

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULES**

DECEMBER 31, 2009 AND 2008



Independent Auditors' Report

The Board of Directors of the
General Board of Discipleship of
The United Methodist Church and

The Committee on Audit and Review
General Council on Finance and Administration of
The United Methodist Church:

We have audited the accompanying consolidated statements of financial position of the General Board of Discipleship of The United Methodist Church (the "Board") as of December 31, 2009 and 2008, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these consolidated 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the General Board of Discipleship of The United Methodist Church as of December 31, 2009 and 2008, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits are conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating divisional information presented on the statements of financial position and statements of activities and changes in net assets is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual divisions. The supplemental information included in Schedules 1, 2 and 3 is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information, except for Schedule 3, which is marked "unaudited", on which we express no opinion, has been subjected to the procedures applied in the audits of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Crosslin & Associates, P.C.

June 28, 2010
Nashville, Tennessee

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**

Consolidated Statements of Financial Position

December 31, 2009 and 2008

With Consolidating Information

Assets	2009			2008		
	Consolidating Information		Consolidated Total	Consolidating Information		Consolidated Total
	Board of Discipleship	The Upper Room		Board of Discipleship	The Upper Room	
Cash and cash equivalents	\$ 1,556	\$ 38,294	\$ 39,850	\$ 893	\$ 39,735	\$ 40,628
Investment in GICFA short-term pooled investment fund	1,659,972	2,737,037	4,397,009	1,290,388	2,019,615	3,310,003
Accrued World Service allocation	2,645,710	—	2,645,710	2,473,247	—	2,473,247
Accrued World Service allocation - SBC21	134,041	—	134,041	134,376	—	134,376
Investments	7,679,340	11,873,923	19,553,263	7,640,976	9,477,198	17,118,174
Notes and accounts receivable, net	282,504	1,392,417	1,674,921	480,504	1,366,733	1,847,237
Accrued income receivable	39,640	262,113	301,753	45,790	40,294	86,084
Inventories	499,421	1,929,172	2,428,593	820,483	2,616,117	3,436,600
Prepaid expenses and other assets	247,000	363,031	610,031	224,535	386,212	610,747
Property, buildings, and equipment, net	1,157,781	3,212,465	4,370,246	1,149,928	3,346,939	4,496,867
Total assets	\$ 14,346,965	\$ 21,808,452	\$ 36,155,417	\$ 14,261,120	\$ 19,292,843	\$ 33,553,963
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 636,817	\$ 1,453,175	\$ 2,089,992	\$ 583,552	\$ 1,161,097	\$ 1,744,649
Accrued royalties	28,065	81,377	109,442	39,658	109,165	148,823
Deferred income	—	3,989,159	3,989,159	—	4,067,369	4,067,369
Total liabilities	\$ 664,882	\$ 5,523,711	\$ 6,188,593	\$ 623,210	\$ 5,337,631	\$ 5,960,841
Net assets:						
Unrestricted:						
SBC21	4,456,095	9,922,245	14,378,340	4,207,622	7,115,949	11,323,571
Board designated – capital expenditures	(183,037)	—	(183,037)	(118,549)	—	(118,549)
Board designated – programs	57,355	576,613	633,968	69,971	442,138	512,109
Investment in plant facilities	5,276,888	1,646,870	6,923,758	5,466,610	2,013,034	7,479,644
Total unrestricted net assets	1,157,781	3,212,465	4,370,246	1,149,928	3,346,939	4,496,867
Temporarily restricted	10,765,082	15,358,193	26,123,275	10,775,582	12,918,060	23,693,642
Permanently restricted	2,563,328	329,214	2,892,542	2,508,655	445,040	2,953,695
Total net assets	353,673	597,334	951,007	353,673	592,112	945,785
Total liabilities and net assets	\$ 13,682,083	\$ 16,284,741	\$ 29,966,824	\$ 13,637,910	\$ 13,955,212	\$ 27,593,122
Total liabilities and net assets	\$ 14,346,965	\$ 21,808,452	\$ 36,155,417	\$ 14,261,120	\$ 19,292,843	\$ 33,553,963

See accompanying notes to consolidated financial statements.

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**

Consolidated Statement of Activities and Changes in Net Assets
Year ended December 31, 2009
With Consolidating Information

	Board of Discipleship			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue:				
Sales of literature	\$ 784,800	\$ —	\$ —	\$ 784,800
Allocations through the GCFA:				
World Service	7,719,545	—	—	7,719,545
Missional Priority	—	200,000	—	200,000
Committee and Plan on Older Adult Ministries	88,020	—	—	88,020
National Hispanic Plan	—	82,896	—	82,896
Native American Comprehensive Plan	—	270,542	—	270,542
Strengthening The Black Church	—	424,897	—	424,897
Registration fees/special projects	225,326	320,763	—	546,089
Grants and contributions	51,509	101,521	—	153,030
Receipts from related organizations	258,293	—	—	258,293
Rental income	70,738	—	—	70,738
Other income	2,253,541	—	—	2,253,541
Advance Special	—	1,500	—	1,500
USPF distribution	653,730	11,729	—	665,459
Benefit Trust distribution	553,159	—	—	553,159
AGI Surplus distribution	187,433	3,507	—	190,940
Release of temporary restrictions (The Upper Room)	—	—	—	—
Release of temporary restrictions (Leadership Ministry Division)	313,528	(313,528)	—	—
Release of temporary restrictions (New Church Services)	350,241	(350,241)	—	—
Release of temporary restrictions (ECRSI)	709,036	(709,036)	—	—
Release of temporary restrictions (NACP)	241,271	(241,271)	—	—
Release of temporary restrictions (SBC21)	440,378	(440,378)	—	—
Total revenue	<u>14,900,548</u>	<u>(637,099)</u>	<u>—</u>	<u>14,263,449</u>
Expenses:				
Cost of literature sold	580,741	—	—	580,741
Program services:				
Leadership Ministries	3,233,489	—	—	3,233,489
Young People's Ministries	1,252,015	—	—	1,252,015
New Church Starts	1,375,477	—	—	1,375,477
Strengthening the Black Church (SBC21)	504,865	—	—	504,865
Native American Comprehensive Plan (NACP)	241,271	—	—	241,271
Discipleship Resources	765,213	—	—	765,213
External Connectional Relations (ECRSI)	1,079,508	—	—	1,079,508
Central Conference Relations	215,794	—	—	215,794
Chapel and Museum (The Upper Room)	—	—	—	—
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	<u>8,667,632</u>	<u>—</u>	<u>—</u>	<u>8,667,632</u>
Support services:				
General and support services	6,933,554	—	—	6,933,554
Customer and support services	—	—	—	—
Total support services	<u>6,933,554</u>	<u>—</u>	<u>—</u>	<u>6,933,554</u>
Total expenses	<u>16,181,927</u>	<u>—</u>	<u>—</u>	<u>16,181,927</u>
Excess (deficiency) of revenue over expenses	(1,281,379)	(637,099)	—	(1,918,478)
Nonoperating item:				
NACP funds transferred to GBOD	—	124,287	—	124,287
Net investment return	1,270,879	567,485	—	1,838,364
Changes in net assets	(10,500)	54,673	—	44,173
Net assets at beginning of year	10,775,582	2,508,655	353,673	13,637,910
Net assets at end of year	<u>\$ 10,765,082</u>	<u>\$ 2,563,328</u>	<u>\$ 353,673</u>	<u>\$ 13,682,083</u>

See accompanying notes to consolidated financial statements

Consolidating Information						
The Upper Room						
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total	
\$ 16,278,784	\$ —	\$ —	\$ 16,278,784	\$ —	\$ 17,063,584	
—	—	—	—	—	7,719,545	
—	—	—	—	—	200,000	
—	—	—	—	—	88,020	
—	—	—	—	—	82,896	
—	—	—	—	—	270,542	
—	—	—	—	—	424,897	
1,194,852	16,635	—	1,211,487	—	1,757,576	
527,336	5,400	5,222	537,958	—	690,988	
94,515	—	—	94,515	—	352,808	
21,753	—	—	21,753	—	92,491	
621,764	—	—	621,764	(2,763,181)	112,124	
—	—	—	—	—	1,500	
465,335	—	—	465,335	—	1,130,794	
452,585	—	—	452,585	—	1,005,744	
155,171	—	—	155,171	—	346,111	
137,861	(137,861)	—	—	—	—	
—	—	—	—	—	—	
—	—	—	—	—	—	
—	—	—	—	—	—	
—	—	—	—	—	—	
—	—	—	—	—	—	
19,949,956	(115,826)	5,222	19,839,352	(2,763,181)	31,339,620	
4,055,118	—	—	4,055,118	—	4,635,859	
—	—	—	—	—	3,233,489	
—	—	—	—	—	1,252,015	
—	—	—	—	—	1,375,477	
—	—	—	—	—	504,865	
—	—	—	—	—	241,271	
—	—	—	—	(209,754)	555,459	
—	—	—	—	—	1,079,508	
—	—	—	—	—	215,794	
244,113	—	—	244,113	—	244,113	
6,085,419	—	—	6,085,419	(2,190,084)	3,895,335	
2,510,073	—	—	2,510,073	—	2,510,073	
8,839,605	—	—	8,839,605	(2,399,838)	15,107,399	
—	—	—	—	(363,343)	6,570,211	
7,011,825	—	—	7,011,825	—	7,011,825	
7,011,825	—	—	7,011,825	(363,343)	13,582,036	
19,906,548	—	—	19,906,548	(2,763,181)	33,325,294	
43,408	(115,826)	5,222	(67,196)	—	(1,985,674)	
—	—	—	—	—	124,287	
2,396,725	—	—	2,396,725	—	4,235,089	
2,440,133	(115,826)	5,222	2,329,529	—	2,373,702	
12,918,060	445,040	592,112	13,955,212	—	27,593,122	
\$ 15,358,193	\$ 329,214	\$ 597,334	\$ 16,284,741	\$ —	\$ 29,966,824	

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**

Consolidated Statement of Activities and Changes in Net Assets
Year ended December 31, 2008
With Consolidating Information

	Board of Discipleship			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenue:				
Sales of literature	\$ 854,400	\$ —	\$ —	\$ 854,400
Allocations through the GCFA:				
World Service	7,776,921	43,391	—	7,820,312
Contingency Grants	—	299,000	—	299,000
Missional Priority	—	230,727	—	230,727
Committee and Plan on Older Adult Ministries	128,164	—	—	128,164
National Hispanic Plan	—	51,017	—	51,017
Strengthening The Black Church	—	454,198	—	454,198
Registration fees/special projects	284,714	104,995	—	389,709
Grants and contributions	81,680	147,316	—	228,996
Receipts from related organizations	372,290	—	—	372,290
Rental income	96,043	—	—	96,043
Other income	2,391,464	—	—	2,391,464
Advance Special-Strengthening the Black Church	—	481	—	481
USPF distribution	522,571	9,424	—	531,995
Benefit Trust distribution	724,785	—	—	724,785
AGI Surplus distribution	187,433	3,507	—	190,940
Release of temporary restrictions (The Upper Room)	—	—	—	—
Release of temporary restrictions (Leadership Ministry Division)	390,979	(390,979)	—	—
Release of temporary restrictions (Support Services)	119,558	(119,558)	—	—
Release of temporary restrictions (New Church Services)	622,045	(622,045)	—	—
Release of temporary restrictions (SBC 21)	694,520	(694,520)	—	—
Total revenue	15,247,567	(483,046)	—	14,764,521
Expenses:				
Cost of literature sold	364,883	—	—	364,883
Program services:				
Leadership Ministries	4,427,904	—	—	4,427,904
Young People's Ministries	1,656,792	—	—	1,656,792
New Church Starts	792,616	—	—	792,616
Strengthening the Black Church (SBC 21)	860,645	—	—	860,645
Discipleship Resources	829,282	—	—	829,282
Chapel and Museum (The Upper Room)	—	—	—	—
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	8,567,239	—	—	8,567,239
Support services:				
General and support services	6,532,456	—	—	6,532,456
Customer and support services	—	—	—	—
Total support services	6,532,456	—	—	6,532,456
Total expenses	15,464,578	—	—	15,464,578
Excess (deficiency) of revenue over expenses	(217,011)	(483,046)	—	(700,057)
Nonoperating item:				
Reclassification	(735,991)	—	—	(735,991)
Net investment loss	(2,070,450)	(392,544)	—	(2,462,994)
Changes in net assets	(3,023,452)	(875,590)	—	(3,899,042)
Net assets at beginning of year	13,799,034	3,384,245	353,673	17,536,952
Net assets at end of year	\$ 10,775,582	\$ 2,508,655	\$ 353,673	\$ 13,637,910

See accompanying notes to consolidated financial statements.

Consolidating Information					
The Upper Room					
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total
\$ 16,319,470	\$ —	\$ —	\$ 16,319,470	\$ —	\$ 17,173,870
—	—	—	—	—	7,820,312
—	—	—	—	—	299,000
—	—	—	—	—	230,727
—	—	—	—	—	128,164
—	—	—	—	—	51,017
—	—	—	—	—	454,198
817,937	—	—	817,937	—	1,207,646
574,564	392,081	57,227	1,023,872	—	1,252,868
102,591	—	—	102,591	—	474,881
21,753	—	—	21,753	—	117,796
692,031	—	—	692,031	(2,744,212)	339,283
—	—	—	—	—	481
372,486	—	—	372,486	—	904,481
593,005	—	—	593,005	—	1,317,790
155,171	—	—	155,171	—	346,111
81,068	(81,068)	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
19,730,076	311,013	57,227	20,098,316	(2,744,212)	32,118,625
3,817,991	—	—	3,817,991	—	4,182,874
—	—	—	—	(23,288)	4,404,616
—	—	—	—	(6,654)	1,650,138
—	—	—	—	—	792,616
—	—	—	—	—	860,645
—	—	—	—	(271,324)	557,958
306,080	—	—	306,080	—	306,080
6,709,454	—	—	6,709,454	(2,228,861)	4,480,593
1,797,526	—	—	1,797,526	—	1,797,526
8,813,060	—	—	8,813,060	(2,530,127)	14,850,172
—	—	—	—	(214,085)	6,318,371
7,926,069	—	—	7,926,069	—	7,926,069
7,926,069	—	—	7,926,069	(214,085)	14,244,440
20,557,120	—	—	20,557,120	(2,744,212)	33,277,486
(827,044)	311,013	57,227	(458,804)	—	(1,158,861)
735,991	—	—	735,991	—	—
(3,054,882)	—	—	(3,054,882)	—	(5,517,876)
(3,145,935)	311,013	57,227	(2,777,695)	—	(6,676,737)
16,063,995	134,027	534,885	16,732,907	—	34,269,859
\$ 12,918,060	\$ 445,040	\$ 592,112	\$ 13,955,212	\$ —	\$ 27,593,122

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**

Consolidated Statements 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	\$ 2,373,702	\$ (6,676,737)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	425,533	450,142
Net realized losses on investments	1,008,138	689,401
Net unrealized (gains) losses on investments	(4,790,787)	5,338,040
Changes in assets and liabilities:		
Accrued World Service Fund allocation	(172,463)	22,879
Accrued World Service Fund allocation - SBC21	335	2,344
Notes and accounts receivable, net	172,316	192,153
Accrued income receivable	(215,669)	365,278
Inventories	1,008,007	(591,784)
Prepaid expenses and other assets	716	79,800
Accounts payable and accrued expenses	345,343	153,328
Accrued royalties	(39,381)	(22,971)
Deferred income	(78,210)	122,167
Net cash provided by operating activities	<u>37,580</u>	<u>124,040</u>
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(298,912)	(352,365)
Net sales (purchases) of investments	1,347,560	(509,565)
Decrease in GCFA short-term pooled investment fund - SBC21	—	103,121
(Increase) decrease in GCFA short-term pooled investment fund	<u>(1,087,006)</u>	<u>623,087</u>
Net cash used in investing activities	<u>(38,358)</u>	<u>(135,722)</u>
Net decrease in cash	(778)	(11,682)
Cash and cash equivalents at beginning of year	<u>40,628</u>	<u>52,310</u>
Cash and cash equivalents at end of year	<u>\$ 39,850</u>	<u>\$ 40,628</u>

See accompanying notes to consolidated financial statements.