

**THE FLORIDA ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

December 31, 2009 and 2008

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

FINANCIAL STATEMENTS
December 31, 2009 and 2008

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Crowe Horwath LLP
Independent Member Crowe Horwath International

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying statements of financial position of The Florida Annual Conference of The United Methodist Church (the Conference) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these financial statements based on our 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

The Conference has excluded the balances and activities of Florida Southern College (FSC) and the Florida United Methodist Children's Home (the Home) that, in our opinion, should be included to conform with accounting principles generally accepted in the United States of America. If these entities were included, assets would be increased by \$191,383,125 and \$182,884,877, liabilities would be increased by \$35,842,242 and \$39,898,316, and net assets would be increased by \$155,540,883 and \$142,986,561. Additionally change in net assets would be increased by \$12,554,322 and decreased by \$14,311,017, for the years then ended.

In our opinion, except for the omission of the information discussed in the preceding paragraph, 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, 2009 and 2008, and 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.

(Continued)

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of the Conference taken as a whole. The supplementary information on pages 35-44 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, except for the omission of the information discussed in the paragraph above, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Crowe Horwath LLP
Crowe Horwath LLP

Lakeland, Florida
June 4, 2010

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 1,615,352	\$ 3,756,116
Accounts receivable	6,825,029	8,892,448
Less allowance for doubtful accounts:		
Health/pension benefits	(249,324)	(162,801)
Ministry protection	(2,000,000)	(2,105,323)
Net accounts receivable	4,575,705	6,624,324
Contributions receivable, net (Note 2)	1,894,558	1,919,554
Notes and mortgage notes receivable	9,411,555	8,240,718
Investments		
Held with affiliated organization (Notes 3 and 5)	49,799,359	43,689,753
Held with General Board of Pensions (Note 3 and 5)	237,361	214,242
Beneficial interest in trusts held with others (Note 6)	1,430,788	1,231,827
Bonds, mutual funds, money market and equities (Notes 4 and 5)	5,948,693	3,536,246
Certificates of deposit (Notes 4 and 5)	228,497	224,923
Total investments	57,644,698	48,896,991
Property and equipment, net (Note 7)	15,777,829	11,670,561
Other assets	117,019	17,068
	\$ 91,036,716	\$ 81,125,332
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses (Note 9)	\$ 2,424,999	\$ 2,582,448
Accrued loss reserves (Note 10)	5,936,700	6,990,890
Notes payable (Note 11)	1,134,980	947,560
OPEB liability (Note 12)	44,836,835	42,263,538
Funds held as agent	2,252,099	2,351,013
Total liabilities	56,585,613	55,135,449
Net assets		
Unrestricted:		
Undesignated	16,877,715	14,811,197
Board designated:		
Ministry protection (Note 10)	5,744,066	4,050,479
Pension and health benefits (Note 8)	(9,950,397)	(13,518,624)
Total unrestricted net assets	12,671,384	5,343,052
Temporarily restricted (Notes 13)	19,379,451	18,443,549
Permanently restricted (Notes 6 and 14)	2,400,268	2,203,282
Total net assets	34,451,103	25,989,883
	\$ 91,036,716	\$ 81,125,332

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF ACTIVITIES
Year ended December 31, 2009

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue				
Contributions and apportionments				
Conference benevolences, clergy				
support and church development	\$ 5,960,066	\$ -	\$ -	\$ 5,960,066
Conference service and administration	2,416,152	-	-	2,416,152
Other contributions and grants	7,343,987	929,403	-	8,273,390
Self insurance program (Note 10)	25,940,865	-	-	25,940,865
Interest income on loans	-	406,859	-	406,859
Interest and dividends	1,386,695	226,418	-	1,613,113
Change in valuation of beneficial interest				
in trusts held with others	-	1,975	196,986	198,961
Net investment return (Notes 3 and 4)	5,019,281	703,501	-	5,722,782
Fees for services	3,220,811	45,367	-	3,266,178
Other income	757,177	223,881	-	981,058
Gain on sale of fixed asset	3,078,724	-	-	3,078,724
Net assets released from restrictions (Note 15)	<u>1,601,502</u>	<u>(1,601,502)</u>	<u>-</u>	<u>-</u>
Total revenue	56,725,260	935,902	196,986	57,858,148
Expenses				
Conference benevolences, clergy				
support and church development	5,705,291	-	-	5,705,291
Conference service and administration	1,938,900	-	-	1,938,900
Other benevolences and grant expenditures	8,575,323	-	-	8,575,323
Self insurance program (Note 10)	32,601,612	-	-	32,601,612
Depreciation (Note 7)	721,580	-	-	721,580
Costs of services and other expenses	<u>3,238,099</u>	<u>-</u>	<u>-</u>	<u>3,238,099</u>
Total expenses	<u>52,780,805</u>	<u>-</u>	<u>-</u>	<u>52,780,805</u>
Change in net assets before other changes	3,944,455	935,902	196,986	5,077,343
Other post retirement changes other than net periodic cost	<u>3,383,877</u>	<u>-</u>	<u>-</u>	<u>3,383,877</u>
Change in net assets	7,328,332	935,902	196,986	8,461,220
Net assets at beginning of year	<u>5,343,052</u>	<u>18,443,549</u>	<u>2,203,282</u>	<u>25,989,883</u>
Net assets at end of year	<u>\$ 12,671,384</u>	<u>\$ 19,379,451</u>	<u>\$ 2,400,268</u>	<u>\$ 34,451,103</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF ACTIVITIES
Year ended December 31, 2008

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Revenue				
Contributions and apportionments				
Conference benevolences, clergy				
support and church development	\$ 5,843,564	\$ -	\$ -	\$ 5,843,564
Conference service and administration	2,523,210	-	-	2,523,210
Other contributions and grants	7,245,825	2,655,414	-	9,901,239
Self insurance program (Note 10)	28,199,729	-	-	28,199,729
Interest income on loans	-	450,674	-	450,674
Interest and dividends	1,492,239	448,566	-	1,940,805
Change in valuation of beneficial interest				
in trusts held with others	-	(11,934)	(471,612)	(483,546)
Net investment return (Notes 3 and 4)	(10,132,345)	(1,473,224)	-	(11,605,569)
Fees for services	3,435,148	-	-	3,435,148
Other income	2,681,938	150,469	-	2,832,407
Net assets released from restrictions (Note 15)	2,353,122	(2,353,122)	-	-
Total revenue	<u>43,642,430</u>	<u>(133,157)</u>	<u>(471,612)</u>	<u>43,037,661</u>
Expenses				
Conference benevolences, clergy				
support and church development	5,066,421	-	-	5,066,421
Conference service and administration	1,981,075	-	-	1,981,075
Other benevolences and grant expenditures	11,906,657	-	-	11,906,657
Self insurance program (Note 10)	30,842,572	-	-	30,842,572
Depreciation (Note 7)	614,823	-	-	614,823
Costs of services and other expenses	4,763,240	-	-	4,763,240
Total expenses	<u>55,174,788</u>	<u>-</u>	<u>-</u>	<u>55,174,788</u>
Change in net assets before other changes	(11,532,358)	(133,157)	(471,612)	(12,137,127)
Other post retirement changes other than net periodic cost	1,449,489	-	-	1,449,489
Change in net assets	(10,082,869)	(133,157)	(471,612)	(10,687,638)
Net assets at beginning of year	<u>15,425,921</u>	<u>18,576,706</u>	<u>2,674,894</u>	<u>36,677,521</u>
Net assets at end of year	<u>\$ 5,343,052</u>	<u>\$ 18,443,549</u>	<u>\$ 2,203,282</u>	<u>\$ 25,989,883</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF CASH FLOWS
Years ended December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Change in net assets	\$ 8,461,220	\$ (10,687,638)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase (decrease) in provision for bad debts	18,800	(573,668)
Depreciation	721,580	614,823
Postretirement benefit changes other than periodic cost	(3,383,877)	(1,449,489)
Unrealized (gain) loss on investments	(8,611,373)	8,744,381
Realized loss on investments	2,673,540	2,644,582
Gain on sale of property and equipment	(3,078,724)	-
Changes in assets and liabilities		
(Increase) decrease in accounts and pledges receivable	2,029,819	(1,748,697)
(Increase) in notes and mortgage note receivable	(1,170,837)	(872,340)
(Increase) in other assets	(99,951)	(5,854)
Increase (decrease) in accounts payable and accrued expenses	(157,449)	1,978,350
Increase in OPEB liability	5,957,174	5,102,016
Increase (decrease) in accrued loss reserves	(1,054,190)	181,593
Decrease in funds held as agent	(98,914)	(138,156)
Net cash provided by operating activities	<u>2,206,818</u>	<u>3,789,903</u>
Cash flows from investing activities		
Purchases of property and equipment	(5,210,241)	(2,308,677)
Proceeds from sale of property and equipment	3,460,117	-
Purchase of investments	(17,560,956)	(23,092,694)
Sales and maturities of investments	<u>14,776,078</u>	<u>8,161,645</u>
Net cash used in investing activities	(4,535,002)	(17,239,726)
Cash flows from financing activities		
Proceeds from loan	235,000	947,560
Loan repayments	(47,580)	-
Net cash provided by financing activities	<u>187,420</u>	<u>947,560</u>
Change in cash and cash equivalents	(2,140,764)	(12,502,263)
Cash and cash equivalents at beginning of year	<u>3,756,116</u>	<u>18,272,526</u>
Cash and cash equivalents at end of year	<u>\$ 1,615,352</u>	<u>\$ 5,770,263</u>
Interest paid	<u>\$ 177,955</u>	<u>\$ 4,656</u>

See accompanying notes to financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization: The Florida Annual Conference of The United Methodist Church (the Conference) is composed of 9 districts, and 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 corporate entities, unincorporated boards, and council for which funds are included in the accompanying financial statements of the Conference include the Conference Council on Ministries, Committee on Congregational Transformation, the Board of Ordained Ministry, the Board of Trustees, the Board of Trustees of the Preachers' Relief Board, the Committee on New Church Development, the Board of Higher Education and Campus Ministries, the Conference Committee of Pension and Health Benefits, the Ministry Protection Committee and the Board of Camps and Retreats Ministry. All significant balances and transactions among the Conference entities included in the accompanying financial statements have been eliminated.

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 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 of 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.

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, or 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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 \$21,192 and \$22,864 in 2009 and 2008, respectively, and has been included in Conference service and administration expense in the accompanying statement of activities. As of December 31, 2009 and 2008, notes and mortgage notes receivable were \$9,411,555 and \$8,240,718, respectively, which have been loaned to individual churches and are serviced by the Foundation.

The Foundation manages investments on behalf of the Conference. The Conference paid the Foundation \$192,809 and \$216,606 for the years ending December 31, 2009 and December 31, 2008 respectively to manage Conference investments held by the Foundation. The Foundation provided in kind services for the benefit of the Conference in connection with the Bishop's Capital Campaign in the amount of \$154,653 during 2008. The donated income is located under other income and the donated expense is located under conference, services and administration in the Statements of Activities.

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 \$209,500 in 2009 and \$216,000 in 2008. In addition, the Conference advanced \$700,000 to FSC in 2009 to help fund the construction of the McKay Archives Center. FSC has agreed to repay the \$700,000 by July 1, 2012. The total owed by FSC to the Conference at December 31, 2009 was \$541,500.

On May 4, 2009 the Conference sold the Conference Center property located at 1140 E. McDonald Street in Lakeland, Florida to FSC for \$3.5 million. The Conference continues to occupy the McDonald Street property until its new Conference Center located at 450 Martin L. King Jr. Avenue is completed. The Conference paid FSC \$1 in rent for the right to occupy the McDonald Street property through December 31, 2009. The Conference has calculated the fair market value of rent from May 4 to December 31, 2009 to be \$239,185. This amount is recorded as donated rent under other income and as rent expense under conference services and administration in the Statement of Activities.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

To comply with GAAP, the Conference would need to consolidate the balances and activities of FSC into its financial statements. The Conference has elected not to consolidate FSC's balances and activities into its financial statements. If FSC had been consolidated, assets would be increased by \$145,756,366 and \$140,525,948 liabilities would be increased by \$33,306,178 and \$37,141,829, and net assets would be increased by \$112,450,188 and \$103,384,119 for the years ended 2009 and 2008.

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 Board and are approved by the Florida Annual Conference of the United Methodist Church in accordance with the Home's By-laws.

The Conference serves as a conduit for donations made by Florida United Methodist churches for the Home. The Conference forwarded \$795,499 in 2009 and \$882,917 in 2008 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 \$34,824 and \$48,837 for health insurance for 2009 and 2008, respectively. The Home paid the Conference \$204,816 and \$212,521 for property and casualty insurance for 2009 and 2008, respectively.

To comply with GAAP, the Conference would need to consolidate the balances and activities of the Home into its financial statements. The Conference has elected not to consolidate the Home's balances and activities into its financial statements. If they had been consolidated, assets would be increased by \$45,626,759 and \$42,358,929, liabilities would be increased by \$2,536,064 and \$2,756,487, and net assets would be increased by \$43,090,695 and \$39,602,442 for the years ended 2009 and 2008.

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. Temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction when a donor restriction expires, when a stipulated time restriction ends or purpose restriction is accomplished. 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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Asset Classifications: GAAP requires, among other things, that the financial statements report the changes in, and totals of each net asset class based on the existence of donor restrictions, as applicable. Net assets are classified as unrestricted, temporarily restricted, or permanently restricted and are detailed as follows:

The 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, that 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 statement 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, notes and mortgages receivable, investments, beneficial interests in trust held by others, accounts payable, and notes payable approximate fair value at December 31, 2009 and 2008.

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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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 in several financial institutions, sometimes in excess of the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). Throughout 2009, the bank where the Conference maintains its operating cash accounts participated in the Transaction Account Guarantee ("TAG") component of the FDIC's Temporary Liquidity Program. TAG guarantees that unlimited deposits held in transaction accounts earning less than 50 basis points are insured. This program is due to expire on June 30, 2010. 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. 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 \$2,249,324 and \$2,268,124 as of December 31, 2009 and 2008, respectively.

Contributions Receivable: The Foundation is managing a capital campaign for the Conference. The Foundation is collecting the contributions receivable as an agent for the Conference. All unconditional promises to give are considered fully collectible in the future based on signed pledge cards, therefore, no valuation allowance is considered necessary. As of December 31, 2009 and 2008 the present value of pledges was \$1,894,558 and \$1,919,554, respectively.

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. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis. Routine repairs and maintenance are expensed as incurred.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

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 risk management 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, these donated services are not reflected in the accompanying financial statements since the services are not professional in nature and, therefore, do not meet the criteria for recognition as contributed services.

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.

Notes and Mortgage Notes Receivable: Notes and mortgage notes receivable primarily represent funds advanced to individual churches and missions within the Florida Annual Conference primarily through the Committee on New Church Development and are serviced by the Foundation. The notes are collateralized by a first mortgage on church property and a title policy is required indicating the Conference as the value first lien on the property. The notes bear interest at annual rates ranging from 3.75% to 5%. The maximum loan term is twenty (20) years and the maximum single loan amount is 5% of the amount invested in the new church development loan fund. Interest rates are subject to quarterly review. 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. There are no loans on nonaccrual status at December 31, 2009 and 2008. 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. Loans 60 days or more delinquent at December 31, 2009 and 2008 total \$883,640 and \$866,640, respectively. Based on past collection expenses and current portfolio evaluations, management considers the loans to be fully collectible and, accordingly, no allowance for loan loss is required.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards: The Conference has adopted guidance issued by the FASB with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

The adoption had no effect on the Conference's financial statements. The Conference does not have any tax benefits recorded at December 31, 2009, 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, 2009. The Conference is no longer subject to examination by taxing authorities for years before 2006.

Reclassifications: Certain December 31, 2008 amounts have been reclassified in order for them to comply with the 2009 presentation. These reclassifications had no effect on total net assets or change in net assets.

NOTE 2 - CONTRIBUTIONS RECEIVABLE

The following is the detail of the Conference's contributions receivable balances at December 31, 2009 and December 31, 2008:

	<u>2009</u>	<u>2008</u>
Due in less than one year	\$ 285,491	\$ 297,917
Due in one to five years	1,045,783	1,066,358
Due in more than five years	800,000	1,000,000
	<u>2,131,274</u>	<u>2,364,275</u>
Unamortized discount	<u>(236,716)</u>	<u>(444,721)</u>
Total pledges receivable, net	<u>\$ 1,894,558</u>	<u>\$ 1,919,554</u>

Contributions receivable were discounted using a discount rate of 4.6% at December 31, 2009 and 2008.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
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 December 31, 2009 and 2008

NOTE 3 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATION

The Conference's investments held with the Foundation are carried at quoted fair value prices and consist of the following at December 31, 2009 and 2008:

	<u>2009</u> <u>Fair Value</u>	<u>2008</u> <u>Fair Value</u>
Investments in Foundation participation accounts	\$ 12,871,182	\$ 11,541,188
Other investments offered through the Foundation	<u>36,928,177</u>	<u>32,148,565</u>
	<u>\$ 49,799,359</u>	<u>\$ 43,689,753</u>

A summary of return on investments in affiliated organization consists of the following for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest earnings	\$ 1,487,812	\$ 1,674,612
Net realized gain (loss)	(2,611,470)	(2,607,111)
Net unrealized gain (loss)	8,214,554	(8,382,196)
Fees	<u>(192,809)</u>	<u>(216,606)</u>
	<u>\$ 6,898,087</u>	<u>\$ (9,531,301)</u>

The Conference investments held with the General Board of Pensions are carried at quoted fair value prices and consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Investments in stocks and mutual funds	<u>\$ 237,361</u>	<u>\$ 214,242</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 3 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATION (Continued)

A summary of return on investments with the General Board of Pensions consist of the following for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Net unrealized gain (loss)	\$ <u>31,861</u>	\$ <u>(43,706)</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.

NOTE 4 - INVESTMENTS - OTHER AND CERTIFICATES OF DEPOSIT

Included in the Investments-other 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-other are mutual funds held by brokerage firms and managed by the Ministry Protection Committee. Also included in Investments-other is a mutual fund held by a brokerage firm and which is managed by the Conference Board of Pensions and Health. Investments are carried at quoted fair value prices and consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Stocks and mutual funds - Study Retreat	\$ 256,865	\$ 220,951
Stocks and mutual funds - Conference Board of Pension and Health Benefits	495,442	-
Stocks and mutual funds - Ministry Protection	<u>5,196,387</u>	<u>3,315,295</u>
	<u>\$ 5,948,693</u>	<u>\$ 3,536,246</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 4 - INVESTMENTS - OTHER AND CERTIFICATES OF DEPOSIT (Continued)

Certificates of deposit consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Money market savings account held at Suntrust Bank is a result of a Certificate of Deposit that matured in January 2009. The certificate of deposit was earning interest at 3.44% at December 31, 2008. The money market savings account accrues interest an annual rate of 0.25%.	\$ 125,972	\$ 124,923
A Certificate of Deposit was purchased during 2008 maturing in December 2009 accruing interest at 2.72% and 2.75% accruing interest at December 31, 2008 and 2009. This CD was renewed in December 2009 maturing in December 2010 and accrues interest at 1.14%. This CD secures the \$100,000 letter of credit for the Ministry Portection program for worker's compensation. The letter of credit is required by the Florida Self-Insurers Guarantee Association, Inc.	<u>102,525</u>	<u>100,000</u>
	<u>\$ 228,497</u>	<u>\$ 224,923</u>

A summary of return on Investments - other and CDs consists of the following for the years ended December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Interest earnings	\$ 137,840	\$ 81,073
Net realized gain (loss)	(150,233)	(37,471)
Net unrealized gain (loss)	<u>453,122</u>	<u>(318,479)</u>
	<u>\$ 440,729</u>	<u>\$ (274,877)</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 5 - 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. The standard 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; however, the Conference invests in a pool and therefore considers these investments Level 3 investments.

Investments held in certificates of deposit and other are reported at fair value. Investments held in certificates of deposit and other may include money market funds, securities, certificates of deposit and bonds. 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 were determined to be applicable. As such, these certificates of deposit are classified within Level 2. US 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).

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 5 - 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 on a Recurring Basis: Assets measured at fair value on a recurring basis at December 31, 2009 and 2008 are as follows:

	Quoted active markets identified assets (Level One)	Prices in significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Money market	\$ -	\$ 1,519,277	\$ -
Certificates of deposit and money market	-	228,497	-
U. S. government and agency obligations	210,905	-	-
Corporate bonds	1,025,989	-	-
Mortgage-backed securities	-	615,905	-
Exchange traded funds	136,408	-	-
Mutual Funds:			
Equity	122,817	-	-
Fixed Income	130,280	-	-
Marketable equity securities:			
Consumer goods and services	616,400	-	-
Financial	393,206	-	-
Industrial	131,116	-	-
Technology	348,747	-	-
Energy	600,890	-	-
Healthcare	96,754	-	-
Held with affiliated organization	-	-	49,799,359
Held with General Board of Pensions	-	-	237,361
Beneficial interest in trusts held by others	-	-	1,430,788
	<u>\$ 3,813,512</u>	<u>\$ 2,363,679</u>	<u>\$ 51,467,508</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)

	Quoted active markets identified assets (Level One)	Prices in significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Held with affiliated organization	\$ -	\$ -	\$ 43,689,753
Held with General Board of Pensions	-	-	214,242
Beneficial interest in trusts held by others	-	-	1,231,827
Bonds, mutual funds, money market and equities	2,331,520	1,204,726	-
Certificates of deposit	-	224,923	-
	<u>\$ 2,331,520</u>	<u>\$ 1,429,649</u>	<u>\$ 45,135,822</u>

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, 2009:

	Held with General Board of Pensions	Held with Affiliated Organization	Beneficial Interest in Trusts Held by Others
Balance at beginning of year	\$ 214,242	\$ 43,689,753	\$ 1,231,827
Unrealized gain (loss) included in earnings	31,861	8,214,553	-
Change in valuation of beneficial interest beneficial interest in trusts held by others	-	-	198,961
Realized losses included in earnings	-	(2,611,470)	-
Earnings	-	1,487,807	-
Investment fees	(7,081)	(192,809)	-
Purchases of investments	2,410,000	9,165,802	-
Sales or maturities of investments	(2,411,661)	(9,954,277)	-
Balance at end of year	<u>\$ 237,361</u>	<u>\$ 49,799,359</u>	<u>\$ 1,430,788</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 5 - 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, 2008:

	<u>2008</u>
Balance at beginning of year	\$ 44,924,784
Unrealized gain (loss) included in earnings	(8,453,104)
Change in valuation of beneficial interest beneficial interest in trusts held by others	(483,547)
Realized losses included in earnings	(2,615,082)
Earnings	1,674,612
Investment fees	(203,696)
Purchases of investments	19,478,920
Sales or maturities of investments	<u>(9,187,065)</u>
Balance at end of year	<u>\$ 45,135,822</u>

The “investments held with affiliated organizations” classified as investments with significant unobservable inputs (level three) are classified as level one and level two investments in the Foundation’s December 31, 2009 and 2008 audited financial statements.

The carrying value of the Conference’s financial instruments not remeasured at fair value on a recurring basis approximates their fair value at December 31, 2009 and 2008. Such financial instruments include:

	<u>2009</u>	<u>2008</u>
Financial assets		
Net accounts and contributions receivable	\$ 4,575,705	\$ 6,624,324
Notes and mortgages notes receivable	9,411,555	8,240,718
Financial liabilities		
Loans payable	1,134,980	947,560

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 6 - 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 December 31, 2009 and 2008, in the amount of \$1,375,190 and \$1,178,204, respectively. The beneficial interests were valued using a 6% discount rate in both 2009 and 2008.

The Conference is also the beneficiary of a Charitable Remainder trust administered by Synovus Trust Company, N.A. Under the terms of the trust, 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 trust are securities that are actively traded in the market. The Conference's interest in the trust was valued at December 31, 2009 and 2008, in the amount of \$55,598 and \$53,623, respectively. The beneficial interest was valued using a 6% discount rate in both 2009 and 2008.

NOTE 7 - PROPERTY AND EQUIPMENT

Property and equipment, at cost, consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Current funds:		
Land	\$ 640,129	\$ 318,358
Buildings	2,708,184	3,731,923
Construction in process	4,015,819	104,852
Furniture, fixtures and equipment	611,787	562,497
	<u>7,975,919</u>	<u>4,717,630</u>
Less accumulated depreciation	<u>(2,135,621)</u>	<u>(2,630,058)</u>
Total current funds	5,840,298	2,087,572
Preachers' relief funds (retired minister residences):		
Land	27,000	27,000
Buildings	596,941	361,926
	<u>623,941</u>	<u>388,926</u>
Less accumulated depreciation	<u>(223,561)</u>	<u>(207,200)</u>
Total preachers' relief funds	400,380	181,726

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 7 - PROPERTY AND EQUIPMENT (Continued)

	<u>2009</u>	<u>2008</u>
Camp funds:		
Land	2,147,713	2,043,592
Buildings	11,387,677	10,294,520
Construction in process	100,867	795,714
Furniture, fixtures and equipment	2,167,611	2,098,030
	<u>15,803,868</u>	<u>15,231,856</u>
Less accumulated depreciation	<u>(6,266,717)</u>	<u>(5,830,593)</u>
Total camp funds	<u>9,537,151</u>	<u>9,401,263</u>
	<u>\$ 15,777,829</u>	<u>\$ 11,670,561</u>

Depreciation expense was \$721,580 and \$614,823, respectively, for the years ended December 31, 2009 and 2008.

As of December 31, 2009, a new Conference Center building was under construction. Construction costs incurred through December 31, 2009 were \$4,015,819 with remaining construction contracts to complete the project of approximately \$2,085,537.

NOTE 8 - 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, 2009 and 2008 limit the Conference claims cost to approximately \$250,000 and the maximum claim liability per covered individual to \$2,000,000. 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 workers' compensation program, changes to insurance loss reserves have been recorded for the years ended December 31, 2009 and 2008, to provide for projected actuarial claims which fall within the self insured retention limits. As of December 31, 2009 and 2008, the Conference has accrued liabilities for self-insurance for health and benefits of \$1,103,251 and \$1,505,800, respectively.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 8 - EMPLOYEE SELF-INSURANCE HEALTH AND BENEFITS PROGRAMS
(Continued)

Post Retirement Health Insurance Plan: The Conference provides, at its discretion, certain health care benefits for retired clergy and spouses through participation in a self-insured medical program. Retired clergy and spouses pay from \$10 per month per person up to 80% 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, 2009 and 2008, the self-insured portion of the employee health and benefits program had the following activity:

	<u>2009</u>	<u>2008</u>
Active health		
Health insurance revenue	\$ 11,054,085	\$ 10,630,878
Expenses:		
HRIS fee	(57,324)	(55,003)
Insurance fees	(1,595,586)	(1,249,388)
Insurance claims	<u>(10,302,512)</u>	<u>(7,679,196)</u>
Total insurance fees and claims	(11,898,098)	(8,928,584)
Change in claims accrual	302,623	(1,166,772)
Bad debt expense	<u>(127,343)</u>	<u>(91,817)</u>
Total expenses	<u>(11,780,142)</u>	<u>(10,242,176)</u>
Active health net income (loss)	<u>\$ (726,057)</u>	<u>\$ 388,702</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 8 - EMPLOYEE SELF-INSURANCE HEALTH AND BENEFITS PROGRAMS
 (Continued)

	<u>2009</u>	<u>2008</u>
Retiree health		
Health insurance revenue	2,954,893	3,463,952
Expenses:		
HRIS fee	(24,567)	(22,559)
Conference responsible retiree	(2,190,686)	(2,311,254)
Insurance fees	(71,320)	(518,813)
Insurance premiums	(1,642,684)	(283,605)
Insurance claims	<u>(463,206)</u>	<u>(1,330,687)</u>
Total insurance fees and claims	(2,177,210)	(2,133,105)
Change in claims accrual	<u>99,934</u>	<u>(278,110)</u>
Total expenses	<u>(4,292,529)</u>	<u>(4,745,028)</u>
Retiree health net loss	<u>(1,337,636)</u>	<u>(1,281,076)</u>
Health and benefits net loss	<u>\$ (2,063,693)</u>	<u>\$ (892,374)</u>

NOTE 9 - ENDOWMENT COMPOSITION

The Conference's endowment consists of donor-restricted endowment funds including perpetual trust held by the Conference for others, perpetual trust held by the Conference and beneficial interest in perpetual trust held by affiliate.

As required by generally accepted accounting principles (GAAP), 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, 2009 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted funds	\$ <u> -</u>	\$ <u>671,689</u>	\$ <u>1,025,078</u>	\$ <u>1,696,767</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 9 - ENDOWMENT COMPOSITION (Continued)

Endowment funds by category as of December 31, 2008 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Donor restricted funds	\$ (29,049)	\$ 820,142	\$ 1,025,078	\$ 1,816,171

Changes in endowment net assets for the year ended December 31, 2009 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ (29,049)	\$ 820,142	\$ 1,025,078	\$ 1,816,171
Investment return:				
Interest income	-	29,714	-	29,714
Unrealized gains	29,049	205,398	-	234,447
Realized gains	-	(95,246)	-	(95,246)
New gifts	-	18,698	-	18,698
Appropriation of assets	-	(307,017)	-	(307,017)
Net assets end of year	<u>\$ -</u>	<u>\$ 671,689</u>	<u>\$ 1,025,078</u>	<u>\$ 1,696,767</u>

Changes in endowment net assets for the year ended December 31, 2008 consist of the following:

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 1,060,451	\$ 1,025,078	\$ 2,085,529
Investment return:				
Interest income	-	48,222	-	48,222
Unrealized gains	(29,049)	(226,011)	-	(255,060)
Realized gains	-	(71,067)	-	(71,067)
New gifts	-	28,511	-	28,511
Appropriation of assets	-	(19,964)	-	(19,964)
Net assets end of year	<u>\$ (29,049)</u>	<u>\$ 820,142</u>	<u>\$ 1,025,078</u>	<u>\$ 1,816,171</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 9 - ENDOWMENT COMPOSITION (Continued)

Interpretation of UMIFA: The State of Florida has adopted the Uniform Management of Institutional Funds Act (UMIFA). The Board of Trustees of the Conference 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 UMIFA.

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 (3) 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; (iv) enhance our ability to meet changing Conference needs in both the short and long-term.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 9 - ENDOWMENT COMPOSITION (Continued)

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. The Conference had one fund with a deficiency as of December 31, 2008. The deficiency at December 31, 2008 was \$29,049. The Conference distributed no amounts from that fund during 2009 and that fund is no longer underwater at December 31, 2009.

NOTE 10 - MINISTRY PROTECTION

The Conference has had a ministry protection program for workers' compensation since 1985. For workers' compensation claims, churches pay no deductible. For the years ended December 31, 2009 and 2008, claim costs in excess of \$500,000 and \$400,000, respectively, 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 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 \$500,000 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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 10 - MINISTRY PROTECTION (Continued)

For the years ended December 31, 2009 and 2008, ministry protection had the following activity:

	<u>2009</u>	<u>2008</u>
Revenue		
Workers' compensation premiums	\$ 1,348,854	\$ 1,651,679
Property and liability premiums	12,273,301	13,263,619
Interest and dividends	516,685	93,444
Financing and other income	149,652	278,744
Insurance recovery	167,480	2,840
	<u>14,455,972</u>	<u>15,290,326</u>
Expenses		
Premium payments	9,389,990	10,444,698
Claim payments and claim administrative fee	2,395,435	3,131,602
Administrative costs	454,904	444,220
Bad debt expense	521,852	481,851
	<u>12,762,181</u>	<u>14,502,371</u>
Increase in net assets available for loss reserve	<u>\$ 1,693,791</u>	<u>\$ 787,955</u>

Based upon an annual independent actuarial report which considers the program's loss history and the change in self-insured retention limits for the workers' compensation program, changes to insurance loss reserves have been recorded for the years ended December 31, 2009 and 2008, to provide for projected actuarial claims which fall within the self insured retention limits.

As of December 31, 2009 and 2008, the Conference has accrued liabilities for workers' compensation and property and liability loss reserves of \$5,936,700 and \$6,990,890, respectively. In addition to the accrued liability for loss reserves, the Conference has Board designated net assets in the amounts of \$5,744,066 and \$4,050,479, respectively, at December 31, 2009 and 2008 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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 11 - NOTES PAYABLE

Notes payable consist of the following at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</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 5.85%. The loan matures on December 1, 2028 and is secured by the mortgaged property	\$ 708,155	\$ 501,707
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 5.85%. The loan matures on December 1, 2028 and is secured by the mortgaged property	<u>426,825</u>	<u>445,853</u>
	<u>\$ 1,134,980</u>	<u>\$ 947,560</u>

The debt principal payments are as follows at December 31, 2009:

2010	\$	33,527
2011		35,542
2012		37,678
2013		39,942
2014		42,342
Thereafter		<u>945,949</u>
		<u>\$ 1,134,980</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 12 - PENSIONS

Clergy Retirement Security Program: The Conference participates in the Clergy Retirement Security Program (CRSP), which is a multiemployer plan 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, 2009 and 2008, the CRSP program consists of three different time periods based on periods of service:

- CRSP for service beginning January 1, 2007
- MPP 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 contributions to the CRSP plan of \$3,844,583 and \$3,468,411, respectively, were paid from the overfunded portion of the Conference of Pre-82 Plans for the years ended December 31, 2009 and 2008. These amounts are reflected as income in "Other contributions and grants" and as an expense in "Other benevolences and grant expenditures" in the Statement of Activities.

Comprehensive Protection Plan: The Conference also participates in the Comprehensive Protection Plan, which is administered by the General Board and provides disability and death benefits insurance for clergy members. Expenses related to this plan were \$1,210,869 and \$1,167,113, respectively, for the years ended December 31, 2009 and 2008.

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. In 2009 and 2008, the Conference contributed \$331,345 and \$332,867, 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 self-insured medical 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.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 12 - PENSIONS (Continued)

GAAP requires an employer to recognize 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 statement of financial position at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 42,263,538	\$ 38,611,011
Service cost	1,355,358	1,253,665
Interest cost	2,588,822	2,261,969
Actuarial (gain) loss	620,848	(4,138,103)
Net cash flows	(1,991,731)	(1,823,041)
Plan amendments	-	6,098,037
	<u> </u>	<u> </u>
Benefit obligation at end of year	<u>\$ 44,836,835</u>	<u>\$ 42,263,538</u>
Amount recorded in statement of position		
OPEB liability	<u>\$ 44,836,835</u>	<u>\$ 42,263,538</u>
Amount recorded in statement of activity		
Other benevolences and grant expenditures	\$ 5,957,174	\$ 5,102,016
Other postretirement changes other than net periodic cost	<u>(3,383,877)</u>	<u>(1,449,489)</u>
Net change in OPEB liability	<u>\$ 2,573,297</u>	<u>\$ 3,652,527</u>
Items that have not yet been classified as periodic benefit costs:	<u>2009</u>	<u>2008</u>
Unrecognized Prior Service Cost	\$ 30,105,059	\$ 34,109,784
Unrecognized Net (Gain) Loss	\$ (3,517,255)	\$ (4,138,103)

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 12 - PENSIONS (Continued)

Estimated net future benefit payments:

2010	\$ 1,894,555
2011	2,044,363
2012	2,181,526
2013	2,300,585
2014	2,428,384
Years 2015-2019	13,847,146

Current period costs including expenditures and net cash flows totaling \$7,948,905 and \$6,925,057, respectively, are included in other benevolences and grant expenditures for the years ended December 31, 2009 and 2008. Employer contributions and benefits paid were \$1,684,785 and \$1,823,041, respectively, during 2009 and 2008.

Assumptions used:

	<u>2009</u>	<u>2008</u>
Discount rate	6.20%	6.25%
Coverage rate	100.00%	100.00%
Health care cost trend rate	9.50%	10.50%
Rate to which the cost trend rate is assumed to decline	5.50%	5.50%
Year that the rate reaches the ultimate trend rate	2014	2014

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	\$ 857,765	\$ (674,130)
Effect on postretirement benefit obligation	\$ 7,255,231	\$ 5,887,177

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2009 and 2008

NOTE 13 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following uses as of December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Contributions restricted by donor for specific purposes	\$ 2,252,138	\$ 2,340,244
Episcopal funds	42,284	68,592
Preachers' relief funds	852,999	933,448
Church loan funds	14,359,001	13,403,166
Camp funds	<u>1,873,029</u>	<u>1,698,099</u>
	<u>\$ 19,379,451</u>	<u>\$ 18,443,549</u>

NOTE 14 - 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 \$2,400,268 and \$2,203,282 at December 31, 2009 and 2008.

NOTE 15 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose during 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Current operating funds	\$ 854,021	\$ 734,229
Church loan funds	377,148	635,220
Episcopal funds	110,148	125,568
Preachers' relief funds	202,695	158,354
Camp funds	<u>57,490</u>	<u>699,751</u>
	<u>\$ 1,601,502</u>	<u>\$ 2,353,122</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
December 31, 2009 and 2008

NOTE 16 - PENDING LITIGATION

The Conference is involved in two litigation matters in which the Conference has reserved for its potential liability. An unfavorable outcome to the Conference is possible in both matters and so the Conference has included its maximum exposure in these matters, which is \$500,000 in its accrued loss reserves.

NOTE 17 - FUNCTIONAL EXPENSES

Expenses of the Conference by function for the years ended December 31, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
Program services	\$ 50,782,668	\$ 52,241,439
Management and general	1,998,137	2,776,696
Fundraising	<u>-</u>	<u>156,653</u>
	<u>\$ 52,780,805</u>	<u>\$ 55,174,788</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 18 - SUBSEQUENT EVENTS

Management has performed an analysis of the activities and transactions subsequent to December 31, 2009, to determine the need for any adjustments or disclosures to the audited financial statements for the year ended December 31, 2009. Management has performed their analysis through June 4, 2010, the date the financial statements were available to be issued.

The Conference has entered into an agreement with the Foundation to sell the Foundation 20% of the office space in the Conference's new Conference Center building located in Lakeland, Florida for \$1,500,000.

SUPPLEMENTAL INFORMATION

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS
 Year ended December 31, 2009

	Current <u>Funds</u>	Church Loan <u>Funds</u>	Preachers' Relief <u>Funds</u>	Conference Committee on Pension and Health Funds	Episcopal <u>Funds</u>	Ministry Protection <u>Funds</u>	Camp <u>Funds</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 619,771	\$ -	\$ -	\$ 742,523	\$ -	\$ 63,028	\$ 190,030	\$ 1,615,352
Accounts receivable	2,435,828	-	-	756,083	-	3,607,122	25,996	6,825,029
Less allowance for doubtful accounts	-	-	-	(249,324)	-	(2,000,000)	-	(2,249,324)
Contributions receivable	305,507	-	-	-	-	-	1,589,051	1,894,558
Notes and mortgage notes receivable	541,500	8,679,986	-	14,480	-	175,589	-	9,411,555
Investments								
Held with affiliated organization	3,321,933	6,275,885	896,325	34,190,825	56,521	4,410,627	647,243	49,799,359
Held with General Board of Pensions	-	-	-	237,361	-	-	-	237,361
Trusts held by Others	1,430,788	-	-	-	-	-	-	1,430,788
Other	256,865	-	-	495,441	-	5,196,387	-	5,948,693
Certificates of deposit	125,972	-	-	-	-	102,525	-	228,497
Intercompany fund balances	135,159	12,063	(325,981)	24,194	(14,237)	99,375	69,427	-
Property and equipment, net	5,840,298	-	400,380	-	-	-	9,537,151	15,777,829
Other assets	33,830	-	-	718	-	50,791	31,680	117,019
	<u>\$ 15,047,451</u>	<u>\$ 14,967,934</u>	<u>\$ 970,724</u>	<u>\$ 36,212,301</u>	<u>\$ 42,284</u>	<u>\$ 11,705,444</u>	<u>\$ 12,090,578</u>	<u>\$ 91,036,716</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS
 Year ended December 31, 2009

	Current Funds	Church Loan Funds	Preachers' Relief Funds	Conference Committee on Pension and Health Funds	Episcopal Funds	Ministry Protection Funds	Camp Funds	Total
LIABILITIES AND NET ASSETS								
Accounts payable and accrued expenses	\$ 739,102	\$ -	\$ -	\$ 1,325,863	\$ -	\$ 24,678	\$ 335,356	\$ 2,424,999
Accrued loss reserves	-	-	-	-	-	5,936,700	-	5,936,700
Loan payable	-	-	-	-	-	-	1,134,980	1,134,980
OPEB liability	-	-	-	44,836,835	-	-	-	44,836,835
Funds held as agent	<u>2,252,099</u>	-	-	-	-	-	-	<u>2,252,099</u>
Total liabilities	2,991,201	-	-	46,162,698	-	5,961,378	1,470,336	56,585,613
Net assets								
Unrestricted:								
Undesignated	8,130,502	-	-	-	-	-	8,747,213	16,877,715
Board designated:								
Ministry protection	-	-	-	-	-	5,744,066	-	5,744,066
Pension and health benefits	-	-	-	<u>(9,950,397)</u>	-	-	-	<u>(9,950,397)</u>
Total unrestricted net assets	8,130,502	-	-	(9,950,397)	-	5,744,066	8,747,213	12,671,384
Temporarily restricted	2,252,138	14,359,001	852,999	-	42,284	-	1,873,029	19,379,451
Permanently restricted	<u>1,673,610</u>	<u>608,933</u>	<u>117,725</u>	-	-	-	-	<u>2,400,268</u>
Total net assets	<u>12,056,250</u>	<u>14,967,934</u>	<u>970,724</u>	<u>(9,950,397)</u>	<u>42,284</u>	<u>5,744,066</u>	<u>10,620,242</u>	<u>34,451,103</u>
 Total liabilities and net assets	 <u>\$ 15,047,451</u>	 <u>\$ 14,967,934</u>	 <u>\$ 970,724</u>	 <u>\$ 36,212,301</u>	 <u>\$ 42,284</u>	 <u>\$ 11,705,444</u>	 <u>\$ 12,090,578</u>	 <u>\$ 91,036,716</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS
 Year ended December 31, 2008

	Current <u>Funds</u>	Church Loan <u>Funds</u>	Preachers' Relief <u>Funds</u>	Conference Committee on Pension and Health Funds <u>Funds</u>	Episcopal <u>Funds</u>	Ministry Protection <u>Funds</u>	Camp <u>Funds</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 1,642,467	\$ -	\$ -	\$ 947,477	\$ 10,213	\$ 939,267	\$ 216,692	\$ 3,756,116
Accounts receivable	2,186,239	-	-	1,360,149	-	5,278,833	67,227	8,892,448
Less allowance for doubtful accounts	-	-	-	(162,801)	-	(2,105,323)	-	(2,268,124)
Contributions receivable	321,876	-	-	-	-	-	1,597,678	1,919,554
Notes and mortgage notes receivable	-	8,100,070	-	-	-	140,648	-	8,240,718
Investments								
Held with affiliated organization	4,860,616	5,955,322	1,129,855	27,891,920	58,379	3,400,052	393,609	43,689,753
Held with General Board of Pensions	-	-	-	214,242	-	-	-	214,242
Trusts held by Others	1,231,827	-	-	-	-	-	-	1,231,827
Other	220,951	-	-	-	-	3,315,295	-	3,536,246
Certificates of deposit	124,923	-	-	-	-	100,000	-	224,923
Intercompany fund balances	396,926	(43,293)	(260,408)	139,882	-	(2,941)	(230,166)	-
Property and equipment, net	2,087,572	-	181,726	-	-	-	9,401,263	11,670,561
Other assets	10,912	-	-	-	-	-	6,156	17,068
	<u>\$ 13,084,309</u>	<u>\$ 14,012,099</u>	<u>\$ 1,051,173</u>	<u>\$ 30,390,869</u>	<u>\$ 68,592</u>	<u>\$ 11,065,831</u>	<u>\$ 11,452,459</u>	<u>\$ 81,125,332</u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS
 Year ended December 31, 2008

	<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>
LIABILITIES AND NET ASSETS								
Accounts payable and accrued expenses	\$ 493,226	\$ -	\$ -	\$ 1,645,955	\$ -	\$ 24,462	\$ 418,805	\$ 2,582,448
Accrued loss reserves	-	-	-	-	-	6,990,890	-	6,990,890
Loan payable	-	-	-	-	-	-	947,560	947,560
OPEB liability	-	-	-	42,263,538	-	-	-	42,263,538
Funds held as agent	<u>2,351,013</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,351,013</u>
Total liabilities	2,844,239	-	-	43,909,493	-	7,015,352	1,366,365	55,135,449
Net assets								
Unrestricted:								
Undesignated	6,423,202	-	-	-	-	-	8,387,995	14,811,197
Board designated:								
Ministry protection	-	-	-	-	-	4,050,479	-	4,050,479
Pension and health benefits	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,518,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13,518,624)</u>
Total unrestricted net assets	6,423,202	-	-	(13,518,624)	-	4,050,479	8,387,995	5,343,052
Temporarily restricted	2,340,244	13,403,166	933,448	-	68,592	-	1,698,099	18,443,549
Permanently restricted	<u>1,476,624</u>	<u>608,933</u>	<u>117,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,203,282</u>
Total net assets	<u>10,240,070</u>	<u>14,012,099</u>	<u>1,051,173</u>	<u>(13,518,624)</u>	<u>68,592</u>	<u>4,050,479</u>	<u>10,086,094</u>	<u>25,989,883</u>
 Total liabilities and net assets	<u>\$ 13,084,309</u>	<u>\$ 14,012,099</u>	<u>\$ 1,051,173</u>	<u>\$ 30,390,869</u>	<u>\$ 68,592</u>	<u>\$ 11,065,831</u>	<u>\$ 11,452,459</u>	<u>\$ 81,125,332</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS
 Year ended December 31, 2009

	Conference							Church							Total Temporarily Restricted
	Current Funds	Committee on Pension and Health Funds	Preachers' Relief Funds	Ministry Protection Funds	Camp Funds	Elimination Entries	Total Unrestricted	Current Funds	Loan Funds	Preachers' Relief Funds	Episcopal Funds	Camps Funds	Elimination Entries		
Revenue															
Contributions and apportionments															
Conference benevolences, clergy support and church development	\$ 5,604,937	\$ -	\$ -	\$ -	\$ 529,650	\$ (174,521)	\$ 5,960,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Conference service and administration	2,124,714	291,438	-	-	-	-	2,416,152	-	-	-	-	-	-	-	
Other contributions and grants	754,111	6,899,947	-	-	177,457	(487,528)	7,343,987	437,175	19,1969	11,663	82,034	206,562	-	929,403	
Self insurance program	-	13,554,954	-	13,939,287	-	(1,553,376)	25,940,865	-	-	-	-	-	-	-	
Interest income on loans	-	-	-	-	-	-	-	-	406,859	-	-	-	-	406,859	
Interest and dividends	101,506	1,000,683	-	273,932	10,574	-	1,386,695	24,375	161,091	31,170	1,806	7,976	-	226,418	
Change in valuation of future interest in trusts	-	-	-	-	-	-	-	1,975	-	-	-	-	-	1,975	
Net investment return	50,345	4,664,999	-	255,899	48,038	-	5,019,281	36,914	573,064	75,641	-	17,882	-	703,501	
Fees for services	327,994	-	-	-	3,340,155	(447,338)	3,220,811	45,367	-	-	-	-	-	45,367	
Other income	116,666	-	-	-	640,511	-	757,177	220,109	-	3,772	-	-	-	223,881	
Gain on sale of fixed asset	3,083,010	-	-	-	(4,286)	-	3,078,724	-	-	-	-	-	-	-	
Net assets released from restrictions	<u>1,544,012</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>57,490</u>	<u>-</u>	<u>1,601,502</u>	<u>(854,021)</u>	<u>(377,148)</u>	<u>(202,695)</u>	<u>(110,148)</u>	<u>(57,490)</u>	<u>-</u>	<u>(1,601,502)</u>	
Total revenue	<u>13,707,295</u>	<u>26,412,021</u>	<u>-</u>	<u>14,469,118</u>	<u>4,799,589</u>	<u>(2,662,763)</u>	<u>56,725,260</u>	<u>(88,106)</u>	<u>955,835</u>	<u>(80,449)</u>	<u>(26,308)</u>	<u>174,930</u>	<u>-</u>	<u>935,902</u>	
Expenses															
Conference benevolences, clergy support and church development	6,049,733	-	-	-	538,466	(882,908)	5,705,291	-	-	-	-	-	-	-	
Conference service and administration	1,753,083	273,091	-	-	-	(87,274)	1,938,900	-	-	-	-	-	-	-	
Other benevolences and grant expenditures	3,497,089	6,082,595	-	-	57,490	(1,061,851)	8,575,323	-	-	-	-	-	-	-	
Self insurance program	-	19,871,985	-	12,775,531	-	(45,904)	32,601,612	-	-	-	-	-	-	-	
Depreciation	248,763	-	-	-	472,817	-	721,580	-	-	-	-	-	-	-	
Costs of services and other expenses	<u>451,327</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,371,598</u>	<u>(584,826)</u>	<u>3,238,099</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Total expenses	<u>11,999,995</u>	<u>26,227,671</u>	<u>-</u>	<u>12,775,531</u>	<u>4,440,371</u>	<u>(2,662,763)</u>	<u>52,780,805</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Change in net assets	1,707,300	184,350	-	1,693,587	359,218	-	3,944,455	(88,106)	955,835	(80,449)	(26,308)	174,930	-	935,902	
Other post retirement changes other than net periodic cost	-	3,383,877	-	-	-	-	3,383,877	-	-	-	-	-	-	-	
Net assets at beginning of year, as restated	<u>6,423,202</u>	<u>(13,518,624)</u>	<u>-</u>	<u>4,050,479</u>	<u>8,387,995</u>	<u>-</u>	<u>5,343,052</u>	<u>2,340,244</u>	<u>13,403,166</u>	<u>933,448</u>	<u>68,592</u>	<u>1,698,099</u>	<u>-</u>	<u>18,443,549</u>	
Net assets at end of year	<u>\$ 8,130,502</u>	<u>\$ (9,950,397)</u>	<u>\$ -</u>	<u>\$ 5,744,066</u>	<u>\$ 8,747,213</u>	<u>\$ -</u>	<u>\$ 12,671,384</u>	<u>\$ 2,252,138</u>	<u>\$ 14,359,001</u>	<u>\$ 852,999</u>	<u>\$ 42,284</u>	<u>\$ 1,873,029</u>	<u>\$ -</u>	<u>\$ 19,379,451</u>	

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS
 Year ended December 31, 2009

	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>
Revenue						
Contributions and apportionments						
Conference benevolences, clergy						
support and church development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,960,066
Conference service						
and administration	-	-	-	-	-	2,416,152
Other contributions and grants	-	-	-	-	-	8,273,390
Self insurance program	-	-	-	-	-	25,940,865
Interest income on loans	-	-	-	-	-	406,859
Interest and dividends	-	-	-	-	-	1,613,113
Change in valuation of future interest in trusts	-	196,986	-	-	196,986	198,961
Net investment return	-	-	-	-	-	5,722,782
Fees for services	-	-	-	-	-	3,266,178
Other income	-	-	-	-	-	981,058
Gain on sale of fixed asset	-	-	-	-	-	3,078,724
Net assets released from restrictions	-	-	-	-	-	-
Total revenue	-	196,986	-	-	196,986	57,858,148
Expenses						
Conference benevolences, clergy						
support and church development	-	-	-	-	-	5,705,291
Conference service and administration	-	-	-	-	-	1,938,900
Other benevolences and						
grant expenditures	-	-	-	-	-	8,575,323
Self insurance program	-	-	-	-	-	32,601,612
Depreciation	-	-	-	-	-	721,580
Costs of services and other expenses	-	-	-	-	-	3,238,099
Total expenses	-	-	-	-	-	52,780,805
Change in net assets	-	196,986	-	-	196,986	5,077,343
Other post retirement changes other than net						
periodic cost	-	-	-	-	-	3,383,877
Net assets at beginning of year, as restated	608,933	1,476,624	117,725	-	2,203,282	25,989,883
Net assets at end of year	<u>\$ 608,933</u>	<u>\$ 1,673,610</u>	<u>\$ 117,725</u>	<u>\$ -</u>	<u>\$ 2,400,268</u>	<u>\$ 34,451,103</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS
 Year ended December 31, 2008

	Current	Conference Committee on Pension and Health Funds	Preachers' Relief Funds	Ministry Protection Funds	Camp Funds	Elimination Entries	Total Unrestricted	Current Funds	Church Loan Funds	Preachers' Relief Funds	Episcopal Funds	Camps Funds	Elimination Entries	Total Temporarily Restricted
Revenue														
Contributions and apportionments														
Conference benevolences, clergy support and church development	\$ 5,333,877	\$ -	\$ -	\$ -	\$ 509,687	\$ -	\$ 5,843,564	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Conference service and administration	2,266,163	257,047	-	-	-	-	2,523,210	-	-	-	-	-	-	-
Other contributions and grants	1,371,934	6,920,663	-	-	277,459	(1,324,231)	7,245,825	798,638	-	151,140	98,518	1,607,118	-	2,655,414
Self insurance program	-	13,293,568	-	15,196,881	-	(290,720)	28,199,729	-	-	-	-	-	-	-
Interest income on loans	-	-	-	-	-	-	-	-	450,674	-	-	-	-	450,674
Interest and dividends	181,032	971,727	-	332,316	7,164	-	1,492,239	22,477	364,065	42,725	-	19,299	-	448,566
Change in valuation of future interest in trusts	-	-	-	-	-	-	-	(11,934)	-	-	-	-	-	(11,934)
Net investment return	(105,101)	(9,686,979)	-	(251,782)	(88,483)	-	(10,132,345)	(116,359)	(1,146,933)	(175,440)	-	(34,492)	-	(1,473,224)
Fees for services	314,484	-	-	-	3,357,713	(237,049)	3,435,148	-	-	-	-	-	-	-
Other income	247,705	1,500,000	-	-	934,233	-	2,681,938	146,594	-	3,875	-	-	-	150,469
Net assets released from restrictions	1,653,371	-	-	-	699,751	-	2,353,122	(734,229)	(635,220)	(158,354)	(125,568)	(699,751)	-	(2,353,122)
Total revenue	11,263,465	13,256,026	-	15,277,415	5,697,524	(1,852,000)	43,642,430	105,187	(967,414)	(136,054)	(27,050)	892,174	-	(133,157)
Expenses														
Conference benevolences, clergy support and church development	5,973,073	-	-	-	650,863	(1,557,515)	5,066,421	-	-	-	-	-	-	-
Conference service and administration	1,733,264	247,811	-	-	-	-	1,981,075	-	-	-	-	-	-	-
Other benevolences and grant expenditures	3,393,508	7,312,913	-	-	1,200,236	-	11,906,657	-	-	-	-	-	-	-
Self insurance program	-	16,375,493	-	14,502,371	-	(35,292)	30,842,572	-	-	-	-	-	-	-
Depreciation	172,924	-	-	-	441,899	-	614,823	-	-	-	-	-	-	-
Costs of services and other expenses	1,322,942	-	-	-	3,699,491	(259,193)	4,763,240	-	-	-	-	-	-	-
Total expenses	12,595,711	23,936,217	-	14,502,371	5,992,489	(1,852,000)	55,174,788	-	-	-	-	-	-	-
Change in net assets	(1,332,246)	(10,680,191)	-	775,044	(294,965)	-	(11,532,358)	105,187	(967,414)	(136,054)	(27,050)	892,174	-	(133,157)
Other post retirement changes other than net periodic cost	-	1,449,489	-	-	-	-	1,449,489	-	-	-	-	-	-	-
Net assets at beginning of year, as restated	7,755,448	(4,287,922)	-	3,275,435	8,682,960	-	15,425,921	2,235,057	14,370,580	1,069,502	95,642	805,925	-	18,576,706
Net assets at end of year	\$ 6,423,202	\$ (13,518,624)	\$ -	\$ 4,050,479	\$ 8,387,995	\$ -	\$ 5,343,052	\$ 2,340,244	\$ 13,403,166	\$ 933,448	\$ 68,592	\$ 1,698,099	\$ -	\$ 18,443,549

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS
 Year ended December 31, 2008

	Church Loan Funds	Current Funds	Preachers' Relief Funds	Elimination Entries	Total Permanently Restricted	Total
Revenue						
Contributions and apportionments						
Conference benevolences, clergy						
support and church development	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,843,564
Conference service						
and administration	-	-	-	-	-	2,523,210
Other contributions and grants	-	-	-	-	-	9,901,239
Self insurance program	-	-	-	-	-	28,199,729
Interest income on loans	-	-	-	-	-	450,674
Interest and dividends	-	-	-	-	-	1,940,805
Change in valuation of future interest in trusts	-	(471,612)	-	-	(471,612)	(483,546)
Net investment return	-	-	-	-	-	(11,605,569)
Fees for services	-	-	-	-	-	3,435,148
Other income	-	-	-	-	-	2,832,407
Net assets released from restrictions	-	-	-	-	-	-
Total revenue	-	(471,612)	-	-	(471,612)	43,037,661
Expenses						
Conference benevolences, clergy						
support and church development	-	-	-	-	-	5,066,421
Conference service and administration	-	-	-	-	-	1,981,075
Other benevolences and						
grant expenditures	-	-	-	-	-	11,906,657
Self insurance program	-	-	-	-	-	30,842,572
Depreciation	-	-	-	-	-	614,823
Costs of services and other expenses	-	-	-	-	-	4,763,240
Total expenses	-	-	-	-	-	55,174,788
Change in net assets	-	(471,612)	-	-	(471,612)	(12,137,127)
Other post retirement changes other than net						
periodic cost	-	-	-	-	-	1,449,489
Net assets at beginning of year, as restated	<u>608,933</u>	<u>1,948,236</u>	<u>117,725</u>	<u>-</u>	<u>2,674,894</u>	<u>36,677,521</u>
Net assets at end of year	<u>\$ 608,933</u>	<u>\$ 1,476,624</u>	<u>\$ 117,725</u>	<u>\$ -</u>	<u>\$ 2,203,282</u>	<u>\$ 25,989,883</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
SCHEDULES OF ASSETS, LIABILITIES AND NET ASSETS
AREA EPISCOPAL OFFICE FUND
December 31, 2009 and 2008

	<u>2009</u>	<u>2008</u>
ASSETS		
Investments held with affiliated organization	\$ 56,521	\$ 58,379
Intercompany fund balance	<u>(14,237)</u>	<u>10,213</u>
	<u>\$ 42,284</u>	<u>\$ 68,592</u>
 NET ASSETS		
Net assets		
Unrestricted	<u>\$ 42,284</u>	<u>\$ 68,592</u>
	<u>\$ 42,284</u>	<u>\$ 68,592</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, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Revenue collected from		
General council on finance and administration	\$ 73,600	\$ 72,501
Episcopal office reserve - investment income	1,510	7,583
Sustentation Fund Income	8,730	17,096
Miscellaneous reimbursements	-	1,338
Total revenues collected	83,840	98,518
Expenses paid		
Program		
Secretarial salaries	48,020	46,851
Discretionary disbursements	1,250	38,618
Entertainment	2,089	12,898
Employee benefits and payroll taxes	10,204	9,653
Telephone	2,754	4,010
Staff travel	1,434	3,996
Rent, utilities and insurance	3,300	3,300
Equipment maintenance	38	2,776
Printing and copying	2,733	1,268
Office supplies	142	1,257
Postage	189	454
Miscellaneous	10	437
Staff continuing education	590	50
Funds reclassified	37,395	-
Total expenses paid	110,148	125,568
Deficit of revenue collected over expenses paid	(26,308)	(27,050)
Net assets at beginning of year	68,592	95,642
Net assets at end of year	\$ 42,284	\$ 68,592
