

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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULES**

DECEMBER 31, 2010 AND 2009



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, 2010 and 2009, 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, 2010 and 2009, 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 were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental information included in Schedules 1 through 3, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Crosslin & Associates, P.C.

June 29, 2011
Nashville, Tennessee

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

Consolidated Statements of Financial Position

December 31, 2010 and 2009

With Consolidating Information

Assets	2010			2009		
	Consolidating Information		Consolidated Total	Consolidating Information		Consolidated Total
	Board of Discipleship	The Upper Room		Board of Discipleship	The Upper Room	
Cash and cash equivalents	\$ 1,000	\$ 93,927	\$ 94,927	\$ 1,556	\$ 38,294	\$ 39,850
Investment in GICFA short-term pooled investment fund	2,345,570	3,969,472	6,315,042	1,659,972	2,737,037	4,397,009
Accrued World Service allocation	2,674,156	—	2,674,156	2,645,710	—	2,645,710
Accrued World Service allocation - SBC21	160,257	—	160,257	134,041	—	134,041
Investments	8,757,689	13,537,296	22,294,985	7,679,340	11,873,923	19,553,263
Notes and accounts receivable, net	161,118	1,366,898	1,528,016	282,504	1,392,417	1,674,921
Accrued income receivable	39,950	186,452	226,402	39,640	262,113	301,753
Inventories	332,731	1,680,514	2,013,245	499,421	1,929,172	2,428,593
Prepaid expenses and other assets	591,052	227,247	818,299	247,000	363,031	610,031
Property gift held for sale	—	15,659	15,659	—	—	—
Property, buildings, and equipment, net	1,218,331	3,224,057	4,442,388	1,157,781	3,212,465	4,370,246
Total assets	\$ 16,281,854	\$ 24,301,522	\$ 40,583,376	\$ 14,346,965	\$ 21,808,452	\$ 36,155,417
Liabilities and Net Assets						
Liabilities:						
Accounts payable and accrued expenses	\$ 701,795	\$ 998,716	\$ 1,700,511	\$ 636,817	\$ 1,453,175	\$ 2,089,992
Accrued royalties	21,936	89,260	111,196	28,065	81,377	109,442
Deferred income	—	3,771,682	3,771,682	—	3,989,159	3,989,159
Total liabilities	723,731	4,859,658	5,583,389	664,882	5,523,711	6,188,593
Net assets:						
Unrestricted:						
Undesignated	5,723,901	12,819,009	18,542,910	4,273,058	9,922,245	14,195,303
Board designated – capital expenditures	337,469	565,021	902,490	57,355	576,613	633,968
Board designated – programs	4,959,702	1,978,046	6,937,748	5,276,888	1,646,870	6,923,758
Investment in plant facilities	1,218,331	3,224,057	4,442,388	1,157,781	3,212,465	4,370,246
Total unrestricted net assets	12,239,403	18,586,133	30,825,536	10,765,082	15,358,193	26,123,275
Temporarily restricted	2,965,047	251,179	3,216,226	2,563,328	329,214	2,892,542
Permanently restricted	353,673	604,552	958,225	353,673	597,334	951,007
Total net assets	15,558,123	19,441,864	34,999,987	13,682,083	16,284,741	29,966,824
Total liabilities and net assets	\$ 16,281,854	\$ 24,301,522	\$ 40,583,376	\$ 14,346,965	\$ 21,808,452	\$ 36,155,417

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, 2010
With Consolidating Information

	Board of Discipleship			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue:				
Sales of literature	\$ 468,057	\$ —	\$ —	\$ 468,057
Allocations through the GCFA:				
World Service	8,035,546	160,043	—	8,195,589
Committee and Plan on Older Adult Ministries	91,348	—	—	91,348
National Hispanic Plan	—	80,600	—	80,600
Native American Comprehensive Plan	—	260,377	—	260,377
Strengthening The Black Church	—	517,875	—	517,875
Registration fees/special projects	663,038	6,796	—	669,834
Grants and contributions	24,330	125,384	—	149,714
Receipts from related organizations	224,751	—	—	224,751
Rental income	77,821	—	—	77,821
Other income	2,423,063	—	—	2,423,063
Advance Special SBC21 & NACP	—	19,542	—	19,542
Benefit Trust distribution	667,602	—	—	667,602
AGI Surplus distribution	201,841	—	—	201,841
Release of temporary restrictions (The Upper Room)	—	—	—	—
Release of temporary restrictions (Leadership Ministry Division)	246,754	(246,754)	—	—
Release of temporary restrictions (Young People's Ministry)	76,915	(76,915)	—	—
Release of temporary restrictions (New Church Services)	70,622	(70,622)	—	—
Release of temporary restrictions (NACP)	237,242	(237,242)	—	—
Release of temporary restrictions (SBC21)	519,004	(519,004)	—	—
Total revenue	14,027,934	20,080	—	14,048,014
Expenses:				
Cost of literature sold	200,415	—	—	200,415
Program services:				
Leadership Ministries	3,049,849	—	—	3,049,849
Young People's Ministries	1,713,401	—	—	1,713,401
New Church Starts	1,337,502	—	—	1,337,502
Strengthening the Black Church (SBC21)	440,066	—	—	440,066
Native American Comprehensive Plan (NACP)	237,242	—	—	237,242
Discipleship Resources	223,910	—	—	223,910
External Connectional Relations (ECSI)	573,518	—	—	573,518
Central Conference Relations	253,800	—	—	253,800
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	7,829,288	—	—	7,829,288
Support services:				
General and support services	5,248,382	—	—	5,248,382
Customer and support services	—	—	—	—
Total support services	5,248,382	—	—	5,248,382
Total expenses	13,278,085	—	—	13,278,085
Excess (deficiency) of revenue over expenses	749,849	20,080	—	769,929
Nonoperating item:				
Reclassification of Youth Service Fund balance	(35,842)	35,842	—	—
School of Congregational Development funds transferred from Custodial to Board Designated	27,763	—	—	27,763
Loss on sale of capital equipment	—	—	—	—
Net investment return	732,551	345,797	—	1,078,348
Changes in net assets	1,474,321	401,719	—	1,876,040
Net assets at beginning of year	10,765,082	2,563,328	353,673	13,682,083
Net assets at end of year	\$ 12,239,403	\$ 2,965,047	\$ 353,673	\$ 15,558,123

See accompanying notes to consolidated financial statements

Consolidating Information					
The Upper Room					
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total
\$ 16,066,110	\$ —	\$ —	\$ 16,066,110	\$ —	\$ 16,534,167
—	—	—	—	—	8,195,589
—	—	—	—	—	91,348
—	—	—	—	—	80,600
—	—	—	—	—	260,377
—	—	—	—	—	517,875
1,253,325	4,572	—	1,257,897	—	1,927,731
601,036	3,065	7,218	611,319	—	761,033
98,844	—	—	98,844	—	323,595
21,753	—	—	21,753	—	99,574
377,815	—	—	377,815	(2,645,133)	155,745
—	—	—	—	—	19,542
546,220	—	—	546,220	—	1,213,822
144,270	—	—	144,270	—	346,111
85,672	(85,672)	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
—	—	—	—	—	—
19,195,045	(78,035)	7,218	19,124,228	(2,645,133)	30,527,109
3,071,626	—	—	3,071,626	—	3,272,041
—	—	—	—	(30,827)	3,019,022
—	—	—	—	(17,261)	1,696,140
—	—	—	—	(14,241)	1,323,261
—	—	—	—	—	440,066
—	—	—	—	—	237,242
—	—	—	—	(104,507)	119,403
—	—	—	—	(6,108)	567,410
—	—	—	—	(2,707)	251,093
5,195,758	—	—	5,195,758	(2,322,756)	2,873,002
3,246,486	—	—	3,246,486	—	3,246,486
8,442,244	—	—	8,442,244	(2,498,407)	13,773,125
—	—	—	—	(146,726)	5,101,656
6,115,487	—	—	6,115,487	—	6,115,487
6,115,487	—	—	6,115,487	(146,726)	11,217,143
17,629,357	—	—	17,629,357	(2,645,133)	28,262,309
1,565,688	(78,035)	7,218	1,494,871	—	2,264,800
—	—	—	—	—	—
—	—	—	—	—	27,763
(1,121)	—	—	(1,121)	—	(1,121)
1,663,373	—	—	1,663,373	—	2,741,721
3,227,940	(78,035)	7,218	3,157,123	—	5,033,163
15,358,193	329,214	597,334	16,284,741	—	29,966,824
\$ 18,586,133	\$ 251,179	\$ 604,552	\$ 19,441,864	\$ —	\$ 34,999,987

**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			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
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 (ECSI)	709,036	(709,036)	—	—
Release of temporary restrictions (NACP)	241,271	(241,271)	—	—
Release of temporary restrictions (SBC21)	440,378	(440,378)	—	—
Total revenue	14,900,548	(637,099)	—	14,263,449
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 (ECSI)	1,079,508	—	—	1,079,508
Central Conference Relations	215,794	—	—	215,794
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	8,667,632	—	—	8,667,632
Support services:				
General and support services	6,933,554	—	—	6,933,554
Customer and support services	—	—	—	—
Total support services	6,933,554	—	—	6,933,554
Total expenses	16,181,927	—	—	16,181,927
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	\$ 10,765,082	\$ 2,563,328	\$ 353,673	\$ 13,682,083

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
6,085,419	—	—	6,085,419	(2,190,084)	3,895,335
2,754,186	—	—	2,754,186	—	2,754,186
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 Statements of Cash Flows

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	\$ 5,033,163	\$ 2,373,702
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	444,318	425,533
Loss on sale of property, buildings and equipment	1,121	—
Net realized (gains) losses on investments	(756,617)	1,008,138
Net unrealized gains on investments	(1,498,151)	(4,790,787)
Changes in assets and liabilities:		
Accrued World Service Fund allocation	(28,446)	(172,463)
Accrued World Service Fund allocation - SBC21	(26,216)	335
Notes and accounts receivable, net	146,905	172,316
Accrued income receivable	75,351	(215,669)
Inventories	415,348	1,008,007
Prepaid expenses and other assets	(208,268)	716
Accounts payable and accrued expenses	(389,481)	345,343
Accrued royalties	1,754	(39,381)
Deferred income	(217,477)	(78,210)
Net cash provided by operating activities	2,993,304	37,580
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(524,538)	(298,912)
Proceeds from sale of property	6,956	—
Property gift held for sale	(15,659)	—
Net (purchases) sales of investments	(486,953)	1,347,560
Increase in GCFA short-term pooled investment fund	(1,918,033)	(1,087,006)
Net cash used in investing activities	(2,938,227)	(38,358)
Net increase (decrease) in cash	55,077	(778)
Cash and cash equivalents at beginning of year	39,850	40,628
Cash and cash equivalents at end of year	\$ 94,927	\$ 39,850

See accompanying notes to consolidated financial statements.