

**WEST OHIO ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

TABLE OF CONTENTS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	Page
INDEPENDENT AUDITORS' REPORT	1 - 2
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	3
Consolidated Statements of Activities and Changes in Net Assets	4 - 5
Consolidated Statements of Cash Flows	6
Notes to Consolidated Financial Statements	7 - 23
SUPPLEMENTARY INFORMATION	
Independent Auditors' Report on Supplementary Information	24
Consolidating Statements of Financial Position by Fund	25 - 28
Consolidating Statements of Activities by Fund - Unrestricted Net Assets	29 - 32
Consolidating Statements of Activities by Fund - Temporarily and Permanently Restricted Net Assets	33 - 36



BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT

Council on Finance and Administration
**West Ohio Annual Conference of the
United Methodist Church and Affiliates**
Columbus, Ohio

We have audited the accompanying consolidated financial statements of the **West Ohio Annual Conference of the United Methodist Church and Affiliates** (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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 audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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INDEPENDENT AUDITORS' REPORT - CONTINUED

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the **West Ohio Annual Conference of the United Methodist Church and Affiliates** as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Brady, Ware & Schoenfeld, Inc.

Columbus, Ohio
May 17, 2016

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
ASSETS		
Cash and cash equivalents	\$ 3,718,948	\$ 5,578,521
Accounts receivable - apportionments	1,201,193	1,502,575
Accounts receivable - other	52,573	3,125
Pledge campaign receivables	302,852	342,559
Notes receivable - church extension	304,272	576,507
Investments	81,730,527	82,124,670
Prepaid expenses	155,556	137,396
Beneficial interest in perpetual trusts	<u>629,152</u>	<u>641,072</u>
	88,095,073	90,906,425
PROPERTY AND EQUIPMENT, NET	<u>6,464,901</u>	<u>5,517,568</u>
	<u>\$ 94,559,974</u>	<u>\$ 96,423,993</u>
LIABILITIES		
Accounts payable and other accrued liabilities	\$ 4,103,583	\$ 2,994,968
Healthcare post-retirement benefit obligations	49,694,721	49,689,516
Amounts held for distribution	7,223,723	7,409,164
Line of credit	<u>142,150</u>	<u>170,600</u>
	<u>61,164,177</u>	<u>60,264,248</u>
NET ASSETS		
Unrestricted	22,932,751	24,632,658
Temporarily restricted	9,566,414	10,618,535
Permanently restricted	<u>896,632</u>	<u>908,552</u>
	<u>33,395,797</u>	<u>36,159,745</u>
	<u>\$ 94,559,974</u>	<u>\$ 96,423,993</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Apportionments	\$ 12,600,292	\$ 220,104	\$ -	\$ 12,820,396
Medical coverage insurance	8,802,084	-	-	8,802,084
Post-retirement pension contributions	5,064,406	-	-	5,064,406
Life income and annuity gifts	-	159,866	-	159,866
Contributions	1,034,211	1,468,745	-	2,502,956
Program fee income	258,809	-	-	258,809
Camp operations	494,320	-	-	494,320
Net loss on investments	(3,287,437)	(466,681)	-	(3,754,118)
Interest and dividends	1,689,014	152,863	-	1,841,877
Loss on beneficial interest in perpetual trusts	-	-	(4,825)	(4,825)
Miscellaneous	967,627	-	-	967,627
Transfers and satisfaction of donor restrictions	<u>2,594,113</u>	<u>(2,587,018)</u>	<u>(7,095)</u>	<u>-</u>
Total revenue and support	<u>30,217,439</u>	<u>(1,052,121)</u>	<u>(11,920)</u>	<u>29,153,398</u>
EXPENSES				
Connectional administration and ministerial support	7,130,843	-	-	7,130,843
World services and conference benevolence	5,656,400	-	-	5,656,400
Church benevolence	128,894	-	-	128,894
Medical coverage	11,602,731	-	-	11,602,731
Post-retirement pension benefits	5,154,985	-	-	5,154,985
Camp operations	1,000,807	-	-	1,000,807
Episcopal residence	29,626	-	-	29,626
Distributions to other organizations and beneficiaries	<u>1,207,855</u>	<u>-</u>	<u>-</u>	<u>1,207,855</u>
Total expenses	<u>31,912,141</u>	<u>-</u>	<u>-</u>	<u>31,912,141</u>
CHANGE IN NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS				
	(1,694,702)	(1,052,121)	(11,920)	(2,758,743)
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS				
	<u>(5,205)</u>	<u>-</u>	<u>-</u>	<u>(5,205)</u>
CHANGE IN NET ASSETS				
	(1,699,907)	(1,052,121)	(11,920)	(2,763,948)
NET ASSETS				
Beginning of year	<u>24,632,658</u>	<u>10,618,535</u>	<u>908,552</u>	<u>36,159,745</u>
End of year	<u>\$ 22,932,751</u>	<u>\$ 9,566,414</u>	<u>\$ 896,632</u>	<u>\$ 33,395,797</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT				
Apportionments	\$ 12,934,434	\$ 217,909	\$ -	\$ 13,152,343
Medical coverage insurance	8,926,955	-	-	8,926,955
Post-retirement pension contributions	4,806,108	-	-	4,806,108
Life income and annuity gifts	-	1,081,736	-	1,081,736
Contributions	455,841	854,092	-	1,309,933
Program fee income	374,608	-	-	374,608
Camp operations	542,022	-	-	542,022
Net gains on investments	743,630	371,974	-	1,115,604
Interest and dividends	2,002,672	135,235	-	2,137,907
Gain on beneficial interest in perpetual trusts	-	-	1,867	1,867
Miscellaneous	1,118,133	(844)	-	1,117,289
Transfers and satisfaction of donor restrictions	<u>2,786,861</u>	<u>(2,715,131)</u>	<u>(71,730)</u>	<u>-</u>
Total revenue and support	<u>34,691,264</u>	<u>(55,029)</u>	<u>(69,863)</u>	<u>34,566,372</u>
EXPENSES				
Connectional administration and ministerial support	7,214,556	-	-	7,214,556
World services and conference benevolence	5,751,041	-	-	5,751,041
Church benevolence	144,780	-	-	144,780
Medical coverage	11,889,920	-	-	11,889,920
Post-retirement pension benefits	2,511,003	-	-	2,511,003
Camp operations	1,051,436	-	-	1,051,436
Episcopal residence	48,134	-	-	48,134
Distributions to other organizations and beneficiaries	<u>1,695,240</u>	<u>-</u>	<u>-</u>	<u>1,695,240</u>
Total expenses	<u>30,306,110</u>	<u>-</u>	<u>-</u>	<u>30,306,110</u>
CHANGE IN NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS				
	4,385,154	(55,029)	(69,863)	4,260,262
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS				
	<u>(7,427,619)</u>	<u>-</u>	<u>-</u>	<u>(7,427,619)</u>
CHANGE IN NET ASSETS				
	(3,042,465)	(55,029)	(69,863)	(3,167,357)
NET ASSETS				
Beginning of year	<u>27,675,123</u>	<u>10,673,564</u>	<u>978,415</u>	<u>39,327,102</u>
End of year	<u>\$ 24,632,658</u>	<u>\$ 10,618,535</u>	<u>\$ 908,552</u>	<u>\$ 36,159,745</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

	<u>2015</u>	<u>2014</u>
OPERATING ACTIVITIES		
Change in net assets	\$ (2,763,948)	\$ (3,167,357)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	265,072	296,548
Change in discount to present value for pledge campaign receivables	(35,293)	(35,227)
Net realized gains on investments	(762,906)	(1,284,233)
Net unrealized losses on investments	4,517,024	168,629
Change in beneficial interest in perpetual trusts	11,920	(1,867)
Change in healthcare post-retirement benefit obligations	5,205	7,427,619
Net (gain) loss on disposal of property and equipment	<u>(165,451)</u>	<u>299,403</u>
	1,071,623	3,703,515
Changes in operating assets and liabilities:		
Accounts receivable	251,934	(68,372)
Pledge campaign receivables	75,000	85,000
Prepaid expenses	(18,160)	643,961
Accounts payable and other accrued liabilities	1,108,615	(234,944)
Amounts held for distribution	<u>(185,441)</u>	<u>43,052</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>2,303,571</u>	<u>4,172,212</u>
INVESTING ACTIVITIES		
Net borrowings on notes receivable - church extension	272,235	(5,410)
Net purchases of investments	(9,731,419)	(10,738,346)
Proceeds from sale of investments	6,371,444	8,386,016
Purchases of property and equipment	(1,412,179)	(495,179)
Proceeds from sale of property and equipment	<u>365,225</u>	<u>-</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(4,134,694)</u>	<u>(2,852,919)</u>
FINANCING ACTIVITIES		
Net payments on line of credit	<u>(28,450)</u>	<u>(27,976)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,859,573)	1,291,317
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>5,578,521</u>	<u>4,287,204</u>
End of year	<u>\$ 3,718,948</u>	<u>\$ 5,578,521</u>

See notes to consolidated financial statements.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - NATURE OF OPERATIONS

The **West Ohio Annual Conference of the United Methodist Church and Affiliates** (the "Conference") is a religious nonprofit organization that was established to provide organizational structure and support to its member churches. The Conference provides management of Conference wide programs for missional, ministerial, and charitable giving purposes. The Conference also operates retirement and health care programs for eligible lay and clergy employees and retirees of the Conference and member churches.

Conference and Affiliates

The more than 1,000 member churches are organized into eight districts. The Conference is legally the sole member of each of the eight districts included in these consolidated financial statements. The eight districts are:

- Capitol Area North (CAN)
- Capitol Area South (CAS)
- Foothills (FTH)
- Miami Valley (MIV)
- Ohio River Valley (ORV)
- Maumee Watershed (MWD)
- Northwest Plains (NWP)
- Shawnee Valley (SHV)

Because of the control exercised by the Conference over the Community Ministries of the Capitol Area (CAM), that entity is included in the consolidated financial statements.

The activities of the Conference are recorded within the accounts of the following four funds:

- The Treasurer's Accounts include general Conference operations, collection, and distribution of funds for local churches.
- The Board of Trustees accounts include activities related to administration of gifts, donations, and bequests for the benefit of the Conference.
- The Council on Development (COD) accounts include activities related to generating additional finances for operational, missionary, or ministerial purposes.
- The Pension Billings accounts include investment activities for funds related to clergy retirement benefits.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation - The Conference's consolidated financial statement presentation is in accordance with accounting principles generally accepted in the United States of America (GAAP). Under GAAP, the Conference's consolidated financial statements are prepared on the accrual basis of accounting, and the Conference reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accordingly, the net assets of the Conference, and changes therein, are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed restrictions and are available for use in the Conference's ongoing operations.

Temporarily restricted net assets - Net assets that are limited as to use by donor-imposed restrictions that can be fulfilled by either the actions of the Conference, or the passage of time.

Permanently restricted net assets - Net assets that are limited as to use by donor-imposed restrictions that permanently restrict the use of the funds by the Conference, with the exception of the investment earnings.

Generally, if the corpus of a contribution will, at some future time, become available for spending, it is recorded as temporarily restricted. In addition, contributions that are promised to be given in a future period are presented as temporarily restricted. If the corpus never becomes available for spending, it will be reported as permanently restricted. Permanently restricted net assets represent the fair value of the original gift as of the gift date and the original value of subsequent gifts to donor-restricted endowment funds.

Unrestricted net assets include unrestricted resources, including donations, gifts, and bequests available for the use of the Conference, over which the Board of Trustees has discretionary control. The Conference reviewed all endowment funds, and no reclassification to net assets was required.

Use of Estimates - The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenue and expenses during the reporting periods. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents - For purposes of reporting cash flows, cash includes all cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less. Cash and cash equivalents excludes the cash components of investments.

The Conference and affiliates maintain financial relationships with financial institutions subject to FDIC membership. Under FDIC guidelines, all depository accounts are insured up to \$250,000. Throughout the year and at December 31, 2015 and 2014, the Conference's and certain affiliates' deposits exceeded these limitations for deposits held at certain financial institutions. To mitigate the risk associated with deposits in excess of FDIC insurance limits, management has certain deposit balances swept nightly into a short term government obligations fund.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Accounts Receivable and Revenue

Apportionments - Apportionment revenue represents amounts paid by member churches to fund Conference initiatives and operating expenses. Requests for apportionment contributions are sent in the early part of each year, and additional requests are sent throughout the year. The Conference records revenue during the year based on actual funds received. Final revenue and receivables for the current year are recorded at year-end, based on subsequent receipts collected in January that relate to the prior year. Accordingly, there is no need to consider or record an allowance for uncollectible apportionments. Receivables are never considered delinquent and no interest is charged on receivables. Apportionment revenue does not include amounts collected from member churches to be passed on to the general United Methodist Church. These amounts are recorded as liabilities until transferred.

Medical Coverage Insurance - The Conference operates a medical coverage plan covering eligible lay employees, eligible clergy employees, eligible retired clergy of the Conference, and member churches. Medical coverage premiums are collected from member churches and retirees on a monthly basis. Revenue is recognized upon receipt of payment on a monthly basis. As such, no receivables are recorded, and there is no need to consider or record an allowance for uncollectible accounts. To the extent that premium costs exceed funding provided by a member church, the Conference pays for the coverage.

Camp Operations - The Conference operates several camps throughout its region. Camp sessions primarily occur in the summer. Revenue is recorded in the month that registrations and payments are received in advance of the camp session. As such, no receivables are recorded. Any revenue collected in the current year pertaining to a camp session for the next year is recognized as deferred revenue.

Program Fee Income - At times, the Conference also requests a fee for events (other than camps) to defray a portion of program costs. These programs may be educational sessions or mission trips. Fees are recorded as revenue when received and are due in advance of the session or trip. Any revenue collected during the current year that pertains to a future event is recorded as deferred revenue.

Miscellaneous Revenue - Non-operational and ancillary income is reflected as miscellaneous revenue in the consolidated statement of activities and changes in net assets. Miscellaneous revenue consists primarily of revenue generated from rental income, and random monetary or property gifts received from donors.

Investments - Investments are recorded at fair value based on quoted market values at December 31, 2015 and 2014. Unrealized and realized gains or losses are included in the consolidated statement of activities and changes in net assets. See Notes E and N.

Property and Equipment - Property and equipment are stated at cost and depreciated over their estimated useful lives using the straight-line method. Routine repairs and maintenance are charged to expense when incurred, and improvements and additions are capitalized. The carrying value of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of assets may not be recoverable. Management has determined there was no asset impairment for the years 2015 and 2014.

The Conference holds approximately 1,200 acres of land related to its camps that were donated or otherwise acquired in prior years. As the fair market value of this land could not be reasonably determined at the time of its donation, it is not recorded in the consolidated financial statements. In addition, the Conference is holding 20 properties for resale at December 31, 2015. The Conference was holding 14 properties for resale at December 31, 2014. These properties have been recorded at their estimated fair values at December 31, 2015 and 2014.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Endowment Investment and Spending Policies - The Conference has adopted investment policies for all investment assets for which it is accountable, including certain endowment assets. The investment policy acknowledges and accommodates objectives unique to each fund, pool, or donor. In some cases, the investment policy is designed to produce an income stream to meet conference obligations to annuitants; in other cases, the policy is designed to preserve the real purchasing power of the assets and produce increasing income over time. In all cases, the policy provides a governance framework and guidance on investment management practices that are prudent and respectful of The United Methodist Church's social principles and underlying investment objectives.

Where not restricted by donor intent, the Conference relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). Spending and disbursements from each fund are set by donor agreement or the investing body (e.g., Board of Pensions and Health Benefits, Trustees, or Council on Development). Certain affiliated churches that have placed investment assets with the Conference, be they endowed or otherwise, may request a distribution of some or all of their balances at any time. The liability for funds held for the benefit of these churches is included in amounts held for distribution on the consolidated statement of financial position.

Each district or mission board within the Conference, that has investable assets, separately maintains an investment policy statement designed to meet their respective needs and objectives.

Contributions - The Conference accounts for contributions in accordance with generally accepted accounting principles. Donor contributions are recognized as revenue when the contribution is pledged or received and are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence or nature of any donor restrictions. When a restriction is satisfied, temporarily restricted net assets are released to unrestricted net assets, and reported in the statement of activities and changes in net assets as satisfaction of donor restrictions. Any temporarily restricted contributions that are received and fulfilled in the same year are recorded as temporarily restricted net assets originally, and then released to unrestricted net assets in the same year. Contributions of marketable securities and property and equipment are recorded at their fair market value at the date of the gift. All unconditional promises to give made by the Conference are recorded as liabilities.

Income and Property Taxes - The Conference is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except for unrelated business income as defined by the Internal Revenue Code. The Conference did not have any unrelated business income during the years 2015 and 2014. Accordingly, no provision for federal, state, and local income taxes is included in the consolidated financial statements.

Accounting for Uncertainty in Income Taxes - As a religious organization, the Conference is not required to file tax returns if it has no unrelated business income. Based on its review, management does not believe the Conference has taken any material uncertain tax positions, including any position that would place the Conference's exempt status in jeopardy for the years 2015 and 2014.

Life Income Gifts and Life Annuity Gifts - Under a plan that was terminated as of September 30, 2015, the COD receives funds from donors classified as life income gifts. The donors contributed an irrevocable remainder interest in the donated funds, and established an interest that required investment earnings to be disbursed quarterly to the donor or another identified party. Payments were made for the remaining life of the donor or identified party. All life income gifts were pooled to one common investment fund, and donor investment units were established based on the original pro-rata portion of the specific gift to the total pooled fund. All donor units were distributed to beneficiaries in accordance with donor instructions prior to December 31, 2015.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The COD receives funds from donors classified as life annuity gifts. The donors contribute an irrevocable remainder interest in the donated funds, and establish an interest that requires monthly or quarterly payments of a specified amount to the donor annuitant or another annuitant. Payments must be made for the remaining life of the specified annuitant.

For the life income gifts and life annuity gifts, upon the death of the donor, other identified party or annuitant, the remainder interest becomes available for the final beneficiary, which is either the Conference, or other organizations generally associated with The United Methodist Church. The final beneficiary is designated in the life income and life annuity contracts; however, the Conference enables the donor to change the final beneficiary up until the time of death, with the stipulation that the donor must either change the final beneficiary to the Conference, or to another organization associated with The United Methodist Church. Since the final beneficiary is not determinable until the date of death, the Conference records all original gifts as liabilities, and includes them in amounts held for distribution in the consolidated statement of financial position.

Upon the death of the donor, identified party or annuitant, if the Conference is named as the final beneficiary, then the Conference records contribution revenue for the remaining portion of the gift in the year of death. If another organization is named as the final beneficiary, then a liability is recorded to that organization by the Conference for the remaining portion of the gift. When the remaining portion of the gift is paid to the other organization, the liability is released.

The assets from donors to life income gifts are held in trust with the Conference serving as sole trustee. The trustee has delegated investment management to a financial institution. Life annuity gifts are also managed by a financial institution.

Fair Value - Items carried at estimated fair value, measured on a recurring basis, consist of available for sale marketable securities, beneficial interest in perpetual trusts, and property held for sale. The Conference also uses fair value concepts to test various long lived assets for impairment in the event a triggering event has occurred.

Subsequent Events - In preparing these consolidated financial statements, the Conference has evaluated events and transactions for potential recognition or disclosure through May 17, 2016, the date the consolidated financial statements were available to be issued.

NOTE C - PLEDGE CAMPAIGN RECEIVABLES

The Conference conducts fundraising activities on an ongoing basis and some of those efforts result in multi-year promises to give. Pledges are recorded at their estimated fair value using discount rates ranging from 5.00% to 6.50%. Pledge campaign receivables at December 31:

	<u>2015</u>	<u>2014</u>
Pledges due in		
Less than one year	\$ 101,646	\$ 101,646
One to five years	181,583	256,583
More than five years	<u>109,896</u>	<u>109,896</u>
	393,125	468,125
Less discount to present value	<u>90,273</u>	<u>125,566</u>
	<u>\$ 302,852</u>	<u>\$ 342,559</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - NOTES RECEIVABLE

The Conference and Districts provide loans to member churches for purposes of providing a source of funds to pay for renovation projects or new construction. Payments are due either on a monthly or quarterly basis, or in a lump sum upon completion of project construction. Interest charged may be at a rate of Prime (3.50% and 3.25% at December 31, 2015 and 2014) plus 2.00%, the London Interbank Offered Rate (LIBOR) (0.43% and 0.17% at December 31, 2015 and 2014) plus 0.90%, a fixed rate ranging from 2.25% to 5.00%, or be interest free. The payment terms range from due upon project completion up to 17 years.

Notes receivable are considered delinquent if required payments are not made; however, loans are not charged incremental interest or penalty fees provided foreclosure of property does not occur. Based on this practice, despite loans made to churches closely related to the Conference, there is a certain level of credit risk that may become significant.

Management assesses the collectibility of notes receivable at year-end. Based on collection activity and known financial status of the church, an allowance may be recorded. The allowance for uncollectible notes receivable was \$29,665 at December 31, 2015. Management estimated that all notes receivable were collectible at December 31, 2014.

Maturities of notes receivable over the subsequent five years and thereafter are as follows:

2016	\$ 53,632
2017	53,519
2018	52,384
2019	51,584
2020	43,238
Thereafter	<u>49,915</u>
	<u>\$ 304,272</u>

NOTE E - INVESTMENTS

	<u>2015</u>	<u>2014</u>
Money market	\$ 2,081,992	\$ 5,577,175
Government obligations	2,664,711	2,551,161
Common stock	21,468,417	21,703,658
Mutual funds	46,365,032	41,786,113
Hedge funds	-	356,004
Corporate securities	6,577,126	7,976,012
Certificates of deposit	<u>2,573,249</u>	<u>2,174,547</u>
	<u>\$ 81,730,527</u>	<u>\$ 82,124,670</u>

Marketable securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain marketable securities, it is at least reasonably possible that changes in the value will occur in the near term, and such changes could be material.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE F - BENEFICIAL INTEREST IN PERPETUAL TRUSTS

ORV is the beneficiary of two perpetual trusts. The trusts' assets are not in possession of the District and are administered by the Board of Trustees of The United Methodist Church. Under the terms of the trusts, ORV has the irrevocable right to receive income earned on the endowment assets in perpetuity. ORV has recorded an asset titled "beneficial interest in perpetual trusts" equivalent to the present value of the expected future cash flows from the trusts, approximated by the estimated fair market value of the trusts' assets.

NOTE G - PROPERTY AND EQUIPMENT

	<u>2015</u>	<u>2014</u>
Land and improvements	\$ 947,856	\$ 1,098,018
Buildings and building improvements	4,697,371	5,266,823
Leasehold improvements	619,951	615,926
Furniture and fixtures	1,823,263	1,944,559
Computer and office equipment	271,629	561,593
Automobiles	<u>76,305</u>	<u>73,305</u>
	8,436,375	9,560,224
Less accumulated depreciation	<u>4,475,173</u>	<u>5,115,556</u>
	3,961,202	4,444,668
Property held for sale	<u>2,503,699</u>	<u>1,072,900</u>
	<u>\$ 6,464,901</u>	<u>\$ 5,517,568</u>

NOTE H - LINE OF CREDIT

ORV maintains a \$1,500,000 revolving line of credit with a financial institution due on demand. The line of credit bears interest at a rate determined by the size of the District's assets that are under management of the financial institution (2.00% at December 31, 2015). The line of credit was maintained at a separate financial institution in 2014 and assumed interest at LIBOR, adjusted daily (0.17% at December 31, 2014), plus 0.95%. The assets of the District are pledged as collateral.

NOTE I - OPERATING LEASES

The Conference leases administrative office space under a 15-year non-cancelable operating lease, which expires in September 2025, from UMCH Family Services, a related party. The lease requires monthly payments of approximately \$20,000 for the remaining lease term. There was no amount due to this related party at December 31, 2015 and 2014. The lease includes an option to purchase the land and building at a fixed price.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE I - OPERATING LEASES - continued

ORV leases office space as a result of a grant and leaseback transaction as an operating lease expiring in January 2017 from a local church. Monthly payments of \$3,333 are due through January 2017.

The Conference leases certain other office equipment under non-cancelable operating leases, which expire at various times over the next five years. Total lease expenditures were \$307,707 and \$292,308 for the years 2015 and 2014. Future minimum lease payments are as follows:

2016	\$ 299,724
2017	263,057
2018	259,724
2019	259,724
2020	246,036
Thereafter	<u>1,136,158</u>
	<u>\$ 2,464,423</u>

NOTE J - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

The temporarily restricted net asset class includes assets and trust obligations of the Conference related to gifts with explicit donor-imposed restrictions that have not been met. Temporarily restricted net assets at December 31, 2015 and 2014 are restricted to the following uses:

	<u>2015</u>	<u>2014</u>
Church buildings	\$ 2,579,779	\$ 2,541,505
District operations	806,859	822,685
Clergy development	1,234,701	1,608,479
New church starts	359,139	872,091
Local churches	1,514,152	1,497,795
World mission projects	476,995	495,249
Retired clergy housing	1,266,215	1,323,265
Parsonages	218,705	219,844
Camps	490,200	437,979
Other	<u>619,669</u>	<u>799,643</u>
	<u>\$ 9,566,414</u>	<u>\$ 10,618,535</u>

The permanently restricted net asset class includes assets and trust obligations of the Conference related to gifts with explicit donor-imposed restrictions that permanently restrict the use of the corpus of the original gift. See Note F regarding beneficial interest in perpetual trusts. Permanently restricted net assets at December 31, 2015 and 2014 are restricted to the following:

	<u>2015</u>	<u>2014</u>
Beneficial interest in perpetual trusts	\$ 629,152	\$ 641,072
Local churches	176,057	176,057
Church buildings	68,696	68,696
Cemeteries	<u>22,727</u>	<u>22,727</u>
	<u>\$ 896,632</u>	<u>\$ 908,552</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE K - EPISCOPAL FUND

The Conference receives funds from the Episcopal Fund established by the General Council on Finance and Administration (GCFA) of The United Methodist Church. This fund is one of the general church funds to be used for administrative expenses of annual conferences.

The GCFA requires certain comparative information to be disclosed as a part of the annual audit of the Conference for the years ended December 31:

	<u>2015</u>	<u>2014</u>
Revenue		
GCFA Episcopal Fund receipts	<u>\$ 91,680</u>	<u>\$ 102,756</u>
Expenses		
Salaries	224,187	234,359
Payroll taxes and benefits	74,136	70,114
Travel	17,954	30,203
Episcopal initiatives	42,714	32,687
Occupancy and office expenses	<u>19,825</u>	<u>14,712</u>
	<u>378,816</u>	<u>382,075</u>
	<u>\$ (287,136)</u>	<u>\$ (279,319)</u>

Episcopal related expenses exceed funding received annually; accordingly, there is no beginning or ending cash balances as funds are fully utilized by the year-end. Other operational or contribution funding is effectively utilized to pay for Episcopal expenditures greater than the funds provided from the Episcopal Fund. None of the Episcopal Funds were used for property and equipment purchases in 2015 and 2014.

NOTE L - FUNDS HELD IN TRUST BY OTHERS

The COD is named as the remainder beneficiary of certain trusts held by others. These trusts are not included in the consolidated financial statements as the funds are neither in the possession of nor under the control of the COD. Total estimated fair value of the COD's interest in these funds at December 31, 2015 and 2014 is not available.

NOTE M - ENDOWMENT FUNDS AND UPMIFA

Management has determined that certain Conference net assets meet the definition of endowments under the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). The Conference has interpreted UPMIFA as requiring 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. As a result of this interpretation, the Conference classifies as permanently restricted net assets (a) the original value of gifts donated to permanent endowments, (b) the original value of subsequent gifts to permanent endowments, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M - ENDOWMENT FUNDS AND UPMIFA - continued

The remaining portion of the donor-restricted endowment fund that is not classified as permanently restricted net assets is classified as temporarily restricted net assets, until those amounts are appropriated for expenditures in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Conference considers these 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 Conference 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; and
- (7) The investment policies of the organization.

Summary of changes in endowment net assets for the years 2015 and 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Balance as of December 31, 2013	\$ -	\$ 929,195	\$ 339,209	\$ 1,268,404
Net investment income (realized and unrealized)	-	165,131	-	165,131
Amounts appropriated for expenditure	-	(31,035)	-	(31,035)
Net assets transferred	<u>-</u>	<u>21,730</u>	<u>(71,730)</u>	<u>(50,000)</u>
Balance as of December 31, 2014	-	1,085,021	267,479	1,352,500
Net investment income (realized and unrealized)	-	(236,163)	-	(236,163)
Amounts appropriated for expenditure	<u>-</u>	<u>(36,132)</u>	<u>-</u>	<u>(36,132)</u>
Balance as of December 31, 2015	<u>\$ -</u>	<u>\$ 812,726</u>	<u>\$ 267,479</u>	<u>\$ 1,080,205</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M - ENDOWMENT FUNDS AND UPMIFA - continued

Summary of all Conference net assets as of December 31:

	2015			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds	\$ -	\$ 812,726	\$ 267,479	\$ 1,080,205
Non-endowment operating funds	<u>22,932,751</u>	<u>8,753,688</u>	<u>629,153</u>	<u>32,315,592</u>
	<u>\$ 22,932,751</u>	<u>\$ 9,566,414</u>	<u>\$ 896,632</u>	<u>\$ 33,395,797</u>

	2014			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
Endowment funds	\$ -	\$ 1,085,021	\$ 267,479	\$ 1,352,500
Non-endowment operating funds	<u>24,632,658</u>	<u>9,533,514</u>	<u>641,073</u>	<u>34,807,245</u>
	<u>\$ 24,632,658</u>	<u>\$ 10,618,535</u>	<u>\$ 908,552</u>	<u>\$ 36,159,745</u>

NOTE N - FAIR VALUE MEASUREMENTS

Fair values of the Conference's financial assets and investments as of December 31:

	2015			Significant Unobservable Inputs (Level 3)
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	
Assets				
Beneficial interest in perpetual trusts	\$ 629,152	\$ -	\$ -	\$ 629,152
Property held for sale	2,503,699	-	-	2,503,699
Investments				
Money market	2,081,992	2,081,992	-	-
Certificates of deposit	2,573,249	2,573,249	-	-
Government obligations	2,664,711	2,664,711	-	-
Common stock	21,468,417	21,468,417	-	-
Mutual funds	46,365,032	46,365,032	-	-
Corporate securities	<u>6,577,126</u>	<u>6,577,126</u>	-	-
	<u>\$ 84,863,378</u>	<u>\$ 81,730,527</u>	<u>\$ -</u>	<u>\$ 3,132,851</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE N - FAIR VALUE MEASUREMENTS - continued

	2014			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Beneficial interest in				
perpetual trusts	\$ 641,072	\$ -	\$ -	\$ 641,072
Property held for sale	1,072,900	-	-	1,072,900
Investments				
Money market	5,577,175	5,577,175	-	-
Certificates of deposit	2,174,547	2,174,547	-	-
Government obligations	2,551,161	2,551,161	-	-
Common stock	21,703,658	21,703,658	-	-
Hedge funds	356,004	356,004	-	-
Mutual funds	41,786,113	41,786,113	-	-
Corporate securities	<u>7,976,012</u>	<u>7,976,012</u>	-	-
	<u>\$ 83,838,642</u>	<u>\$ 82,124,670</u>	<u>\$ -</u>	<u>\$ 1,713,972</u>

Accounting standards provide a framework for measuring fair value. This framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy under the accounting standards are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Conference has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE N - FAIR VALUE MEASUREMENTS - continued

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2015.

Money market and certificates of deposit: Valued based on the contractual terms of the underlying money market or cash equivalent account.

Common stock, corporate securities and government obligations: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds and hedge funds: Valued at the net asset value of shares held by the Conference at year-end.

Property held for sale: Valued at fair market value based upon real estate appraisals.

Beneficial interest in perpetual trusts: Valued at the net asset value of shares held attributable to the Conference at year-end.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Conference believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Changes in the fair value of properties held for sale and beneficial interest in perpetual trusts, which are measured on a recurring basis using significant unobservable (Level 3) inputs, for the years 2015 and 2014:

	Beneficial Interest in Perpetual Trust	Property Held for Sale	Total
Balance as of December 31, 2013	\$ 639,205	\$ 987,900	\$ 1,627,105
Fair market value of churches acquired or property reclassified to held for sale	-	85,000	85,000
Change in beneficial interest in perpetual trust	<u>1,867</u>	<u>-</u>	<u>1,867</u>
Balance as of December 31, 2014	641,072	1,072,900	1,713,972
Fair market value of churches acquired	-	1,682,581	1,682,581
Sale of property held for resale	-	(251,782)	(251,782)
Change in beneficial interest in perpetual trust	<u>(11,920)</u>	<u>-</u>	<u>(11,920)</u>
Balance as of December 31, 2015	<u>\$ 629,152</u>	<u>\$ 2,503,699</u>	<u>\$ 3,132,851</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE N - FAIR VALUE MEASUREMENTS - continued

On March 21, 2009, SHV contributed \$165,000 towards a church building project in Ho Chi Minh City in support of the ministry of The United Methodist Church in Vietnam. The property is reflected at the amount of funds contributed by SHV, and is included in net property and equipment in the consolidated statement of financial position. It is the intention of SHV to donate the property to the Vietnamese Conference of The United Methodist Church upon the legal establishment and recognition of that entity. SHV has determined that the net realizable value is zero and has fully reserved this property. There has been no change to the reserve at December 31, 2015 and 2014.

Several districts have acquired church properties from former congregations that have ceased to be associated with the Conference. These properties are recorded at cost or their appraised value when the relevant district determines it will be held for resale. The Conference is committed to selling these properties as soon as possible.

NOTE O - HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS

The Conference sponsors a defined benefit post-retirement healthcare plan covering substantially all employees, and is a participant in a denomination-sponsored defined benefit pension plan as described in Note P. GAAP requires an employer to recognize the over-funded or under-funded status of a defined benefit plan, or post-retirement benefits plan, as an asset or liability in its consolidated statements of financial position.

For pension plans, the asset or liability is determined by comparing plan assets to the projected benefit obligation. Pension plans recognize changes in the funded status in the year in which the changes occur through unrestricted revenue or expense. For post-retirement plans other than pension plans, the asset and liability is determined by comparing plan assets to the accumulated benefit obligation.

The size of the post-retirement healthcare obligation and related expense is based upon the plan benefit levels approved each year by the Conference Board of Pension and Health Benefits. The Conference had assets designated for this liability totaling approximately \$45 million at December 31, 2015 and 2014 in the Retired Clergy Benefits Fund.

Further information about the healthcare plan as of December 31:

	<u>2015</u>	<u>2014</u>
Fair value of plan assets	\$ -	\$ -
Benefit obligations	<u>49,694,721</u>	<u>49,689,516</u>
Funded status	<u>\$ (49,694,721)</u>	<u>\$ (49,689,516)</u>

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE O - HEALTHCARE POST-RETIREMENT BENEFITS OBLIGATION - continued

Reconciliation of accrued healthcare post-retirement benefit obligations:

	<u>2015</u>	<u>2014</u>
Healthcare post-retirement benefit obligations - beginning of year	<u>\$ 49,689,516</u>	<u>\$ 42,261,897</u>
Service cost	944,513	753,052
Interest cost	2,063,971	2,097,061
Actuarial (gain)/loss	(752,291)	6,863,615
Net expected benefit payments	<u>(2,250,988)</u>	<u>(2,286,109)</u>
Change in healthcare post-retirement benefit obligations	<u>5,205</u>	<u>7,427,619</u>
Healthcare post-retirement benefit obligations - end of year	<u>\$ 49,694,721</u>	<u>\$ 49,689,516</u>

The discount rate used to determine the benefit obligation at year-end was 4.65% and 4.25% for 2015 and 2014. For measurement purposes, the rate of increase in the per capita cost of covered healthcare benefits has been assumed to be 6.5% for 2016, 6.0% for 2017, 5.5% for 2018, 5.0% for 2019, and 4.5% for 2020 and thereafter.

Contribution ranges are dependent on years of service at retirement and apply to the retiree and his or her spouse. Plan premium is paid by the Conference upon presentment of invoice by the insurer for payment toward coverage of healthcare plan benefits and thus equals benefits paid. These payments are recorded to medical coverage expense on the consolidated statement of activities and changes in net assets.

Projected benefit payments, before reduction for participant contributions:

2016	\$ 2,169,231
2017	2,296,378
2018	2,405,159
2019	2,469,287
2020	2,568,063
2021 - 2025	<u>13,580,199</u>
	<u>\$ 25,488,317</u>

NOTE P - RETIREMENT PLANS

The Pre-82 Plan

The Conference participates in a multi-employer defined benefit pension plan (the "Plan"), administered by the General Board of Pension and Health Benefits (GBPHB) of The United Methodist Church, covering all clergy with Pre-82 pension credit service. The benefits are based on the greater of the past service pension rate multiplied by the number of the clergy's Pre-82 years of service in the Plan, or the service annuity benefit specified by the Plan.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - RETIREMENT PLANS - continued

Annual contributions by the Conference are determined within certain guidelines established by the GBPHB. Contributions made by the Conference are held in a general pool with the contributions of other conferences, and are generally available to pay the beneficiaries of all employers in the Plan. The Conference's account within the Plan was over-funded as of the January 1, 2015 and 2014 valuations. The Conference was not required and did not make any contributions for the years 2015 and 2014.

The GBPHB prepares actuarial valuations annually as of January 1 and generally issues its report each September. The most recent valuation reflects the Plan asset values and liability funding status as of January 1, 2015.

Plan information and assumptions at January 1:

	<u>2015</u>	<u>2014</u>
Assets and Funding		
Market value of Plan assets	\$ 85,254,052	\$ 92,861,518
Less pension benefit obligation	<u>(78,191,046)</u>	<u>(83,040,078)</u>
Over (Under)-funded past service liability	<u>\$ 7,063,006</u>	<u>\$ 9,821,440</u>
Assumptions		
Interest rate	<u>6.63%</u>	<u>6.75%</u>
Past service rate (PSR) increase	<u>2.00%</u>	<u>2.00%</u>
Mortality table	RP-2000 (BB)	RP-2000 (BB)

All Plan assets are invested in the Multiple Asset Fund (MAF) of the GBPHB. The investment objective of the MAF is to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. Weighted-average asset allocations of Plan investments as of December 31:

	<u>2015</u>			<u>2014</u>		
	<u>Policy Target Range</u>	<u>Actual</u>	<u>Actual</u>	<u>Policy Target Range</u>	<u>Actual</u>	<u>Actual</u>
U.S. Equity Fund	37%	43%	41%	37%	43%	42%
International Equity Fund	23	27	24	23	27	23
Fixed Income Fund	23	27	25	23	27	25
Inflation Protection Fund	8	12	10	8	12	10
Cash	-	2	-	-	2	-

Ministerial Pension Plan 1982 - 2006 (MPP)

The Conference participates in a 403(b) defined contribution plan, the MPP for clergy employees. Eligible employees are 100% vested in their contributions. When the Plan was active, the Conference made a matching contribution equal to 12% of Denomination Average Compensation (DAC) for clergy employees. This Plan was closed to new contributions at December 31, 2006.

**WEST OHIO ANNUAL CONFERENCE OF THE
UNITED METHODIST CHURCH AND AFFILIATES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE P - RETIREMENT PLANS - continued

Clergy Retirement Security Program (CRSP)

Effective January 1, 2007, the GBPHB amended its pension plan, creating the CRSP, which has both a defined benefit and defined contribution component. The defined contribution component of the CRSP is capped at 3% of eligible compensation. The defined benefit component provides annual income based on years of service and a percentage of DAC (1.25% for service years 2007 through 2013 and 1.00% thereafter).

The terms of the plan permit the Conference to use an over-funded position in the Pre-82 Plan to fund the defined benefit component of the CRSP. The Conference utilized this surplus to decrease the 2015 contribution made to \$2,749,576 and to forgo a 2014 contribution. The Conference has continued billing its churches at a percentage of eligible compensation. When amounts collected exceed the amount remitted to GBPHB, the excess funds are used to build a reserve for the post-retirement healthcare liability or other clergy benefits, as designated by the Conference Board of Pension and Health Benefits.

United Methodist Personal Investment Plan

The Conference sponsors a 403(b) defined contribution plan for clergy and full-time lay employees of the Conference and Districts. Participants are 100% vested in their contributions. The Conference and Districts make matching contributions subject to their respective adoption agreements with the GBPHB.

Matching contributions for the 403(b) defined contribution plan are immediately vested. Matching contributions for 2015 and 2014 totaled approximately \$169,560 and \$151,507.



BRADY WARE
& SCHOENFELD

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Council on Finance and Administration
**West Ohio Annual Conference of the
United Methodist Church and Affiliates**
Columbus, Ohio

We have audited the consolidated financial statements of the **West Ohio Annual Conference of the United Methodist Church and Affiliates**, as of and for the years ended December 31, 2015 and 2014, and our report thereon dated May 17, 2016, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements on pages 25 - 36 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management, and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits 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.

Brady, Ware & Schoenfeld, Inc.

Columbus, Ohio
May 17, 2016

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WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY FUND

DECEMBER 31, 2015

	West Ohio Annual Conference						Community	Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South	Ministries of the Capitol Area	
ASSETS								
Cash and cash equivalents	\$ 1,693,341	\$ -	\$ 322,133	\$ -	\$ 81,023	\$ 20,111	\$ 24,380	\$ 146,996
Accounts receivable - apportionments	1,042,198	-	-	-	13,938	9,051	15,857	7,070
Accounts receivable - other	-	-	-	-	-	-	-	-
Pledge campaign receivables	-	302,852	-	-	-	-	-	-
Notes receivable - church extension	-	40,303	-	-	-	-	106,111	-
Investments	6,871,846	9,368,667	10,578,881	44,953,059	711,151	631,874	2,040,187	404,093
Due (to) from affiliate	34,252,195	(67,280)	(305,916)	(33,863,315)	(6,849)	(5,839)	(266)	-
Prepaid expenses	106,556	-	-	-	-	-	-	-
Beneficial interest in perpetual trusts	-	-	-	-	-	-	-	-
	<u>43,966,136</u>	<u>9,644,542</u>	<u>10,595,098</u>	<u>11,089,744</u>	<u>799,263</u>	<u>655,197</u>	<u>2,186,269</u>	<u>558,159</u>
PROPERTY AND EQUIPMENT, NET	<u>-</u>	<u>3,365,813</u>	<u>-</u>	<u>-</u>	<u>655,000</u>	<u>607,800</u>	<u>-</u>	<u>219,554</u>
	<u>\$ 43,966,136</u>	<u>\$ 13,010,355</u>	<u>\$ 10,595,098</u>	<u>\$ 11,089,744</u>	<u>\$ 1,454,263</u>	<u>\$ 1,262,997</u>	<u>\$ 2,186,269</u>	<u>\$ 777,713</u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 2,008,405	\$ 584	\$ 22,356	\$ -	\$ 882,310	\$ 616,808	\$ 134	\$ 890
Healthcare post-retirement benefit obligations	49,694,721	-	-	-	-	-	-	-
Amounts held for distribution	-	-	10,063,895	-	-	-	-	-
Line of credit	-	-	-	-	-	-	-	-
	<u>51,703,126</u>	<u>584</u>	<u>10,086,251</u>	<u>-</u>	<u>882,310</u>	<u>616,808</u>	<u>134</u>	<u>890</u>
NET ASSETS								
Unrestricted	(8,706,983)	7,748,602	187,898	11,089,744	571,953	646,189	2,018,739	776,823
Temporarily restricted	969,993	5,261,169	259,383	-	-	-	96,944	-
Permanently restricted	-	-	61,566	-	-	-	70,452	-
	<u>(7,736,990)</u>	<u>13,009,771</u>	<u>508,847</u>	<u>11,089,744</u>	<u>571,953</u>	<u>646,189</u>	<u>2,186,135</u>	<u>776,823</u>
	<u>\$ 43,966,136</u>	<u>\$ 13,010,355</u>	<u>\$ 10,595,098</u>	<u>\$ 11,089,744</u>	<u>\$ 1,454,263</u>	<u>\$ 1,262,997</u>	<u>\$ 2,186,269</u>	<u>\$ 777,713</u>

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY FUND - CONTINUED

DECEMBER 31, 2015

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 230,120	\$ 284,653	\$ 485,627	\$ 78,630	\$ 351,934	\$ 3,718,948	\$ -	\$ 3,718,948
Accounts receivable - apportionments	17,405	27,758	10,110	50,343	7,463	1,201,193	-	1,201,193
Accounts receivable - other	1,835	-	-	50,738	-	52,573	-	52,573
Pledge campaign receivables	-	-	-	-	-	302,852	-	302,852
Notes receivable - church extension	11,063	-	-	143,289	3,506	304,272	-	304,272
Investments	580,906	850,921	572,573	5,154,580	2,001,381	84,720,119	(2,989,592)	81,730,527
Due (to) from affiliate	-	(2,730)	-	-	-	-	-	-
Prepaid expenses	766	-	-	48,234	-	155,556	-	155,556
Beneficial interest in perpetual trusts	-	-	-	629,152	-	629,152	-	629,152
	<u>842,095</u>	<u>1,160,602</u>	<u>1,068,310</u>	<u>6,154,966</u>	<u>2,364,284</u>	<u>91,084,665</u>	<u>(2,989,592)</u>	<u>88,095,073</u>
PROPERTY AND EQUIPMENT, NET	<u>139,768</u>	<u>247,709</u>	<u>290,437</u>	<u>623,150</u>	<u>315,670</u>	<u>6,464,901</u>	<u>-</u>	<u>6,464,901</u>
	<u>\$ 981,863</u>	<u>\$ 1,408,311</u>	<u>\$ 1,358,747</u>	<u>\$ 6,778,116</u>	<u>\$ 2,679,954</u>	<u>\$ 97,549,566</u>	<u>\$ (2,989,592)</u>	<u>\$ 94,559,974</u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 2,190	\$ 49,884	\$ 4,077	\$ 56,341	\$ 459,604	\$ 4,103,583	\$ -	\$ 4,103,583
Healthcare post-retirement benefit obligations	-	-	-	-	-	49,694,721	-	49,694,721
Amounts held for distribution	-	-	-	149,420	-	10,213,315	(2,989,592)	7,223,723
Line of credit	-	-	-	142,150	-	142,150	-	142,150
	<u>2,190</u>	<u>49,884</u>	<u>4,077</u>	<u>347,911</u>	<u>459,604</u>	<u>64,153,769</u>	<u>(2,989,592)</u>	<u>61,164,177</u>
NET ASSETS								
Unrestricted	979,673	534,970	1,295,616	4,380,800	1,408,727	22,932,751	-	22,932,751
Temporarily restricted	-	823,457	59,054	1,405,238	691,176	9,566,414	-	9,566,414
Permanently restricted	-	-	-	644,167	120,447	896,632	-	896,632
	<u>979,673</u>	<u>1,358,427</u>	<u>1,354,670</u>	<u>6,430,205</u>	<u>2,220,350</u>	<u>33,395,797</u>	<u>-</u>	<u>33,395,797</u>
	<u>\$ 981,863</u>	<u>\$ 1,408,311</u>	<u>\$ 1,358,747</u>	<u>\$ 6,778,116</u>	<u>\$ 2,679,954</u>	<u>\$ 97,549,566</u>	<u>\$ (2,989,592)</u>	<u>\$ 94,559,974</u>

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY FUND

DECEMBER 31, 2014

	West Ohio Annual Conference						Community Ministries of the Capitol Area	Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South		
ASSETS								
Cash and cash equivalents	\$ 3,684,249	\$ -	\$ 264,789	\$ -	\$ 29,400	\$ 11,112	\$ 40,186	\$ 126,878
Accounts receivable - apportionments	1,356,620	-	-	-	4,350	13,992	8,356	5,266
Accounts receivable - other	28,522	-	-	-	-	-	-	-
Pledge campaign receivables	-	342,559	-	-	-	-	-	-
Notes receivable - church extension	-	117,723	-	-	-	-	119,392	1,000
Investments	6,033,600	10,288,641	9,757,374	44,588,743	580,746	645,913	2,160,212	363,514
Due (to) from affiliate	32,479,080	(451,378)	(139,553)	(31,863,148)	(1,489)	(1,489)	2,977	(10,000)
Prepaid expenses	54,062	-	-	-	-	-	-	-
Beneficial interest in perpetual trusts	-	-	-	-	-	-	-	-
	<u>43,636,133</u>	<u>10,297,545</u>	<u>9,882,610</u>	<u>12,725,595</u>	<u>613,007</u>	<u>669,528</u>	<u>2,331,123</u>	<u>486,658</u>
PROPERTY AND EQUIPMENT, NET	-	<u>3,495,665</u>	-	-	-	-	-	<u>230,631</u>
	<u>\$ 43,636,133</u>	<u>\$ 13,793,210</u>	<u>\$ 9,882,610</u>	<u>\$ 12,725,595</u>	<u>\$ 613,007</u>	<u>\$ 669,528</u>	<u>\$ 2,331,123</u>	<u>\$ 717,289</u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 1,785,771	\$ 404,623	\$ 106,520	\$ -	\$ 13,501	\$ 11,300	\$ 4,273	\$ 121
Healthcare post-retirement benefit obligations	49,689,516	-	-	-	-	-	-	-
Amounts held for distribution	-	-	9,225,444	-	-	-	-	-
Line of credit	-	-	-	-	-	-	-	-
	<u>51,475,287</u>	<u>404,623</u>	<u>9,331,964</u>	<u>-</u>	<u>13,501</u>	<u>11,300</u>	<u>4,273</u>	<u>121</u>
NET ASSETS								
Unrestricted	(8,670,884)	7,254,304	224,657	12,725,595	599,506	658,228	2,143,627	717,168
Temporarily restricted	831,730	6,134,283	264,423	-	-	-	112,771	-
Permanently restricted	-	-	61,566	-	-	-	70,452	-
	<u>(7,839,154)</u>	<u>13,388,587</u>	<u>550,646</u>	<u>12,725,595</u>	<u>599,506</u>	<u>658,228</u>	<u>2,326,850</u>	<u>717,168</u>
	<u>\$ 43,636,133</u>	<u>\$ 13,793,210</u>	<u>\$ 9,882,610</u>	<u>\$ 12,725,595</u>	<u>\$ 613,007</u>	<u>\$ 669,528</u>	<u>\$ 2,331,123</u>	<u>\$ 717,289</u>

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION BY FUND - CONTINUED

DECEMBER 31, 2014

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
ASSETS								
Cash and cash equivalents	\$ 398,431	\$ 209,087	\$ 407,351	\$ 67,615	\$ 339,423	\$ 5,578,521	\$ -	\$ 5,578,521
Accounts receivable - apportionments	16,386	51,848	13,063	22,093	10,601	1,502,575	-	1,502,575
Accounts receivable - other	2,525	-	-	442	-	31,489	(28,364)	3,125
Pledge campaign receivables	-	-	-	-	-	342,559	-	342,559
Notes receivable - church extension	29,996	-	-	300,127	8,269	576,507	-	576,507
Investments	459,998	872,066	675,605	5,400,137	2,278,579	84,105,128	(1,980,458)	82,124,670
Due (to) from affiliate	-	-	-	-	(15,000)	-	-	-
Prepaid expenses	-	-	-	83,334	-	137,396	-	137,396
Beneficial interest in perpetual trusts	-	-	-	641,072	-	641,072	-	641,072
	<u>907,336</u>	<u>1,133,001</u>	<u>1,096,019</u>	<u>6,514,820</u>	<u>2,621,872</u>	<u>92,915,247</u>	<u>(2,008,822)</u>	<u>90,906,425</u>
PROPERTY AND EQUIPMENT, NET	<u>150,107</u>	<u>246,892</u>	<u>311,494</u>	<u>616,279</u>	<u>466,500</u>	<u>5,517,568</u>	<u>-</u>	<u>5,517,568</u>
	<u>\$ 1,057,443</u>	<u>\$ 1,379,893</u>	<u>\$ 1,407,513</u>	<u>\$ 7,131,099</u>	<u>\$ 3,088,372</u>	<u>\$ 98,432,815</u>	<u>\$ (2,008,822)</u>	<u>\$ 96,423,993</u>
LIABILITIES								
Accounts payable and other accrued liabilities	\$ 3,643	\$ 43,966	\$ 10,570	\$ 54,357	\$ 584,687	\$ 3,023,332	\$ (28,364)	\$ 2,994,968
Healthcare post-retirement benefit obligations	-	-	-	-	-	49,689,516	-	49,689,516
Amounts held for distribution	-	-	-	164,178	-	9,389,622	(1,980,458)	7,409,164
Line of credit	-	-	-	170,600	-	170,600	-	170,600
	<u>3,643</u>	<u>43,966</u>	<u>10,570</u>	<u>389,135</u>	<u>584,687</u>	<u>62,273,070</u>	<u>(2,008,822)</u>	<u>60,264,248</u>
NET ASSETS								
Unrestricted	1,053,800	491,468	1,339,273	4,635,649	1,460,267	24,632,658	-	24,632,658
Temporarily restricted	-	844,459	57,670	1,450,228	922,971	10,618,535	-	10,618,535
Permanently restricted	-	-	-	656,087	120,447	908,552	-	908,552
	<u>1,053,800</u>	<u>1,335,927</u>	<u>1,396,943</u>	<u>6,741,964</u>	<u>2,503,685</u>	<u>36,159,745</u>	<u>-</u>	<u>36,159,745</u>
	<u>\$ 1,057,443</u>	<u>\$ 1,379,893</u>	<u>\$ 1,407,513</u>	<u>\$ 7,131,099</u>	<u>\$ 3,088,372</u>	<u>\$ 98,432,815</u>	<u>\$ (2,008,822)</u>	<u>\$ 96,423,993</u>

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - UNRESTRICTED NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	West Ohio Annual Conference							Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South	Community Ministries of the Capitol Area	
UNRESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ 9,602,734	\$ -	\$ -	\$ -	\$ 223,719	\$ 210,412	\$ 286,631	\$ 232,931
Medical coverage insurance	9,032,683	-	-	-	-	-	-	-
Post-retirement pension contributions	5,144,316	-	-	-	-	-	-	-
Net loss on investments	(159,990)	(127,576)	-	(2,647,548)	(31,024)	(19,957)	(92,331)	-
Interest and dividends	111,981	138,527	-	1,228,201	11,674	11,208	41,185	404
Camp operations	524,257	-	-	-	-	-	-	-
Program fee income	262,417	-	-	-	-	-	-	-
Contributions	1,022,449	-	-	-	-	-	-	-
Miscellaneous	91,523	591,266	22,656	-	30,053	33,360	1,229	95,511
Transfers and satisfaction of donor restrictions	455,461	889,005	1,202,561	-	-	-	10,000	-
	<u>26,087,831</u>	<u>1,491,222</u>	<u>1,225,217</u>	<u>(1,419,347)</u>	<u>234,422</u>	<u>235,023</u>	<u>246,714</u>	<u>328,846</u>
Expenses								
Connectional administration and ministerial support	4,921,571	81,492	54,121	-	238,753	231,969	127,952	210,230
World services and conference benevolence	3,674,735	737,312	-	-	23,222	15,093	243,650	58,961
Church benevolence	128,894	-	-	-	-	-	-	-
Medical coverage	11,602,731	-	-	-	-	-	-	-
Post-retirement pension benefits	4,938,481	-	-	216,504	-	-	-	-
Camp operations	852,313	148,494	-	-	-	-	-	-
Episcopal residence	-	29,626	-	-	-	-	-	-
Distributions to other organizations and beneficiaries	-	-	1,207,855	-	-	-	-	-
	<u>26,118,725</u>	<u>996,924</u>	<u>1,261,976</u>	<u>216,504</u>	<u>261,975</u>	<u>247,062</u>	<u>371,602</u>	<u>269,191</u>
CHANGE IN UNRESTRICTED NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	(30,894)	494,298	(36,759)	(1,635,851)	(27,553)	(12,039)	(124,888)	59,655
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	(5,205)	-	-	-	-	-	-	-
CHANGE IN UNRESTRICTED NET ASSETS	(36,099)	494,298	(36,759)	(1,635,851)	(27,553)	(12,039)	(124,888)	59,655
UNRESTRICTED NET ASSETS								
Beginning of year	<u>(8,670,884)</u>	<u>7,254,304</u>	<u>224,657</u>	<u>12,725,595</u>	<u>599,506</u>	<u>658,228</u>	<u>2,143,627</u>	<u>717,168</u>
End of year	<u>\$ (8,706,983)</u>	<u>\$ 7,748,602</u>	<u>\$ 187,898</u>	<u>\$ 11,089,744</u>	<u>\$ 571,953</u>	<u>\$ 646,189</u>	<u>\$ 2,018,739</u>	<u>\$ 776,823</u>

See independent auditors' report on supplementary information.

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - UNRESTRICTED NET ASSETS - CONTINUED

YEAR ENDED DECEMBER 31, 2015

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ 359,105	\$ 592,739	\$ 345,833	\$ 572,105	\$ 174,083	\$ 12,600,292	\$ -	\$ 12,600,292
Medical coverage insurance	-	-	-	-	-	9,032,683	(230,599)	8,802,084
Post-retirement pension contributions	-	-	-	-	-	5,144,316	(79,910)	5,064,406
Net loss on investments	(22,246)	(779)	(5,963)	(150,330)	(29,693)	(3,287,437)	-	(3,287,437)
Interest and dividends	12,677	1,371	17,856	79,047	34,883	1,689,014	-	1,689,014
Camp operations	-	-	-	-	-	524,257	(29,937)	494,320
Program fee income	-	-	-	85,209	-	347,626	(88,817)	258,809
Contributions	-	-	-	11,762	-	1,034,211	-	1,034,211
Miscellaneous	127,779	43,952	28,743	46,947	88,650	1,201,669	(234,042)	967,627
Transfers and satisfaction of donor restrictions	-	16,000	15,633	5,500	(47)	2,594,113	-	2,594,113
	<u>477,315</u>	<u>653,283</u>	<u>402,102</u>	<u>650,240</u>	<u>267,876</u>	<u>30,880,744</u>	<u>(663,305)</u>	<u>30,217,439</u>
Expenses								
Connectional administration and ministerial support	365,059	299,996	328,142	508,627	121,793	7,489,705	(358,862)	7,130,843
World services and conference benevolence	186,383	309,785	117,617	396,462	197,623	5,960,843	(304,443)	5,656,400
Church benevolence	-	-	-	-	-	128,894	-	128,894
Medical coverage	-	-	-	-	-	11,602,731	-	11,602,731
Post-retirement pension benefits	-	-	-	-	-	5,154,985	-	5,154,985
Camp operations	-	-	-	-	-	1,000,807	-	1,000,807
Episcopal residence	-	-	-	-	-	29,626	-	29,626
Distributions to other organizations and beneficiaries	-	-	-	-	-	1,207,855	-	1,207,855
	<u>551,442</u>	<u>609,781</u>	<u>445,759</u>	<u>905,089</u>	<u>319,416</u>	<u>32,575,446</u>	<u>(663,305)</u>	<u>31,912,141</u>
CHANGE IN UNRESTRICTED NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	(74,127)	43,502	(43,657)	(254,849)	(51,540)	(1,694,702)	-	(1,694,702)
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	-	-	-	-	-	(5,205)	-	(5,205)
CHANGE IN UNRESTRICTED NET ASSETS	(74,127)	43,502	(43,657)	(254,849)	(51,540)	(1,699,907)	-	(1,699,907)
UNRESTRICTED NET ASSETS								
Beginning of year	<u>1,053,800</u>	<u>491,468</u>	<u>1,339,273</u>	<u>4,635,649</u>	<u>1,460,267</u>	<u>24,632,658</u>	<u>-</u>	<u>24,632,658</u>
End of year	<u>\$ 979,673</u>	<u>\$ 534,970</u>	<u>\$ 1,295,616</u>	<u>\$ 4,380,800</u>	<u>\$ 1,408,727</u>	<u>\$ 22,932,751</u>	<u>\$ -</u>	<u>\$ 22,932,751</u>

See independent auditors' report on supplementary information.

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - UNRESTRICTED NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	West Ohio Annual Conference						Community Ministries of the Capitol Area	Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South		
UNRESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ 9,816,314	\$ -	\$ -	\$ -	\$ 257,658	\$ 230,700	\$ 281,715	\$ 213,737
Medical coverage insurance	9,156,684	-	-	-	-	-	-	-
Post-retirement pension contributions	4,806,108	-	-	-	-	-	-	-
Net gain (loss) on investments	(59,255)	128,695	-	503,276	(2,223)	9,275	15,539	-
Interest and dividends	126,572	133,104	-	1,559,131	13,258	14,343	44,117	612
Camp operations	544,022	-	-	-	-	-	-	-
Program fee income	374,608	-	-	-	-	-	-	-
Contributions	455,841	-	-	-	-	-	-	-
Miscellaneous	90,701	266,520	18,938	65,733	15,566	17,757	161,873	46,390
Transfers and satisfaction of donor restrictions	499,016	556,252	1,693,876	-	-	-	10,000	-
	<u>25,810,611</u>	<u>1,084,571</u>	<u>1,712,814</u>	<u>2,128,140</u>	<u>284,259</u>	<u>272,075</u>	<u>513,244</u>	<u>260,739</u>
EXPENSES								
Connectional administration and ministerial support	4,722,682	179,095	4,150	91,667	262,261	247,474	124,385	226,817
World services and conference benevolence	3,633,752	376,354	-	-	19,011	20,592	238,606	66,557
Church benevolence	144,780	-	-	-	-	-	-	-
Medical coverage	11,889,920	-	-	-	-	-	-	-
Post-retirement pension benefits	2,238,238	-	-	211,745	-	-	-	-
Camp operations	896,618	154,818	-	-	-	-	-	-
Episcopal residence	-	48,134	-	-	-	-	-	-
Distributions to other organizations and beneficiaries	-	-	1,693,790	-	-	-	-	-
	<u>23,525,990</u>	<u>758,401</u>	<u>1,697,940</u>	<u>303,412</u>	<u>281,272</u>	<u>268,066</u>	<u>362,991</u>	<u>293,374</u>
CHANGE IN UNRESTRICTED NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	2,284,621	326,170	14,874	1,824,728	2,987	4,009	150,253	(32,635)
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	<u>(7,427,619)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CHANGE IN UNRESTRICTED NET ASSETS	(5,142,998)	326,170	14,874	1,824,728	2,987	4,009	150,253	(32,635)
UNRESTRICTED NET ASSETS								
Beginning of year	<u>(3,527,886)</u>	<u>6,928,134</u>	<u>209,783</u>	<u>10,900,867</u>	<u>596,519</u>	<u>654,219</u>	<u>1,993,374</u>	<u>749,803</u>
End of year	<u>\$ (8,670,884)</u>	<u>\$ 7,254,304</u>	<u>\$ 224,657</u>	<u>\$ 12,725,595</u>	<u>\$ 599,506</u>	<u>\$ 658,228</u>	<u>\$ 2,143,627</u>	<u>\$ 717,168</u>

See independent auditors' report on supplementary information.

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - UNRESTRICTED NET ASSETS - CONTINUED

YEAR ENDED DECEMBER 31, 2014

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>Total</u>
UNRESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ 384,325	\$ 617,490	\$ 359,369	\$ 608,079	\$ 165,047	\$ 12,934,434	\$ -	\$ 12,934,434
Medical coverage insurance	-	-	-	-	-	9,156,684	(229,729)	8,926,955
Post-retirement pension contributions	-	-	-	-	-	4,806,108	-	4,806,108
Net gain (loss) on investments	3,341	1,372	(2,813)	114,743	31,680	743,630	-	743,630
Interest and dividends	3,315	881	16,452	55,760	35,127	2,002,672	-	2,002,672
Camp operations	-	-	-	-	-	544,022	(2,000)	542,022
Program fee income	-	-	-	-	-	374,608	-	374,608
Contributions	-	-	-	-	-	455,841	-	455,841
Miscellaneous	484,691	61,091	21,530	13,134	131,037	1,394,961	(276,828)	1,118,133
Transfers and satisfaction of donor restrictions	-	-	22,396	3,921	1,400	2,786,861	-	2,786,861
	<u>875,672</u>	<u>680,834</u>	<u>416,934</u>	<u>795,637</u>	<u>364,291</u>	<u>35,199,821</u>	<u>(508,557)</u>	<u>34,691,264</u>
EXPENSES								
Connectional administration and ministerial support	373,223	353,042	349,661	493,860	180,488	7,608,805	(394,249)	7,214,556
World services and conference benevolence	600,024	306,492	149,234	355,608	160,139	5,926,369	(175,328)	5,751,041
Church benevolence	-	-	-	-	-	144,780	-	144,780
Medical coverage	-	-	-	-	-	11,889,920	-	11,889,920
Post-retirement pension benefits	-	-	-	-	-	2,449,983	61,020	2,511,003
Camp operations	-	-	-	-	-	1,051,436	-	1,051,436
Episcopal residence	-	-	-	-	-	48,134	-	48,134
Distributions to other organizations and beneficiaries	-	-	-	-	1,450	1,695,240	-	1,695,240
	<u>973,247</u>	<u>659,534</u>	<u>498,895</u>	<u>849,468</u>	<u>342,077</u>	<u>30,814,667</u>	<u>(508,557)</u>	<u>30,306,110</u>
CHANGE IN UNRESTRICTED NET ASSETS PRIOR TO CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	(97,575)	21,300	(81,961)	(53,831)	22,214	4,385,154	-	4,385,154
CHANGE IN HEALTHCARE POST-RETIREMENT BENEFIT OBLIGATIONS	-	-	-	-	-	(7,427,619)	-	(7,427,619)
CHANGE IN UNRESTRICTED NET ASSETS	(97,575)	21,300	(81,961)	(53,831)	22,214	(3,042,465)	-	(3,042,465)
UNRESTRICTED NET ASSETS								
Beginning of year	<u>1,151,375</u>	<u>470,168</u>	<u>1,421,234</u>	<u>4,689,480</u>	<u>1,438,053</u>	<u>27,675,123</u>	-	<u>27,675,123</u>
End of year	<u>\$ 1,053,800</u>	<u>\$ 491,468</u>	<u>\$ 1,339,273</u>	<u>\$ 4,635,649</u>	<u>\$ 1,460,267</u>	<u>\$ 24,632,658</u>	<u>\$ -</u>	<u>\$ 24,632,658</u>

See independent auditors' report on supplementary information.

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	West Ohio Annual Conference							Community Ministries of the Capitol Area	Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South			
TEMPORARILY RESTRICTED NET ASSETS									
Revenue and Support									
Apportionments	\$ 220,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Life income and annuity gifts	-	-	159,866	-	-	-	-	-	-
Net loss on investments	-	(123,844)	(13,875)	-	-	-	(8,330)	-	-
Interest and dividends	-	104,305	8,835	-	-	-	2,503	-	-
Contributions	373,620	35,430	1,042,695	-	-	-	-	-	-
Transfers and satisfaction of donor restrictions	<u>(455,461)</u>	<u>(889,005)</u>	<u>(1,202,561)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>	<u>-</u>	<u>-</u>
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	138,263	(873,114)	(5,040)	-	-	-	(15,827)	-	-
TEMPORARILY RESTRICTED NET ASSETS									
Beginning of year	<u>831,730</u>	<u>6,134,283</u>	<u>264,423</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,771</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ 969,993</u>	<u>\$ 5,261,169</u>	<u>\$ 259,383</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,944</u>	<u>\$ -</u>	<u>\$ -</u>
PERMANENTLY RESTRICTED NET ASSETS									
Beginning of year	\$ -	\$ -	\$ 61,566	\$ -	\$ -	\$ -	\$ 70,452	\$ -	\$ -
Transfers	-	-	-	-	-	-	-	-	-
Loss on beneficial interest in perpetual trusts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,452</u>	<u>\$ -</u>	<u>\$ -</u>

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

YEAR ENDED DECEMBER 31, 2015

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>TOTAL</u>
TEMPORARILY RESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 220,104	\$ -	\$ 220,104
Life income and annuity gifts	-	-	-	-	-	159,866	-	159,866
Net loss on investments	-	(29,864)	-	(58,832)	(231,936)	(466,681)	-	(466,681)
Interest and dividends	-	24,862	17	12,247	94	152,863	-	152,863
Contributions	-	-	17,000	-	-	1,468,745	-	1,468,745
Transfers and satisfaction of donor restrictions	-	(16,000)	(15,633)	1,595	47	(2,587,018)	-	(2,587,018)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	(21,002)	1,384	(44,990)	(231,795)	(1,052,121)	-	(1,052,121)
TEMPORARILY RESTRICTED NET ASSETS								
Beginning of year	-	844,459	57,670	1,450,228	922,971	10,618,535	-	10,618,535
End of year	\$ -	\$ 823,457	\$ 59,054	\$ 1,405,238	\$ 691,176	\$ 9,566,414	\$ -	\$ 9,566,414
PERMANENTLY RESTRICTED NET ASSETS								
Beginning of year	\$ -	\$ -	\$ -	\$ 656,087	\$ 120,447	\$ 908,552	\$ -	\$ 908,552
Transfers	-	-	-	(7,095)	-	(7,095)	-	(7,095)
Loss on beneficial interest in perpetual trusts	-	-	-	(4,825)	-	(4,825)	-	(4,825)
End of year	\$ -	\$ -	\$ -	\$ 644,167	\$ 120,447	\$ 896,632	\$ -	\$ 896,632

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

YEAR ENDED DECEMBER 31, 2014

	West Ohio Annual Conference						Community Ministries of the Capitol Area	Foothills
	Treasurers Accounts	Board of Trustees	Council on Development	Pension Billing	Capitol Area North	Capitol Area South		
TEMPORARILY RESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ 217,909	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Life income and annuity gifts	-	-	1,081,736	-	-	-	-	-
Net gain (loss) on investments	-	122,935	15,117	-	-	-	(1,342)	-
Interest and dividends	-	101,393	7,880	-	-	-	3,611	-
Contributions	246,452	110,465	476,910	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	(844)	-
Transfers and satisfaction of donor restrictions	(499,016)	(556,252)	(1,643,876)	-	-	-	(10,000)	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(34,655)	(221,459)	(62,233)	-	-	-	(8,575)	-
TEMPORARILY RESTRICTED NET ASSETS								
Beginning of year	866,385	6,355,742	326,656	-	-	-	121,346	-
End of year	\$ 831,730	\$ 6,134,283	\$ 264,423	\$ -	\$ -	\$ -	\$ 112,771	\$ -
PERMANENTLY RESTRICTED NET ASSETS								
Beginning of year	\$ -	\$ -	\$ 111,566	\$ -	\$ -	\$ -	\$ 70,452	\$ -
Transfers	-	-	(50,000)	-	-	-	-	-
Gain on beneficial interest in perpetual trust	-	-	-	-	-	-	-	-
End of year	\$ -	\$ -	\$ 61,566	\$ -	\$ -	\$ -	\$ 70,452	\$ -

WEST OHIO ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY FUND - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS - CONTINUED

YEAR ENDED DECEMBER 31, 2014

	<u>Maumee Watershed</u>	<u>Miami Valley</u>	<u>Northwest Plains</u>	<u>Ohio River Valley</u>	<u>Shawnee</u>	<u>Subtotal</u>	<u>Eliminations</u>	<u>TOTAL</u>
TEMPORARILY RESTRICTED NET ASSETS								
Revenue and Support								
Apportionments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 217,909	\$ -	\$ 217,909
Life income and annuity gifts	-	-	-	-	-	1,081,736	-	1,081,736
Net gain (loss) on investments	-	37,653	-	42,060	155,551	371,974	-	371,974
Interest and dividends	-	-	18	22,408	(75)	135,235	-	135,235
Contributions	-	-	20,265	-	-	854,092	-	854,092
Miscellaneous	-	-	-	-	-	(844)	-	(844)
Transfers and satisfaction of donor restrictions	-	21,730	(22,396)	(3,921)	(1,400)	(2,715,131)	-	(2,715,131)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	-	59,383	(2,113)	60,547	154,076	(55,029)	-	(55,029)
TEMPORARILY RESTRICTED NET ASSETS								
Beginning of year	<u>-</u>	<u>785,076</u>	<u>59,783</u>	<u>1,389,681</u>	<u>768,895</u>	<u>10,673,564</u>	<u>-</u>	<u>10,673,564</u>
End of year	<u>\$ -</u>	<u>\$ 844,459</u>	<u>\$ 57,670</u>	<u>\$ 1,450,228</u>	<u>\$ 922,971</u>	<u>\$ 10,618,535</u>	<u>\$ -</u>	<u>\$ 10,618,535</u>
PERMANENTLY RESTRICTED NET ASSETS								
Beginning of year	\$ -	\$ 21,730	\$ -	\$ 654,220	\$ 120,447	\$ 978,415	\$ -	\$ 978,415
Transfers	-	(21,730)	-	-	-	(71,730)	-	(71,730)
Gain on beneficial interest in perpetual trust	-	-	-	1,867	-	1,867	-	1,867
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 656,087</u>	<u>\$ 120,447</u>	<u>\$ 908,552</u>	<u>\$ -</u>	<u>\$ 908,552</u>