-	-
Total revenue	<u>64,777,888</u>	<u>153,944</u>	<u>181,875</u>	<u>65,113,707</u>
<b>Expenses</b>				
Conference benevolences, clergy				
support and church development	5,110,987	-	-	5,110,987
Conference service and administration	1,995,863	-	-	1,995,863
Other benevolences and grant expenditures	7,080,679	-	-	7,080,679
Self-insurance program (Notes 10 and 11)	35,440,535	-	-	35,440,535
Depreciation (Note 9)	1,037,392	-	-	1,037,392
Costs of services and other expenses	4,702,015	-	-	4,702,015
Total expenses	<u>55,367,471</u>	<u>-</u>	<u>-</u>	<u>55,367,471</u>
<b>Change in net assets before other changes</b>	9,410,417	153,944	181,875	9,746,236
Other post retirement changes other than net periodic cost (Note 14)	25,281,261	-	-	25,281,261
<b>Change in net assets</b>	34,691,678	153,944	181,875	35,027,497
Net assets at beginning of year	1,030,394	20,039,876	2,938,264	24,008,534
<b>Net assets at end of year</b>	<u>\$ 35,722,072</u>	<u>\$ 20,193,820</u>	<u>\$ 3,120,139</u>	<u>\$ 59,036,031</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 STATEMENTS OF CASH FLOWS  
 Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (8,598,973)	\$ 35,027,497
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase (decrease) in provision for bad debts	246,462	(141,584)
Depreciation	1,026,466	1,037,392
Postretirement benefit changes other than periodic cost	9,659,513	(25,281,261)
Unrealized (gain) loss on investments	847,720	(4,091,659)
Realized (gain) loss on investments	(3,436,046)	(2,580,681)
Loss (gain) on sale/disposal of property and equipment	25,431	(338,754)
Contributions to permanently restricted endowment	(47,101)	(39,396)
Changes in assets and liabilities		
(Increase) decrease in accounts and contributions receivable	392,690	(406,489)
Decrease in other assets	13,820	399
Decrease in accounts payable and accrued expenses	(489,239)	(47,881)
Increase in OPEB liability	1,813,580	5,937,481
Increase in accrued loss reserves	404,944	900,700
Decrease in funds held as agent	<u>(49,123)</u>	<u>(1,365,324)</u>
Net cash provided by operating activities	1,810,144	8,610,440
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(420,211)	(571,203)
Proceeds from sale of property and equipment	16,569	364,814
Proceeds from the repayment of notes and mortgage notes receivables	3,046,963	2,031,023
Issuance of notes and mortgage notes receivables	-	(2,500,000)
Purchase of investments	(43,750,347)	(21,198,560)
Sales and maturities of investments	<u>39,637,756</u>	<u>13,646,285</u>
Net cash used in investing activities	(1,469,270)	(8,227,641)
<b>Cash flows from financing activities</b>		
Loan repayments	(341,206)	(319,359)
Contributions to permanently restricted endowment	<u>47,101</u>	<u>39,396</u>
Net cash used in financing activities	<u>(294,105)</u>	<u>(279,963)</u>
Change in cash and cash equivalents	46,769	102,836
Cash and cash equivalents at beginning of year	<u>2,404,197</u>	<u>2,301,361</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 2,450,966</u>	<u>\$ 2,404,197</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 85,572</u>	<u>\$ 100,269</u>

See accompanying notes to financial statements.



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization: The Florida Annual Conference of The United Methodist Church (the Conference) is composed of the clergy and lay members of approximately 720 churches and missions located in Florida from the Apalachicola River to Key West, and is a part of The United Methodist Church. The primary financial responsibility of the Conference is to serve as a conduit for monies contributed by individual church members through their local churches for the programs of The United Methodist Church at the district, conference, jurisdictional and national levels.

The entities, boards, and committees for which funds are included in the accompanying financial statements of the Conference include the Conference Board of Pension and Health Benefits, the Ministry Protection Committee, the Board of Camps and Retreat Ministries, the Committee on New Church Development, the Preachers' Relief Board, the Florida Conference Episcopal Office, and other committees and boards that are part of the ministry of the Conference. All significant balances and transactions among the Conference entities included in the accompanying financial statements have been eliminated.

These financial statements do not include all the assets, liabilities, and net assets, and revenue and expenses of the entire Board of Trustees of the Florida Annual Conference of the United Methodist Church, Inc. ("Board of Trustees") that are recorded in the accounts of other organizations that generally accepted accounting principles in the United States of American (GAAP) requires be consolidated into the financial statements of the Board of Trustees because the Board of Trustees have a controlling interest in these organizations. These organizations are Florida Southern College, The Florida United Methodist Children's Home, and the Conference's nine separately incorporated districts.

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.

Affiliated Organizations: The Conference is divided into nine districts. The district offices hold and administer the real and personal property of the districts and oversee the administration of district extension ministries, new church development and missions. The nine districts are overseen by superintendents who are appointed by the Bishop of the Conference.

To fund the operations and ministries of the districts, the Conference receives and forwards to the districts work fund and new church development apportionment payments from the churches in each district. In addition, the Conference provides financial support to the districts through its apportionment giving budget. The table below details the sources of funds the districts receive from the Conference through the district apportionments, Council on Equitable Compensation and the Conference Committee on New Church Development.

	<u>2014</u>	<u>2013</u>
Work Fund Apportionments	\$ 1,699,330	\$ 1,635,000
NCD Apportionments	1,135,385	1,159,101
Equitable Compensation	358,126	356,864
New Church Development	<u>874,990</u>	<u>820,893</u>
 Total	 <u>\$ 4,067,831</u>	 <u>\$ 3,971,858</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The districts pay the Conference for health insurance and property and casualty insurance. The districts paid the Conference \$138,427 and \$159,619 for health insurance for the years ended December 31, 2014 and 2013, respectively. The districts paid the Conference \$132,070 and \$169,400 for property and casualty insurance in 2014 and 2013, respectively.

The Florida United Methodist Foundation, Inc. (the Foundation) is a 501(c) (3) not-for-profit organization organized on June 19, 1966. The Foundation is an agency of the Conference and the United Methodist Church. Members of the Foundation are the lay and clergy members of the Florida Annual Conference. The Board of Directors is elected by the corporate members of the Foundation at the annual meeting of the Florida United Methodist Foundation. Because of the way the Board of Directors is selected, the Foundation is not required to be consolidated in to the Conference financial statements.

The purpose of the Foundation is to facilitate low-interest loans to United Methodist churches and agencies of the Conference, and to facilitate charitable giving to churches, institutions, boards, and agencies of the Conference. As such, the Foundation serves as a channel in the handling of gifts to United Methodist institutions through charitable and estate planning opportunities. The Foundation is legally authorized to serve as trustee in the administration of charitable gift annuities, charitable trusts, donor advised funds, and other gifts created for the benefit of any United Methodist institution, local church or church organization.

The Foundation makes first mortgage loans to United Methodist churches, including loans for the construction and major improvement of churches, parsonages, church schools and other church operated facilities. The Foundation also serves as the agent of the Conference in managing the church loan program of the Committee on New Church Development. For this service, the Foundation receives 2/10ths of 1.0% of loan balances annually which amounted to approximately \$19,000 for the years ended December 31, 2014 and 2013, and has been included in Conference service and administration expense in the accompanying statements of activities.

The Foundation manages investments on behalf of the Conference. The Conference paid the Foundation \$208,603 and \$221,558 for the years ended December 31, 2014 and 2013, respectively, to manage Conference investments held by the Foundation. The Foundation pays the Conference for health insurance and property and casualty insurance. The Foundation paid the Conference \$14,894 and \$156,023 for health insurance for the years ended December 31, 2014 and 2013, respectively. The Foundation paid the Conference \$15,513 and \$14,759 for property and casualty insurance for the years ended December 31, 2014 and 2013, respectively.

Florida Southern College (FSC) was founded in 1883. FSC is a liberal arts college with more than fifty academic and pre-professional programs located in Lakeland, Florida. The thirty-seven persons serving on the Board of Trustees of FSC are elected by the Florida Annual Conference of the United Methodist Church in accordance with the FSC by-laws.

The Conference provides financial support to FSC through its apportionment giving budget. FSC received from the Conference Board of Higher Education and Campus Ministry \$209,600 in 2014 and \$209,600 in 2013.

The Florida United Methodist Children's Home, Inc. (the Home) was incorporated in 1908 as a not-for-profit corporation. The purpose of the Home is to care for children who otherwise cannot be provided for. The Home is governed by a Board of Trustees which consists of Florida United Methodist Church members or clergy. Nominations for the Board of Trustees come from the current Board and are approved by the Florida Annual Conference of the United Methodist Church in accordance with the Home's by-laws.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

The Conference serves as a conduit for donations made by Florida United Methodist churches for the Home. The Conference forwarded \$606,076 in 2014 and \$620,789 in 2013 in donations from churches to the Home. In addition, the Home pays the Conference for health insurance and property and casualty insurance. The Home paid the Conference \$35,932 and \$1,110,203 for health insurance for the years ended December 31, 2014 and 2013, respectively. The Home paid the Conference \$156,585 and \$199,857 for property and casualty insurance for 2014 and 2013, respectively.

Revenue Recognition: The Conference recognizes grants, contracts and contributions of cash or other assets as restricted support if they are received with grantor or donor stipulations that limit the use of the donated assets. A receivable is recognized by the Conference for grants or contracts to be received from the grantor or donor.

The Conference recognizes revenues from exchange transactions when the service is rendered. A receivable is recognized by the Conference for outstanding invoices.

Net Asset Classifications: The financial statements report the changes in and totals of each net asset class based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Unrestricted net assets consist of operating funds available for any purpose authorized by the Board of Trustees and the Council on Finance and Administration. The Conference does put certain designations on funds annually which represent unrestricted funds which are used for future shortfalls in budgeted support and revenue for emergency and unanticipated needs of the Conference.

Temporarily restricted net assets consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent.

Permanently restricted net assets consist of funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Gifts and Contributions: Gifts and contributions are recorded at their fair value on the date of receipt. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset categories.

Net Assets Released from Restrictions: When a donor 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 statements of activities as net assets released from restrictions.

Fair Value of Financial Instruments: The Conference's financial instruments, which includes cash and cash equivalents, accounts receivable, contributions receivable, notes and mortgages receivable, investments, beneficial interests in trusts held by others, accounts payable, and notes payable approximate fair value at December 31, 2014 and 2013.

Cash and Cash Equivalents: The Conference considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments: Investments are stated at fair value, as determined by quoted market prices in the statements of financial position; unrealized gains and losses are included in the statement of activities. Realized gains/losses on disposition are based on net proceeds and the adjusted carrying amounts of the securities sold using the specific identification method.

Concentration of Credit Risk: The Conference maintains cash deposits with several financial institutions, sometimes in excess of the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). Cash balances in excess of \$250,000 will potentially be subject to concentrations of credit risk. Management believes the risk is managed by maintaining all deposits in high quality financial institutions.

Use of Estimates: The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable: Accounts receivable represents amounts due and what management expects to collect from the churches within the Conference for apportionments, insurance premiums, insurance recoveries and other miscellaneous items and is stated at net realizable value. Interest is not normally charged on accounts receivable. Management provides an allowance for doubtful accounts for any amounts considered to be uncollectible. The allowance for doubtful accounts is \$2,143,734 and \$1,937,402 as of December 31, 2014 and 2013, respectively. A receivable is charged off after collection efforts by the Conference have been exhausted and it is deemed that the receivable is uncollectible.

Contributions Receivable: Unconditional promises to give are recorded as contribution receivable and contribution revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment: Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. The Conference follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment. Routine repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis as follows:

	<u>Years</u>
Buildings and improvements	10-40
Furniture, fixtures and equipment	5-10

Impairment of Long-Lived Assets: On an ongoing basis, the Conference reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Conference recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. As of December 31, 2014 and 2013, management believes that no impairments existed.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Funds Held as Agent: General church apportionments, district apportionments, and other program remittances from individual churches are considered funds held as agent. These remittances are for the benefit of third parties not under the control of the Conference and the use of such funds is also not under the control of the Conference. Consequently, such remittances are not included as revenue in the accompanying financial statements.

Funds received from individual churches for Conference benevolences, Conference service and administration, new church starts, certain pension and benefit programs and the ministry protection program are considered unrestricted net assets. These remittances represent funds whose use is determined internally by the Conference through approval of the annual budget.

Donated Goods and Services: Significant non-cash asset contributions are recorded at fair value when received. A number of volunteers have donated significant time to the Conference's administrative and program services; however, no amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Notes and Mortgage Notes Receivable: Notes and mortgage notes receivable primarily represent funds advanced to individual churches and missions within the Conference through the Committee on New Church Development and notes with churches to restructure their delinquent Ministry Protection and Health, Benefits and Pension receivables, and are serviced by the Foundation. Also included in notes and mortgage notes receivable is a non-interest bearing note from TeamEffort, Inc., the purchasers of Lake Asbury Retreat Center. The notes are reported on the statements of financial position at the outstanding principal balance. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. The repayment term and maturity date of loans 60 days or more past due, based on contractual terms, may be extended at the original contract interest rate.

Allowance for Loan Loss: An allowance for loan loss is maintained at an amount the Conference believes is adequate to provide for potential loan losses. The Conference's periodic evaluation of the adequacy of the allowance is based on known and inherent risks in the notes and mortgage notes receivable portfolio, adverse situations the Conference is aware of that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Interest on Loans: Interest on loans in the Conference's church mortgage loan portfolio is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. Loan rates are evaluated quarterly and are adjusted to the current rate published by the Florida United Methodist Foundation and therefore, the loans are at fair market value.

Income Tax: The Conference is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the accompanying financial statements. The Conference has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualified for deductible contributions as provided in Section 170(b)(1)(A)(vi) of the Internal Revenue code.

The Conference follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. The Conference does not have any tax benefits recorded at December 31, 2014 or 2013, and does not expect that position to significantly change in the next year. The Conference would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at December 31, 2014 or 2013. The Conference is no longer subject to examination by taxing authorities for years before 2011.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 2 - CONTRIBUTIONS RECEIVABLE**

The following is the detail of the Conference's contributions receivable balances at December 31:

	<u>2014</u>	<u>2013</u>
Due in less than one year	\$ 230,575	\$ 231,125
Due in one to five years	600,000	800,000
	<u>830,575</u>	<u>1,031,125</u>
Unamortized discount	(35,277)	(54,219)
Allowance for uncollectible contributions	<u>(30,575)</u>	<u>(31,125)</u>
 Total contributions receivable, net	 <u>\$ 764,723</u>	 <u>\$ 945,781</u>

Contributions receivable were discounted using a risk adjusted rate at the time the pledge was made. An allowance for uncollectible contributions was established by management for the years ended December 31, 2014 and 2013, respectively.

**NOTE 3 - NOTES AND MORTGAGE NOTES RECEIVABLE**

Notes and mortgage notes receivable consisted of the following as of December 31:

	<u>2014</u>	<u>2013</u>
Church development loans and mortgage notes	\$ 8,063,323	\$ 11,012,987
Loans to churches	220,514	206,167
Loans to others	334,230	445,876
Subtotal	<u>8,618,067</u>	<u>11,665,030</u>
 Allowance for loan losses	 <u>(208,883)</u>	 <u>(168,753)</u>
 Loans, net of allowance	 <u>\$ 8,409,184</u>	 <u>\$ 11,496,277</u>

Church development loans and mortgages notes represent loans advanced to churches within the Conference. The loans are collateralized by a first mortgage on the church property and a title policy is required showing the Conference as the first lien holder of the property. Interest rates are subject to quarterly adjustment to 1.5% above the current rate paid by the Florida United Methodist Foundation on its Development Fund account. Loans currently bear interest at 3.0% per annum. There are no nonperforming loans that are specifically identified. The Conference considers all loans performing based on communications and agreements with borrowers and district guarantees. As of December 31, 2014 and 2013, the Conference believes no allowance for church development notes and mortgage notes receivable is necessary.

As of December 31, 2014 and 2013, there were no church development loans committed, but not disbursed.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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 December 31, 2014 and 2013

**NOTE 3 - NOTES AND MORTGAGE NOTES RECEIVABLE (Continued)**

Loans to churches represent notes with churches to restructure their delinquent Ministry Protection and Health, Benefits and Pension receivables. The notes are unsecured and non-interest bearing. An allowance of \$208,883 and \$168,753 is considered necessary on this portfolio at December 31, 2014 and 2013 respectively.

There are no loans to churches committed, but not disbursed, as of December 31, 2014 and 2013.

Loans to others represents a non-interest bearing note to another not-for-profit organization. Because of the length of the loan term the Conference has discounted the loan using a 4.25% discount rate. The composition of the loans to others portfolio at December 31 is:

	<u>2014</u>	<u>2013</u>
Note from TeamEffort	\$ 365,000	\$ 485,000
Discount on TeamEffort note	<u>(30,770)</u>	<u>(39,124)</u>
 Total loans to others	 <u>\$ 334,230</u>	 <u>\$ 445,876</u>

The following table represents the aging of loans by class as of December 31, 2014:

	<u>Principal Not Past Due</u>	<u>30 - 59 Days Past Due</u>	<u>60 - 89 Days Past Due</u>	<u>Greater than 90 Days Past Due</u>	<u>Total</u>
Church development loans	\$ 7,813,942	\$ 3,595	\$ 3,514	\$ 242,272	\$ 8,063,323
Loans to churches	-	-	-	220,514	220,514
Loans to others	<u>334,230</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,230</u>
 Total	 <u>\$ 8,148,172</u>	 <u>\$ 3,595</u>	 <u>\$ 3,514</u>	 <u>\$ 462,786</u>	 <u>\$ 8,618,067</u>

The following table represents the aging of loans by class as of December 31, 2013:

	<u>Principal Not Past Due</u>	<u>30 - 59 Days Past Due</u>	<u>60 - 89 Days Past Due</u>	<u>Greater than 90 Days Past Due</u>	<u>Total</u>
Church development loans	\$ 10,617,925	\$ 8,195	\$ 8,035	\$ 378,832	\$ 11,012,987
Loans to churches	29,004	-	-	177,163	206,167
Loans to others	<u>445,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>445,876</u>
 Total	 <u>\$ 11,092,805</u>	 <u>\$ 8,195</u>	 <u>\$ 8,035</u>	 <u>\$ 555,995</u>	 <u>\$ 11,665,030</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 3 - NOTES AND MORTGAGE NOTES RECEIVABLE (Continued)**

Notes and mortgage notes receivable are allocated by the Conference's internal risk ratings as follows as of December 31, 2014:

	<u>Church Development</u>	<u>Loans to Others</u>	<u>Loans to Churches</u>	<u>Total</u>
Performing	\$ 8,063,323	\$ 334,230	\$ -	\$ 8,397,553
Nonperforming	<u>-</u>	<u>-</u>	<u>220,514</u>	<u>220,514</u>
Total	<u>\$ 8,063,323</u>	<u>\$ 334,230</u>	<u>\$ 220,514</u>	<u>\$ 8,618,067</u>

Notes and mortgage notes receivable are allocated by the Conference's internal risk ratings as follows as of December 31, 2013:

	<u>Church Development</u>	<u>Loans to Others</u>	<u>Loans to Churches</u>	<u>Total</u>
Performing	\$ 11,012,987	\$ 445,876	\$ 29,004	\$ 11,487,867
Nonperforming	<u>-</u>	<u>-</u>	<u>177,163</u>	<u>177,163</u>
Total	<u>\$ 11,012,987</u>	<u>\$ 445,876</u>	<u>\$ 206,167</u>	<u>\$ 11,665,030</u>

**NOTE 4 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATION**

The Conference's investments held with the Foundation are carried at fair value and consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Investments in Foundation participation accounts	\$ 2,613,125	\$ 5,670,108
Other investments offered through the Foundation	<u>42,482,843</u>	<u>34,808,873</u>
	<u>\$ 45,095,967</u>	<u>\$ 40,478,981</u>

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(Continued)



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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 December 31, 2014 and 2013

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**NOTE 4 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATION** (Continued)

A summary of return on investments held with the Foundation consisted of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest earnings	\$ 1,730,824	\$ 1,060,272
Net realized gain	2,828,895	1,655,586
Net unrealized gain	(1,719,842)	2,341,534
Fees	<u>(239,671)</u>	<u>(221,558)</u>
	<u>\$ 2,600,207</u>	<u>\$ 4,835,834</u>

The Conference investments held with the General Board of Pensions are carried at quoted market prices and consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Investments in stocks and mutual funds	<u>\$ 8,504,470</u>	<u>\$ 8,034,813</u>

A summary of return on investments with the General Board of Pensions consist of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest earnings	\$ 50,164	\$ 36,259
Net realized gain	84,658	39,681
Net unrealized gain	259,754	35,888
Fees	<u>(7,643)</u>	<u>(7,661)</u>
	<u>\$ 386,933</u>	<u>\$ 104,167</u>

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the financial statements of the Conference.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 5 - INVESTMENTS - HELD WITH THIRD PARTY BROKERS AND CERTIFICATES OF DEPOSIT**

Included in the investments - held with third party brokers is a permanently restricted fund that is invested in stocks and mutual funds held by a brokerage firm and which are managed by the trustees of the fund. The purpose of this fund is to provide grants for pastors and their spouses to travel to England for a study retreat. Also included in investments - held with third party brokers are stock and mutual funds held by brokerage firms and managed by the Institute of Preaching, the Ministry Protection Committee and the Conference Board of Pensions and Health. Investments are carried at quoted market prices and consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
Stocks and mutual funds -		
Study Retreat	\$ 330,276	\$ 365,247
Institute of Preaching	119,832	178,902
Conference Board of		
Pension and Health Benefits	10,657,690	9,962,199
Ministry Protection	<u>14,513,438</u>	<u>13,532,222</u>
	<u>\$ 25,621,236</u>	<u>\$ 24,038,570</u>

Certificates of deposit consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Certificates of Deposit		
Centerstate Bank	<u>\$ 104,766</u>	<u>\$ 104,766</u>

A summary of return on investments held with third party brokers consists of the following for the years ended December 31:

	<u>2014</u>	<u>2013</u>
Interest earnings	\$ 793,610	\$ 706,660
Net realized gain	522,493	885,414
Net unrealized gain	580,759	1,523,906
Fees	<u>(208,669)</u>	<u>(133,813)</u>
	<u>\$ 1,688,193</u>	<u>\$ 2,982,167</u>

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(Continued)

**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Conference's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held with the Foundation and the General Board of Pensions are reported at fair value. The underlying assets of the investments held with the Foundation and the General Board of Pensions may include money market funds, securities and bonds.

The Conference invests in three pooled accounts at the Foundation, the Foundation Balanced Growth Fund, the Foundation Growth Fund and the Foundation Development Fund. The Foundation Balanced Growth Fund and the Foundation Growth Fund are managed by two individual managers, and the fair value of the investment in the Balanced Growth Fund and the Growth Fund are determined on a monthly basis to be the participants' net asset value (NAV). The managers utilize standard valuation procedures and policies to assess the fair value of the underlying investment holdings to derive NAV. For holdings in marketable securities listed on national securities exchanges, the values represent the publicly traded values.

The Foundation Balanced Growth Fund seeks a reasonable balance between income and growth. A secondary goal is to provide a relatively moderate level of volatility. Asset classes utilized include core bonds, foreign developed bonds, high yield bonds, U.S. equity, international developed equity, emerging market equity, real estate, and master limited partnerships (MLPs). The portfolio currently invests in 8 underlying investment managers.

The Foundation Growth Fund targets long-term growth, with some protection from income to stabilize the portfolio in the event of an equity downturn. Asset classes utilized include core bonds, foreign developed bonds, high yield bonds, U.S. equity, international developed equity, emerging market equity, real estate, and master limited partnerships (MLPs). The portfolio currently invests in 8 underlying investment managers.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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December 31, 2014 and 2013

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**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

Withdrawals from the Balanced Growth Fund and Growth Fund are allowed with prior written notice. Additional restrictions apply relative to the amount requested as follows:

<u>Amount of withdrawal</u>	<u>Advance notice period</u>
100% of fund invested in Balanced Growth & Growth Pools	45 days

The Foundation Development Fund is a common fund that makes low-interest construction and mortgage loans to churches. According to Foundation policy, up to 90 percent of the total Fund can be invested in church mortgages. A reserve fund consisting of \$1.5 million plus approximately ten percent of the Fund is held in the form of cash and cash equivalents in order to provide a level of liquidity to participation account investors. The Foundation invests these funds in such instruments as government-backed money market funds, government securities, federally insured bank certificates of deposit or bank deposits.

Withdrawals from the Development Fund are allowed with prior written notice.

The Conference invests in the Multiple Asset Fund with the General Board of Pensions. This fund is invested in a variety of U.S. and non-U.S. securities. These include stocks, traditional bonds, inflation-linked bonds, real estate investment trusts, securities, commodities, and interests in private equity and private real estate partnerships. There are no restrictions on these funds and they are available for immediate withdrawal with a written request.

Management has considered redemption restrictions to assess classification of fair value inputs. As a result, Balanced, Stock and Development Fund assets with redemption periods of 90 days or less are considered Level 2 fair value measurements. Balanced and Development Fund assets with redemption periods of greater than 90 days are considered a Level 3 fair value measurement.

Investments held in certificates of deposit are reported at fair value. Investments held with third party brokers include money market funds, certificates of deposit, U.S. Government and U.S. Government agency obligations, corporate bonds, mortgage backed securities, exchange traded funds, mutual funds, and equity securities. Exchange traded funds, mutual funds, and equity securities are readily marketable and values are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Certificates of deposits are estimated to approximate deposit account balances, at market rates for similar deposits having similar maturity dates with no discounts for credit quality or liquidity where determined to be applicable. As such, these certificates of deposit are classified within Level 2. U.S. Government or agency obligations and corporate bonds are valued by obtaining sales prices on nationally recognized security exchanges (Level 1 inputs). Mortgage backed securities are valued using quoted market prices of similar securities with similar due dates or matrix pricing, which is a mathematical technique widely used in the industry to value debt securities without relying exclusively on quoted prices for the specific securities but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs).

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

The fair value of beneficial interest in trusts held by others is based on a valuation model that calculates the present value of estimated distributable income. The valuation model incorporates assumptions that market participants would use in estimating future distributable income. The Conference values its beneficial interest at the discounted present value of estimated future distributions it expects to receive (Level 3 inputs).

Assets measured at fair value on a recurring basis at December 31 were as follows:

	2014		
	Quoted active markets identified assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Money market	\$ 1,670,804	\$ -	\$ -
Certificates of deposit and money market	-	104,766	-
U. S. Government and agency obligations	1,269,526	-	-
Corporate bonds	3,131,949	-	-
Mortgage-backed securities	-	511,193	-
Exchange traded funds	809,608	-	-
Equity mutual funds	490,668	-	-
Fixed Income	-	-	-
Marketable equity securities			
Consumer goods and services	2,887,928	-	-
Financial	3,712,463	-	-
Industrial	2,910,292	-	-
Technology	3,867,194	-	-
Energy	2,535,183	-	-
Healthcare	1,824,428	-	-
Held with Foundation	-	45,095,967	-
Held with General Board of Pensions	-	8,504,470	-
Beneficial interest in trusts held by others	-	-	1,935,540
	<u>\$ 25,110,043</u>	<u>\$ 54,216,396</u>	<u>\$ 1,935,540</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

	2013		
	Quoted active markets identified assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Money market	\$ 1,558,605	\$ -	\$ -
Certificates of deposit and money market	-	104,766	-
U. S. Government and agency obligations	946,694	-	-
Corporate bonds	3,694,058	-	-
Mortgage-backed securities	-	775,614	-
Exchange traded funds	1,524,702	-	-
Equity mutual funds	732,140	-	-
Fixed Income	-	-	-
Marketable equity securities			
Consumer goods and services	2,011,522	-	-
Financial	3,265,219	-	-
Industrial	2,769,701	-	-
Technology	3,563,166	-	-
Energy	1,679,919	-	-
Healthcare	1,517,230	-	-
Held with Foundation	-	40,478,981	-
Held with General Board of Pensions	-	8,034,813	-
Beneficial interest in trusts held by others	-	-	1,903,932
	<u>\$ 23,262,956</u>	<u>\$ 49,394,174</u>	<u>\$ 1,903,932</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

<u>Beneficial Interest in Trusts Held with Others</u>	<u>2014</u>	<u>2013</u>
Balance at beginning of year	\$ 1,903,932	\$ 1,713,601
Change in valuation of beneficial interest in trusts held by others	31,608	163,435
Contributions	-	26,896
Balance at end of year	<u>\$ 1,935,540</u>	<u>\$ 1,903,932</u>

The carrying value of the Conference's financial instruments not re-measured at fair value on a recurring basis approximates their fair value at December 31, 2014 and 2013. Such financial instruments include:

	<u>2014</u>	<u>2013</u>
Financial assets		
Net accounts and contributions receivable	\$ 3,864,329	\$ 4,463,351
Net notes and mortgages notes receivable	8,409,184	11,496,277
Financial liabilities		
Notes payable	853,720	909,009
Line of credit	1,674,780	1,960,697

**NOTE 7 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS HELD WITH OTHERS**

The Conference is the beneficiary under various perpetual trusts administered by the Florida United Methodist Foundation. Under the terms of the trusts, the Conference has the irrevocable right to receive income earned on the trusts' assets in perpetuity, but will never receive the assets held in the trust. The underlying assets of the trusts are securities that are actively traded in the market. The Conference's interest in the trusts was valued at \$1,753,621 and \$1,732,561 for the years ended December 31, 2014 and 2013, respectively. The beneficial interests were valued using a 6% discount rate at December 31, 2014 and 2013.

The Conference is also the beneficiary of two Charitable Remainder trusts administered by Synovus Trust Company, N.A. Under the terms of the trusts, the Conference has the irrevocable right to receive fifty percent of the trust assets upon the death of the life beneficiaries as outlined in the trust documents. The underlying assets of the trusts are securities that are actively traded in the market. The Conference's interest in the trusts was valued at \$181,919 and \$171,371 for the years ended December 31, 2014 and 2013, respectively. The beneficial interest was valued using a 6% discount rate at December 31, 2014 and 2013.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
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**NOTE 8 - ENDOWMENT COMPOSITION**

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds by category as of December 31, 2014 consisted of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ 1,574,132	\$ 1,434,679	\$ 3,008,811

Endowment funds by category as of December 31, 2013 consisted of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ 1,563,958	\$ 1,387,578	\$ 2,951,536

Changes in endowment net assets for the year ended December 31, 2014 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 1,563,958	\$ 1,387,578	\$ 2,951,536
Investment return:				
Interest income	-	128,493	-	128,493
Unrealized gains	-	(219,365)	-	(219,365)
Realized gains	-	222,847	-	222,847
New gifts	-	-	47,101	47,101
Appropriation of assets	-	(121,801)	-	(121,801)
Net assets end of year	<u>\$ -</u>	<u>\$ 1,574,132</u>	<u>\$ 1,434,679</u>	<u>\$ 3,008,811</u>

Changes in endowment net assets for the year ended December 31, 2013 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 1,277,865	\$ 1,375,078	\$ 2,652,943
Investment return:				
Interest income	-	62,204	-	62,204
Unrealized gains	-	79,075	-	79,075
Realized gains	-	88,690	-	88,690
New gifts	-	163,385	12,500	175,885
Appropriation of assets	-	(107,261)	-	(107,261)
Net assets end of year	<u>\$ -</u>	<u>\$ 1,563,958</u>	<u>\$ 1,387,578</u>	<u>\$ 2,951,536</u>

(Continued)



**NOTE 8 - ENDOWMENT COMPOSITION** (Continued)

Interpretation of UPMIFA: The State of Florida has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2012. The Board of Trustees requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary which is a valid interpretation of UPMIFA.

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 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.

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 Conference must hold in perpetuity or for donor-specified period(s). 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 based on blended indices while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Conference and to develop a new and significant source of revenue for the Conference. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (i) fund special grants; (ii) ensure long-term growth; and (iii) enhance the Conference's ability to meet changing Conference needs in both the short and long-term.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Conference spends funds generated by permanently restricted endowments in accordance with the restrictions placed upon them by the original donors. Each endowed fund is overseen by an Annual Conference committee that approves any distribution of income generated by the fund and which ensures that the balance of the endowed fund does not decrease below the originally endowed amount.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Conference policies requires to retain as a fund of perpetual duration. Deficiencies of this nature in excess of related temporarily restricted amounts are reported in unrestricted net assets. There were no donor restricted endowment funds with deficiencies at December 31, 2014 and 2013.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 9 - PROPERTY AND EQUIPMENT**

Property and equipment, at cost, consist of the following at December 31:

	<u>2014</u>	<u>2013</u>
<b>Current funds</b>		
Land	\$ 662,400	\$ 662,400
Buildings	7,368,646	7,328,871
Furniture, fixtures and equipment	<u>1,734,410</u>	<u>1,706,096</u>
	9,765,456	9,697,367
Less accumulated depreciation	<u>(3,529,068)</u>	<u>(3,159,011)</u>
Total current funds	<u>6,236,388</u>	<u>6,538,356</u>
<b>Preachers' relief funds (retired minister residences)</b>		
Land	32,000	32,000
Buildings	<u>365,683</u>	<u>365,683</u>
	397,683	397,683
Less accumulated depreciation	<u>(123,825)</u>	<u>(110,761)</u>
Total preachers' relief funds	<u>273,858</u>	<u>286,922</u>
<b>Camp funds</b>		
Land	1,990,029	1,990,029
Buildings	14,337,843	14,154,718
Construction in process	174,642	180,149
Furniture, fixtures and equipment	<u>2,844,961</u>	<u>2,738,856</u>
	19,347,475	19,063,752
Less accumulated depreciation	<u>(8,396,590)</u>	<u>(7,779,644)</u>
Total camp funds	<u>10,950,885</u>	<u>11,284,108</u>
	 <u>\$ 17,461,131</u>	 <u>\$ 18,109,386</u>

Depreciation expense was \$1,026,466 and \$1,037,392 respectively, for the years ended December 31, 2014 and 2013.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 10 - EMPLOYEE SELF-INSURANCE HEALTH AND BENEFITS PROGRAMS**

The Conference has adopted a partially self-funded insurance plan for employee medical, and prescription drug insurance. Expenses are recorded as incurred. Insurance policies in force at December 31, 2014 and 2013 limit the Conference claims cost to approximately \$300,000 and the maximum claim liability per covered individual is unlimited. The Conference's portion of the predetermined funding provision is charged to expense each month. Unpaid claims incurred prior to December 31 and filed within three months of year-end are accrued at December 31. This liability is part of accrued expenses on the statement of financial position.

Based upon an annual independent actuarial report which considers the program's loss history and the change in self-insured retention limits for the active health program, changes to insurance loss reserves have been recorded for the years ended December 31, 2014 and 2013, to provide for projected insurance claims which fall within the self-insured retention limits. As of December 31, 2014 and 2013, the Conference has accrued liabilities for self-insurance for health and benefits of \$919,000 and \$945,000, respectively.

Post-Retirement Health Insurance Plan: The Conference provides, at its discretion, certain health care benefits for retired clergy and spouses through participation in a funded insurance program. Retired clergy and spouses pay from \$10 per month per person up to 100% of the actual premium cost per person, depending on retirement date and years of service. The difference between the premiums paid by the retirees and the total cost of the retiree health insurance program is subsidized by the Conference Board of Pension and Health Benefits.

For the years ended December 31, 2014 and 2013, the self-insured portion of the employee health and benefits program had the following activity:

	<u>2014</u>	<u>2013</u>
<b>Active health</b>		
Health insurance revenue	\$ 8,585,573	\$ 13,683,866
Expenses		
HRIS fee	(126,000)	(119,250)
Insurance fees	(986,511)	(1,411,694)
Insurance claims	<u>(8,683,428)</u>	<u>(11,301,394)</u>
Total insurance fees and claims	(9,669,939)	(12,713,088)
Change in claims accrual	33,000	33,000
Bad debt expense	<u>47,180</u>	<u>(7,343)</u>
Total expenses	<u>(9,715,759)</u>	<u>(12,806,681)</u>
Active health net income (loss)	<u>\$ (1,130,186)</u>	<u>\$ 877,185</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 10 - EMPLOYEE SELF-INSURANCE HEALTH AND BENEFITS PROGRAMS (Continued)**

	<u>2014</u>	<u>2013</u>
<b>Retiree health</b>		
Health insurance revenue	\$ 2,824,826	\$ 2,919,173
Expenses		
HRIS fee	(54,000)	(45,750)
Conference responsible retiree	(2,207,328)	(2,171,668)
Insurance fees	(168,090)	(99,793)
Insurance premiums	(265,332)	(264,424)
Insurance claims	<u>(1,597,494)</u>	<u>(1,796,977)</u>
Total insurance fees and claims	(2,030,916)	(2,161,194)
Change in claims accrual	<u>(7,000)</u>	<u>10,000</u>
Total expenses	<u>(4,299,244)</u>	<u>(4,368,612)</u>
Retiree health net loss	<u>(1,474,418)</u>	<u>(1,449,439)</u>
Health and benefits net loss	<u>\$ (2,604,604)</u>	<u>\$ (572,254)</u>

**NOTE 11 - MINISTRY PROTECTION**

The Conference has had a self-funded ministry protection program for workers' compensation since 1985. For workers' compensation claims, churches pay no deductible. For the years ended December 31, 2014 and 2013, claim costs in excess of \$500,000 for any one claim are covered by excess insurance. The Conference requires funding of workers' compensation insurance based on a predetermined rate multiplied by each entity's prior year payroll cost.

In December 1996, the Conference expanded its self-funded ministry protection program to include property and liability insurance. For property claims, churches are required to pay a deductible (as defined) depending on the type of claim reported. If claim costs exceed the church deductible, additional claim costs are paid from the Loss Fund until the self-insured limit is reached. The self-insured retention limits range between \$50,000 and \$1,000,000 depending on the type of claim reported. Claim costs above that limit are paid by excess insurance. The Conference obtains excess insurance coverage through re-insurance agreements arranged with traditional insurance carriers. Conference entities fund the property and liability program by paying premiums based on a number of variables including property values, square footage, and the number of insured vehicles. Properties are insured on a replacement value basis, based upon independent appraisals of properties and reported values.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 11 - MINISTRY PROTECTION** (Continued)

For the years ended December 31, 2014 and 2013, ministry protection had the following activity:

	<u>2014</u>	<u>2013</u>
Revenue		
Workers' compensation premiums	\$ 1,453,654	\$ 1,351,546
Property and liability premiums	10,876,584	10,889,669
Investment Income	989,823	1,802,182
Insurance recovery	905,006	593,702
	<u>14,225,067</u>	<u>14,637,099</u>
Expenses		
Premium payments	7,097,776	7,487,275
Claim payments and claim administrative fee	5,810,659	5,205,413
Administrative costs	713,039	1,502,700
Bad debt expense	604,699	75,253
	<u>14,226,173</u>	<u>14,270,641</u>
Increase (decrease) in net assets available for loss reserve	<u>\$ (1,106)</u>	<u>\$ 366,458</u>

Based upon an annual independent actuarial report which considers the program's loss history and the change in self-insured retention limits, changes to insurance loss reserves have been recorded for the years ended December 31, 2014 and 2013, to provide for projected actuarial claims which fall within the self-insured retention limits. As of December 31, 2014 and 2013, the Conference has accrued liabilities for workers' compensation and property and liability loss reserves of \$6,981,544 and \$6,550,600, respectively. In addition to the accrued liability for loss reserves, the Conference has Board designated net assets in the amounts of \$8,479,515 and \$8,480,621, respectively, at December 31, 2014 and 2013 for their ministry protection program.

The Conference has a \$100,000 letter of credit for the ministry protection program for workers' compensation. The letter of credit is required by and lists the Florida Self-Insurers Guaranty Association, Inc. as the beneficiary.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 12 - NOTES PAYABLE**

Notes payable consisted of the following at December 31:

	<u>2014</u>	<u>2013</u>
Loan agreement for the purchase of properties adjacent to the Warren W. Willis Camp. Monthly payments are \$5,068. The interest accrues at an annual rate of 3.5%. The loan matures on April 1, 2029 and is secured by the mortgaged property.	\$ 542,376	\$ 570,980
Loan agreement for the purchase of property adjacent to the Life Enrichment Center. Monthly payments are \$3,185. The interest accrues at an annual rate of 3.5%. The loan matures on December 1, 2028 and is secured by the mortgaged property.	<u>311,344</u>	<u>338,029</u>
	<u>\$ 853,720</u>	<u>\$ 909,009</u>

The debt principal payments are as follows at December 31, 2014:

2015	\$ 70,274
2016	72,773
2017	75,362
2018	78,042
2019	80,818
Thereafter	<u>476,451</u>
	<u>\$ 853,720</u>

**NOTE 13 - LINE OF CREDIT**

On June 3, 2011 the Conference authorized the Board of Trustees to borrow up to \$4,000,000 for the purpose of completing renovations and construction to the Barnett Lodge at the Warren W. Willis Camp.

On February 23, 2012 the Board of Trustees obtained a \$2,500,000 irrevocable standby letter of credit from Regions Bank and secured by certain investments owned by the Conference and held at Regions Trust. On February 13, 2014 the Conference renewed and reduced its irrevocable letter of credit from Regions Bank to \$2,000,000. The amount drawn on the letter of credit accrues interest at 2% over the one month London Interbank Offered Rate (LIBOR) and the interest is payable to Regions Bank monthly. The line of credit expires on February 23, 2106. The interest rate on December 31, 2014 was 2.164%.

The outstanding balance of the letter of credit was \$1,674,780 and \$1,960,697 as of December 31, 2014 and 2013, respectively. Interest paid on the letter of credit was \$38,439 and \$46,386 for the years ended December 31, 2014 and 2013, respectively.

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(Continued)

**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS**

Clergy Retirement Security Program: The Conference participates in the Clergy Retirement Security Program (CRSP), which is administered by the General Board of Pensions and Health Benefits ("General Board"). CRSP is a retirement program providing lifetime income for substantially all clergy and lay pastors. The CRSP has two components. First, there is a defined benefit component that requires contributions to be made by the Conference based on either denominational average compensation or actual compensation. Second, there is a defined contribution component that requires contributions to be made by the Conference based on at least 3% of eligible compensation for eligible participants. The CRSP is a program for clergy and is a result of an amendment and restatement of the Ministerial Pension Plan (MPP). As of December 31, 2014 and 2013, the CRSP program consists of three different time periods based on periods of service:

- CRSP (a multiemployer program) for service beginning January 1, 2007
- MPP (a multiemployer program) for service from January 1, 1982 to December 31, 2006
- Supplement One to the Clergy Retirement Security Program for service prior to 1982 (Pre-82 Plan)

The Pre-82 Plan is a multiemployer defined benefit pension plan. The risks associated with the Pre-82 Plan are different than the MPP and CRSP plans. The assets that have been contributed to the Pre-82 Plan by the Florida Conference may be used to provide benefits to clergy members of other Annual Conferences. In addition, if another Annual Conference stops funding their unfunded liability the unfunded liability may be borne by the remaining participating Annual Conferences.

Based on the 2014 Actuarial Valuation report the Pre-82 Plan was funded at 105%. The Conference has 3.7% of the assets and liabilities of the plan. The Conference portion of the Pre-82 Plan liability was funded at 107%. As a result, the Florida Conference did not make a minimum contribution to the Pre-82 Plan as of December 31, 2014 and 2013. The Conference will be making a \$1,671,245 contribution to the Pre-82 Plan in the year ending December 31, 2015. While the Conference assets in the Pre-82 Plan exceed its anticipated liability, there are several Conferences currently in an underfunded status and who are required to make minimum annual contributions to the Pre-82 Plan. There are no Annual Conferences who have not made their required minimum annual contributions to the Pre-82 Plan toward their unfunded liability.

Conferences are allowed to redirect the overfunded portions of their Pre-82 Plan liability to Conferences in an underfunded position. They can also redirect the overfunded portion to their current year CRSP defined benefit obligation. The Florida Conference had \$4,854,479 and \$11,318,053 in Pre-82 surplus available as of December 31, 2014 and 2013, respectively.

The Conference redirected \$3,046,474 and \$4,054,282 of Pre-82 surplus to its CRSP defined benefit contribution for the years ended December 31, 2014 and 2013, respectively, to meet the defined benefit obligations. These are recorded in self-insurance program revenue and reflected as an expense in "Other benevolences and grant expenditures" in the Statement of Activities.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2014 and 2013

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**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS (Continued)**

Comprehensive Protection Plan: The Conference also participates in the Comprehensive Protection Plan (CPP) which is administered by the General Board and provides disability and death benefits for clergy members. The cost of CPP is collected from the local churches and remitted to the General Board. The Conference forwarded \$1,131,226 and \$1,146,376 for the years ended December 31, 2014 and 2013, respectively, to the General Board in CPP premiums.

United Methodist Personal Investment Plan (UMPIP): The Conference contributes 12% of an eligible employee's compensation to a personal UMPIP account each month. Employees are also able to make personal contributions to their UMPIP account each pay period. All funds contributed are placed in a tax-sheltered annuity (403b) plan administered by the General Board of Pension and Health Benefits. As of December 31, 2014 and 2013, the Conference contributed \$423,875 and \$412,016, respectively, to the UMPIP.

Other Post Employment Benefit (OPEB): The Conference provides, at its discretion, certain health care benefits for retired clergy and spouses through participation in a funded insurance program administered by the Conference. This benefit is funded through contributions made by the Conference from investments set aside by the Conference and held at the Florida United Methodist Foundation.

The Conference recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the change in net assets in the year in which the changes occur. Defined benefit plan assets and obligations are to be measured as of the date of the employer's fiscal year-end.

The following table sets forth the Conference's accumulated other postretirement benefit obligation and the funded status of the obligation as set forth in the Conference's statements of financial position at December 31:

	<u>2014</u>	<u>2013</u>
Changes in benefit obligation		
Benefit obligation at beginning of year	\$ 38,064,732	\$ 57,408,512
Service cost	337,382	1,766,439
Interest cost	1,895,835	2,534,809
Actuarial (gain) loss	10,766,252	(4,497,880)
Net cash flows	(1,526,376)	(1,725,471)
Change in plan provisions	-	(17,421,677)
	<u>49,537,825</u>	<u>38,064,732</u>
Benefit obligation at end of year		
	<u>\$ 49,537,825</u>	<u>\$ 38,064,732</u>
Amount recorded in statements of financial position OPEB liability		
	<u>\$ 49,537,825</u>	<u>\$ 38,064,732</u>

(Continued)



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS (Continued)**

	<u>2014</u>	<u>2013</u>
Amounts recorded in statements of activities		
Self-insurance program expenses	\$ 1,813,580	\$ 5,937,481
Other postretirement changes other than net periodic cost	<u>9,659,513</u>	<u>(25,281,261)</u>
 Net change in OPEB liability	 <u>\$ 11,473,093</u>	 <u>\$ (19,343,780)</u>
	 <u>2014</u>	 <u>2013</u>
Items that have not yet been classified as periodic benefit costs		
Unrecognized prior service cost	\$(12,704,670)	\$(11,729,970)
Unrecognized net (gain) loss	\$ 16,030,453	\$ 5,396,240
 Estimated net future benefit payments:		
2015	\$ 1,888,390	
2016	2,001,318	
2017	2,123,196	
2018	2,276,057	
2019	2,424,317	
Years 2020-2024	<u>13,703,520</u>	
	 <u>\$ 24,416,798</u>	

Current period costs including expenditures and net cash flows totaling \$3,339,957 and \$7,662,952 are included in self-insurance program expenses for the years ended December 31, 2014 and 2013 respectively. Employer contributions and benefits paid were \$2,207,328 and \$2,171,668 for the years ended December 31, 2014 and 2013, respectively.

Assumptions used:

	<u>2014</u>	<u>2013</u>
Discount rate	4.15%	5.10%
Coverage rate	100.00%	100.00%
Health care cost trend rate	7.00%	7.50%
Rate to which the cost trend rate is assumed to decline	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2023	2023

This table illustrates the sensitivity of the postretirement liability to a change in the medical trend assumptions.

	<u>1% Point Increase</u>	<u>1% Point Decrease</u>
Effect on total of service and interest cost components	\$ 187,465	\$ (160,267)
Effect on postretirement benefit obligation	5,795,946	(3,809,086)

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 15 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted net assets are available for the following uses as of December 31:

	<u>2014</u>	<u>2013</u>
Contributions restricted by donor for specific purposes	\$ 1,539,402	\$ 1,605,480
Episcopal funds	(5,099)	6,366
Preachers' relief funds	1,631,253	1,652,337
Church loan funds	15,778,861	15,908,870
Camp funds	<u>916,317</u>	<u>1,020,767</u>
	<u>\$ 19,860,734</u>	<u>\$ 20,193,820</u>

**NOTE 16 - PERMANENTLY RESTRICTED NET ASSETS**

Permanently restricted net assets are amounts in which the principal is invested in perpetuity and the income is expendable for various programs (church loans, scholarships, etc.). Permanently restricted net assets were \$3,188,300 and \$3,120,139 at December 31, 2014 and 2013, respectively.

**NOTE 17 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose as of December 31 were as follows:

	<u>2014</u>	<u>2013</u>
Current operating funds	\$ 1,222,236	\$ 1,427,493
Church loan funds	1,058,624	565,573
Episcopal funds	92,397	91,301
Preachers' relief funds	89,833	238,948
Camp funds	<u>230,777</u>	<u>327,381</u>
	<u>\$ 2,693,867</u>	<u>\$ 2,650,696</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2014 and 2013

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**NOTE 18 - PENDING LITIGATION**

The Conference is not aware of any litigation matters in which the Conference needs to reserve for its potential liability. The Conference's maximum exposure on any single claim is \$250,000 to \$1,000,000 which would be paid by the loss fund established by the Ministry Protection Committee depending on the type of claim.

**NOTE 19 - FUNCTIONAL EXPENSES**

Expenses of the Conference by function for the years ended December 31 were as follows:

	<u>2014</u>	<u>2013</u>
Program services	\$ 45,146,512	\$ 53,891,066
Management and general	<u>1,493,114</u>	<u>1,476,405</u>
	<u>\$ 46,639,626</u>	<u>\$ 55,367,471</u>

Directly identifiable expenses are charged to program services. Management and general expenses include those expenses that are not directly identifiable with any other specific function, but provide for the overall support and direction of the Conference.

**NOTE 20 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2014, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2014. Management has performed their analysis through June 1, 2015, the date the financial statements were available to be issued.

**SUPPLEMENTAL INFORMATION**

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
 December 31, 2014

	<u>Current Funds</u>	<u>Church Loan Funds</u>	<u>Preachers' Relief Funds</u>	<u>Conference Committee on Pension and Health Funds</u>	<u>Episcopal Funds</u>	<u>Ministry Protection Funds</u>	<u>Camp Funds</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 918,475	\$ -	\$ -	\$ 1,003,012	\$ -	\$ 163,154	\$ 366,325	\$ 2,450,966
Accounts receivable	1,535,775	-	-	766,071	-	2,872,922	68,572	5,243,340
Less allowance for doubtful accounts	-	-	-	(257,028)	-	(1,886,706)	-	(2,143,734)
Contributions receivable, net	-	-	-	-	-	-	764,723	764,723
Notes and mortgage notes receivable	-	8,063,323	-	11,631	-	208,883	334,230	8,618,067
Less allowance for doubtful notes	-	-	-	-	-	(208,883)	-	(208,883)
Investments								
Held with affiliated organizations	2,362,175	8,331,349	1,295,827	40,906,113	12,623	40,522	651,828	53,600,437
Trusts held by others	1,935,540	-	-	-	-	-	-	1,935,540
Other	450,108	-	-	10,657,690	-	14,513,438	-	25,621,236
Certificates of deposit	-	-	-	-	-	104,766	-	104,766
Intercompany fund balances	(181,968)	(6,878)	179,293	194,378	(17,722)	(300,643)	133,540	-
Property and equipment, net	6,236,388	-	273,858	-	-	-	10,950,885	17,461,131
Other assets	3,217	-	-	-	-	-	24,861	28,078
	<u>3,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,861</u>	<u>28,078</u>
Total assets	<u>\$ 13,259,710</u>	<u>\$ 16,387,794</u>	<u>\$ 1,748,978</u>	<u>\$ 53,281,867</u>	<u>\$ (5,099)</u>	<u>\$ 15,507,453</u>	<u>\$ 13,294,964</u>	<u>\$ 113,475,667</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
 December 31, 2014

	<u>Current Funds</u>	<u>Church Loan Funds</u>	<u>Preachers' Relief Funds</u>	<u>Conference Committee on Pension and Health Funds</u>	<u>Episcopal Funds</u>	<u>Ministry Protection Funds</u>	<u>Camp Funds</u>	<u>Total</u>
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 203,283	\$ -	\$ -	\$ 466,788	\$ -	\$ 46,394	\$ 456,365	\$ 1,172,830
Accrued loss reserves	-	-	-	919,000	-	6,981,544	-	7,900,544
Loan payable	-	-	-	-	-	-	853,720	853,720
Line of credit	-	-	-	-	-	-	1,674,780	1,674,780
OPEB liability	-	-	-	49,537,825	-	-	-	49,537,825
Funds held as agent	1,898,910	-	-	-	-	-	-	1,898,910
Total liabilities	<u>2,102,193</u>	<u>-</u>	<u>-</u>	<u>50,923,613</u>	<u>-</u>	<u>7,027,938</u>	<u>2,984,865</u>	<u>63,038,609</u>
Net assets								
Unrestricted								
Undesignated	7,156,473	-	-	-	-	-	9,393,782	16,550,255
Board designated								
Ministry protection	-	-	-	-	-	8,479,515	-	8,479,515
Pension and health benefits	-	-	-	2,358,254	-	-	-	2,358,254
Total unrestricted net assets	<u>7,156,473</u>	<u>-</u>	<u>-</u>	<u>2,358,254</u>	<u>-</u>	<u>8,479,515</u>	<u>9,393,782</u>	<u>27,388,024</u>
Temporarily restricted	1,539,402	15,778,861	1,631,253	-	(5,099)	-	916,317	19,860,734
Permanently restricted	2,461,642	608,933	117,725	-	-	-	-	3,188,300
Total net assets	<u>11,157,517</u>	<u>16,387,794</u>	<u>1,748,978</u>	<u>2,358,254</u>	<u>(5,099)</u>	<u>8,479,515</u>	<u>10,310,099</u>	<u>50,437,058</u>
Total liabilities and net assets	<u>\$ 13,259,710</u>	<u>\$ 16,387,794</u>	<u>\$ 1,748,978</u>	<u>\$ 53,281,867</u>	<u>\$ (5,099)</u>	<u>\$ 15,507,453</u>	<u>\$ 13,294,964</u>	<u>\$ 113,475,667</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
 December 31, 2013

	<u>Current Funds</u>	<u>Church Loan Funds</u>	<u>Preachers' Relief Funds</u>	<u>Conference Committee on Pension and Health Funds</u>	<u>Episcopal Funds</u>	<u>Ministry Protection Funds</u>	<u>Camp Funds</u>	<u>Total</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 244,545	\$ -	\$ -	\$ 1,406,734	\$ -	\$ 542,573	\$ 210,345	\$ 2,404,197
Accounts receivable	1,708,067	-	-	1,023,328	-	2,675,912	47,665	5,454,972
Less allowance for doubtful accounts	-	-	-	(350,018)	-	(1,587,384)	-	(1,937,402)
Contributions receivable, net	-	-	-	-	-	-	945,781	945,781
Notes and mortgage notes receivable	-	11,012,987	-	20,781	-	185,386	445,876	11,665,030
Less allowance for doubtful notes	-	-	-	-	-	(168,753)	-	(168,753)
Investments								
Held with affiliated organizations	2,303,837	5,512,415	1,254,277	38,129,508	11,255	576,980	725,522	48,513,794
Trusts held by others	1,903,932	-	-	-	-	-	-	1,903,932
Other	544,149	-	-	9,962,199	-	13,532,222	-	24,038,570
Certificates of deposit	-	-	-	-	-	104,766	-	104,766
Intercompany fund balances	(208,057)	(7,599)	228,863	(104,170)	(4,889)	128	95,724	-
Property and equipment, net	6,538,356	-	286,922	-	-	-	11,284,108	18,109,386
Other assets	19,098	-	-	-	-	-	22,800	41,898
	<u>\$ 13,053,927</u>	<u>\$ 16,517,803</u>	<u>\$ 1,770,062</u>	<u>\$ 50,088,362</u>	<u>\$ 6,366</u>	<u>\$ 15,861,830</u>	<u>\$ 13,777,821</u>	<u>\$ 111,076,171</u>
Total assets								

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
 December 31, 2013

	<u>Current Funds</u>	<u>Church Loan Funds</u>	<u>Preachers' Relief Funds</u>	<u>Conference Committee on Pension and Health Funds</u>	<u>Episcopal Funds</u>	<u>Ministry Protection Funds</u>	<u>Camp Funds</u>	<u>Total</u>
<b>LIABILITIES AND NET ASSETS</b>								
Liabilities								
Accounts payable and accrued expenses	\$ 278,384	\$ -	\$ -	\$ 204,704	\$ -	\$ 830,609	\$ 348,372	\$ 1,662,069
Accrued loss reserves	-	-	-	945,000	-	6,550,600	-	7,495,600
Loan payable	-	-	-	-	-	-	909,009	909,009
Line of credit	-	-	-	-	-	-	1,960,697	1,960,697
OPEB liability	-	-	-	38,064,732	-	-	-	38,064,732
Funds held as agent	<u>1,948,033</u>	-	-	-	-	-	-	<u>1,948,033</u>
Total liabilities	<u>2,226,417</u>	-	-	<u>39,214,436</u>	-	<u>7,381,209</u>	<u>3,218,078</u>	<u>52,040,140</u>
Net assets								
Unrestricted								
Undesignated	6,828,549	-	-	-	-	-	9,538,976	16,367,525
Board designated								
Ministry protection	-	-	-	-	-	8,480,621	-	8,480,621
Pension and health benefits	-	-	-	<u>10,873,926</u>	-	-	-	<u>10,873,926</u>
Total unrestricted net assets	<u>6,828,549</u>	-	-	<u>10,873,926</u>	-	<u>8,480,621</u>	<u>9,538,976</u>	<u>35,722,072</u>
Temporarily restricted	1,605,480	15,908,870	1,652,337	-	6,366	-	1,020,767	20,193,820
Permanently restricted	<u>2,393,481</u>	<u>608,933</u>	<u>117,725</u>	-	-	-	-	<u>3,120,139</u>
Total net assets	<u>10,827,510</u>	<u>16,517,803</u>	<u>1,770,062</u>	<u>10,873,926</u>	<u>6,366</u>	<u>8,480,621</u>	<u>10,559,743</u>	<u>59,036,031</u>
Total liabilities and net assets	<u>\$ 13,053,927</u>	<u>\$ 16,517,803</u>	<u>\$ 1,770,062</u>	<u>\$ 50,088,362</u>	<u>\$ 6,366</u>	<u>\$ 15,861,830</u>	<u>\$ 13,777,821</u>	<u>\$ 111,076,171</u>



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2014

	Current Funds	Conference Committee on Pension and Health Funds	Ministry Protection Funds	Camp Funds	Elimination Entries	Total Unrestricted	Current Funds	Church Loan Funds	Preachers' Relief Funds	Episcopal Funds	Camps Funds	Total Temporarily Restricted
<b>Revenue</b>												
Contributions and apportionments												
Conference benevolences, clergy support and church development	\$ 8,705,369	\$ -	\$ -	\$ 509,571	\$ -	\$ 9,214,940	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conference service and administration	377,481	166,530	-	-	-	544,011	-	-	-	-	-	-
Other contributions and grants	927,436	1,314	-	61,074	(739,862)	249,962	755,227	208,393	29,877	80,750	209,300	1,283,547
Self-insurance program	-	17,030,126	13,235,244	-	(3,927,544)	26,337,826	-	-	-	-	-	-
Interest income on loans	-	-	-	-	-	-	-	364,219	-	-	-	364,219
Interest and dividends	30,477	1,678,743	464,816	21,461	-	2,195,497	60,880	265,335	39,888	182	6,970	373,255
Change in valuation of future interest in trusts	-	-	-	-	-	-	10,548	-	-	-	-	10,548
Net investment return	2,056	1,680,230	525,007	2,018	-	2,209,311	(13,546)	(101,716)	(1,016)	-	1,678	(114,600)
Fees for services	169,490	-	-	4,284,310	(188,351)	4,265,449	98,986	-	-	-	-	98,986
Other income	133,620	-	-	701,239	(555,200)	279,659	244,063	192,384	-	-	(91,621)	344,826
Gain (loss) on sale/disposal of fixed asset	(25,431)	-	-	-	-	(25,431)	-	-	-	-	-	-
Net assets released from restrictions	2,463,090	-	-	230,777	-	2,693,867	(1,222,236)	(1,058,624)	(89,833)	(92,397)	(230,777)	(2,693,867)
Total revenue	<u>12,783,588</u>	<u>20,556,943</u>	<u>14,225,067</u>	<u>5,810,450</u>	<u>(5,410,957)</u>	<u>47,965,091</u>	<u>(66,078)</u>	<u>(130,009)</u>	<u>(21,084)</u>	<u>(11,465)</u>	<u>(104,450)</u>	<u>(333,086)</u>
<b>Expenses</b>												
Conference benevolences, clergy support and church development	7,040,942	-	-	475,184	(1,471,381)	6,044,745	-	-	-	-	-	-
Conference service and administration	1,460,253	288,209	349,399	-	-	2,097,861	-	-	-	-	-	-
Other benevolences and grant expenditures	3,323,394	-	-	276,341	-	3,599,735	-	-	-	-	-	-
Self-insurance program	-	19,124,893	13,876,774	-	(3,475,880)	29,525,787	-	-	-	-	-	-
Depreciation	392,260	-	-	634,206	-	1,026,466	-	-	-	-	-	-
Costs of services and other expenses	238,815	-	-	4,569,913	(463,696)	4,345,032	-	-	-	-	-	-
Total expenses	<u>12,455,664</u>	<u>19,413,102</u>	<u>14,226,173</u>	<u>5,955,644</u>	<u>(5,410,957)</u>	<u>46,639,626</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets before other changes</b>	327,924	1,143,841	(1,106)	(145,194)	-	1,325,465	(66,078)	(130,009)	(21,084)	(11,465)	(104,450)	(333,086)
Other post retirement changes other than net periodic cost	-	(9,659,513)	-	-	-	(9,659,513)	-	-	-	-	-	-
<b>Change in net assets</b>	327,924	(8,515,672)	(1,106)	(145,194)	-	(8,334,048)	(66,078)	(130,009)	(21,084)	(11,465)	(104,450)	(333,086)
Net assets at beginning of year	<u>6,828,549</u>	<u>10,873,926</u>	<u>8,480,621</u>	<u>9,538,976</u>	<u>-</u>	<u>35,722,072</u>	<u>1,605,480</u>	<u>15,908,870</u>	<u>1,652,337</u>	<u>6,366</u>	<u>1,020,767</u>	<u>20,193,820</u>
<b>Net assets at end of year</b>	<u>\$ 7,156,473</u>	<u>\$ 2,358,254</u>	<u>\$8,479,515</u>	<u>\$ 9,393,782</u>	<u>\$ -</u>	<u>\$27,388,024</u>	<u>\$ 1,539,402</u>	<u>\$15,778,861</u>	<u>\$1,631,253</u>	<u>\$ (5,099)</u>	<u>\$ 916,317</u>	<u>\$19,860,734</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2014

	Church Loan <u>Funds</u>	Current <u>Funds</u>	Preachers' Relief <u>Funds</u>	Elimination <u>Entries</u>	Total Permanently <u>Restricted</u>	<u>Total</u>
<b>Revenue</b>						
Contributions and apportionments						
Conference benevolences, clergy support and church development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,214,940
Conference service and administration	-	-	-	-	-	544,011
Other contributions and grants	-	47,101	-	-	47,101	1,580,610
Self-insurance program	-	-	-	-	-	26,337,826
Interest income on loans	-	-	-	-	-	364,219
Interest and dividends	-	-	-	-	-	2,568,752
Change in valuation of future interest in trusts	-	21,060	-	-	21,060	31,608
Net investment return	-	-	-	-	-	2,094,711
Fees for services	-	-	-	-	-	4,364,435
Other income	-	-	-	-	-	624,485
Gain (loss) on sale/disposal of fixed asset	-	-	-	-	-	(25,431)
Net assets released from restrictions	-	-	-	-	-	-
Total revenue	-	68,161	-	-	68,161	47,700,166
<b>Expenses</b>						
Conference benevolences, clergy support and church development	-	-	-	-	-	7,293,254
Conference service and administration	-	-	-	-	-	2,097,861
Other benevolences and grant expenditures	-	-	-	-	-	3,599,735
Self-insurance program	-	-	-	-	-	28,277,278
Depreciation	-	-	-	-	-	1,026,466
Costs of services and other expenses	-	-	-	-	-	4,345,032
Total expenses	-	-	-	-	-	46,639,626
<b>Change in net assets before other changes</b>	-	68,161	-	-	68,161	1,060,540
Other post retirement changes other than net periodic cost	-	-	-	-	-	(9,659,513)
<b>Change in net assets</b>	-	68,161	-	-	68,161	(8,598,973)
Net assets at beginning of year	608,933	2,393,481	117,725	-	3,120,139	59,036,031
<b>Net assets at end of year</b>	<u>\$ 608,933</u>	<u>\$ 2,461,642</u>	<u>\$ 117,725</u>	<u>\$ -</u>	<u>\$ 3,188,300</u>	<u>\$50,437,058</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2013

	Current Funds	Conference Committee on Pension and Health Funds	Ministry Protection Funds	Camp Funds	Elimination Entries	Total Unrestricted	Current Funds	Church Loan Funds	Preachers' Relief Funds	Episcopal Funds	Camps Funds	Total Temporarily Restricted
<b>Revenue</b>												
Contributions and apportionments												
Conference benevolences, clergy support and church development	\$ 8,624,775	\$ 65,668	\$ -	\$ 449,037	\$ -	\$ 9,139,480	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conference service and administration	259,343	254,772	-	-	-	514,115	-	-	-	-	-	-
Other contributions and grants	644,264	1,093	-	230,738	(332,999)	543,096	666,539	264,879	15,406	78,724	215,726	1,241,274
Self-insurance program	-	31,087,613	12,834,917	-	(3,856,899)	40,065,631	-	-	-	-	-	-
Interest income on loans	-	-	-	-	-	-	-	382,403	-	-	-	382,403
Interest and dividends	17,163	1,168,919	446,562	13,099	-	1,645,743	41,180	79,909	25,169	305	4,706	151,269
Change in valuation of future interest in trusts	-	-	-	-	-	-	20,956	-	-	-	-	20,956
Net investment return	48,782	4,221,446	1,355,620	51,235	-	5,677,083	96,802	258,698	72,612	-	13,782	441,894
Fees for services	213,439	-	-	4,137,560	(197,557)	4,153,442	82,769	-	-	-	-	82,769
Other income	86,208	-	-	869,532	(707,662)	248,078	323,784	-	145,028	-	(182,967)	285,845
Gain (loss) on sale/disposal of fixed asset	140,524	-	-	-	-	140,524	-	-	198,230	-	-	198,230
Net assets released from restrictions	2,323,315	-	-	327,381	-	2,650,696	(1,427,493)	(565,573)	(238,948)	(91,301)	(327,381)	(2,650,696)
Total revenue	<u>12,357,813</u>	<u>36,799,511</u>	<u>14,637,099</u>	<u>6,078,582</u>	<u>(5,095,117)</u>	<u>64,777,888</u>	<u>(195,463)</u>	<u>420,316</u>	<u>217,497</u>	<u>(12,272)</u>	<u>(276,134)</u>	<u>153,944</u>
<b>Expenses</b>												
Conference benevolences, clergy support and church development	6,371,063	-	-	464,724	(1,724,800)	5,110,987	-	-	-	-	-	-
Conference service and administration	1,336,978	272,721	386,164	-	-	1,995,863	-	-	-	-	-	-
Other benevolences and grant expenditures	3,138,045	6,262,908	-	342,381	(2,662,655)	7,080,679	-	-	-	-	-	-
Self-insurance program	-	21,556,058	13,884,477	-	-	35,440,535	-	-	-	-	-	-
Depreciation	393,285	-	-	644,107	-	1,037,392	-	-	-	-	-	-
Costs of services and other expenses	908,205	-	-	4,501,472	(707,662)	4,702,015	-	-	-	-	-	-
Total expenses	<u>12,147,576</u>	<u>28,091,687</u>	<u>14,270,641</u>	<u>5,952,684</u>	<u>(5,095,117)</u>	<u>55,367,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets before other changes</b>	210,237	8,707,824	366,458	125,898	-	9,410,417	(195,463)	420,316	217,497	(12,272)	(276,134)	153,944
Other post retirement changes other than net periodic cost	-	25,281,261	-	-	-	25,281,261	-	-	-	-	-	-
<b>Change in net assets</b>	210,237	33,989,085	366,458	125,898	-	34,691,678	(195,463)	420,316	217,497	(12,272)	(276,134)	153,944
Net assets at beginning of year	6,618,312	(23,115,159)	8,114,163	9,413,078	-	1,030,394	1,800,943	15,488,554	1,434,840	18,638	1,296,901	20,039,876
<b>Net assets at end of year</b>	<u>\$ 6,828,549</u>	<u>\$ 10,873,926</u>	<u>\$ 8,480,621</u>	<u>\$ 9,538,976</u>	<u>\$ -</u>	<u>\$ 35,722,072</u>	<u>\$ 1,605,480</u>	<u>\$ 15,908,870</u>	<u>\$ 1,652,337</u>	<u>\$ 6,366</u>	<u>\$ 1,020,767</u>	<u>\$ 20,193,820</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2013

	Church Loan Funds	Current Funds	Preachers' Relief Funds	Total Permanently Restricted	Total
<b>Revenue</b>					
Contributions and apportionments					
Conference benevolences, clergy support and church development	\$ -	\$ -	\$ -	\$ -	\$ 9,139,480
Conference service and administration	-	-	-	-	514,115
Other contributions and grants	-	39,396	-	39,396	1,823,766
Self-insurance program	-	-	-	-	40,065,631
Interest income on loans	-	-	-	-	382,403
Interest and dividends	-	-	-	-	1,797,012
Change in valuation of future interest in trusts	-	142,479	-	142,479	163,435
Net investment return	-	-	-	-	6,118,977
Fees for services	-	-	-	-	4,236,211
Other income	-	-	-	-	533,923
Gain (loss) on sale/disposal of fixed asset	-	-	-	-	338,754
Net assets released from restrictions	-	-	-	-	-
Total revenue	-	181,875	-	181,875	65,113,707
<b>Expenses</b>					
Conference benevolences, clergy support and church development	-	-	-	-	5,110,987
Conference service and administration	-	-	-	-	1,995,863
Other benevolences and grant expenditures	-	-	-	-	7,080,679
Self-insurance program	-	-	-	-	35,440,535
Depreciation	-	-	-	-	1,037,392
Costs of services and other expenses	-	-	-	-	4,702,015
Total expenses	-	-	-	-	55,367,471
<b>Change in net assets before other changes</b>	-	181,875	-	181,875	9,746,236
Other post retirement changes other than net periodic cost	-	-	-	-	25,281,261
<b>Change in net assets</b>	-	181,875	-	181,875	35,027,497
Net assets at beginning of year	608,933	2,211,606	117,725	2,938,264	24,008,534
<b>Net assets at end of year</b>	<u>\$ 608,933</u>	<u>\$ 2,393,481</u>	<u>\$ 117,725</u>	<u>\$ 3,120,139</u>	<u>\$59,036,031</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
SCHEDULES OF ASSETS, LIABILITIES AND NET ASSETS  
AREA EPISCOPAL OFFICE FUND  
December 31, 2014 and 2013

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	<u>2014</u>	<u>2013</u>
<b>ASSETS</b>		
Investments held with affiliated organization	\$ 12,623	\$ 11,255
Intercompany fund balance	<u>(17,722)</u>	<u>(4,889)</u>
	<u>\$ (5,099)</u>	<u>\$ 6,366</u>
<b>NET ASSETS</b>		
Net assets		
Unrestricted	<u>\$ (5,099)</u>	<u>\$ 6,366</u>
	<u>\$ (5,099)</u>	<u>\$ 6,366</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH  
SCHEDULES OF REVENUES COLLECTED AND EXPENSES PAID  
AREA EPISCOPAL OFFICE FUND  
Years ended December 31, 2014 and 2013

	<u>2014</u>	<u>2013</u>
<b>Revenue collected from</b>		
General council on finance and administration	\$ 80,000	\$ 78,600
Episcopal office reserve - investment income	182	429
Miscellaneous reimbursements	<u>750</u>	<u>-</u>
Total revenues collected	80,932	79,029
<b>Expenses paid</b>		
Program		
Secretarial salaries	49,896	51,813
Discretionary disbursements	9,466	11,422
Entertainment	1,016	2,694
Employee benefits and payroll taxes	13,350	11,203
Telephone	2,328	1,707
Staff travel	116	752
Rent, utilities and insurance	9,000	9,000
Equipment maintenance	205	-
Printing and copying	412	762
Office supplies	3,688	1,284
Postage	138	-
Miscellaneous	-	-
Staff continuing education	<u>2,782</u>	<u>664</u>
Total expenses paid	<u>92,397</u>	<u>91,301</u>
Deficit of revenue collected over expenses paid	(11,465)	(12,272)
Net assets at beginning of year	<u>6,366</u>	<u>18,638</u>
Net assets at end of year	<u>\$ (5,099)</u>	<u>\$ 6,366</u>