



**GENERAL BOARD OF DISCIPLESHIP  
OF THE UNITED METHODIST CHURCH  
d/b/a DISCIPLESHIP MINISTRIES**

**CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTAL SCHEDULES**

*As of and for the Years Ended December 31, 2014  
and 2013*

*And Report of Independent Auditor*

## **Report of Independent Auditor**

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

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

We have audited the accompanying consolidated financial statements of the General Board of Discipleship of The United Methodist Church d/b/a Discipleship Ministries (the "Board"), which comprise the consolidated statement of financial position as of December 31, 2014, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the 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.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's 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 Board'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 Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Board as of December 31, 2014, and the changes in its consolidated net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Prior Period Financial Statements**

The consolidated financial statements of the Board as of December 31, 2013, were audited by another auditor whose report, dated August 20, 2014, expressed an unmodified opinion on those statements.

## **Other Matters**

### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The other information included in Schedules 1 through 4, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements.

Schedules 1 through 3 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 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 financial statements as a whole.

Schedule 4 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.



Charlotte, North Carolina  
June 29, 2015

**GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2014 AND 2013

	2014			2013		
	Consolidating Information		Consolidated Total	Consolidating Information		Consolidated Total
	Board of Discipleship	The Upper Room		Board of Discipleship	The Upper Room	
<b>Assets</b>						
Cash and cash equivalents	\$ 4,932	\$ 83,044	\$ 87,976	\$ 13,787	\$ 51,095	\$ 64,882
Due from GOFA Short-Term Pooled Investment Fund	3,192,961	4,808,620	8,001,581	4,210,227	4,391,967	8,602,194
Accrued World Service allocation	2,486,910	-	2,486,910	2,512,861	-	2,512,861
Accrued World Service allocation - SBC21	138,309	-	138,309	139,690	-	139,690
Investments	13,312,081	14,994,320	28,306,401	12,825,547	16,363,006	29,188,553
Accounts receivable, net	504,249	1,211,492	1,715,741	288,174	1,559,242	1,847,416
Accrued income receivable	3,497	1,889	5,386	49,873	52,031	101,904
Inventories	316,774	1,400,885	1,717,659	336,504	1,469,876	1,806,380
Prepaid expenses and other assets	116,701	303,565	420,266	157,753	303,742	461,495
Property, buildings, and equipment, net	1,725,362	5,385,042	7,110,404	1,771,897	4,245,933	6,017,830
<b>Total Assets</b>	<b>\$ 21,801,776</b>	<b>\$ 28,188,857</b>	<b>\$ 49,990,633</b>	<b>\$ 22,306,313</b>	<b>\$ 28,436,892</b>	<b>\$ 50,743,205</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities:</b>						
Accounts payable and accrued expenses	\$ 949,398	\$ 1,165,429	\$ 2,114,827	\$ 720,461	\$ 943,640	\$ 1,664,101
Accrued royalties	35,779	84,889	120,668	16,914	89,204	106,118
Deferred income	-	3,520,543	3,520,543	-	3,898,254	3,898,254
<b>Total Liabilities</b>	<b>985,177</b>	<b>4,770,861</b>	<b>5,756,038</b>	<b>737,375</b>	<b>4,931,098</b>	<b>5,668,473</b>
<b>Net Assets:</b>						
<b>Unrestricted:</b>						
Undesignated	9,375,843	15,611,649	24,987,492	9,813,680	16,442,951	26,256,631
Board designated – capital expenditures	600,182	460,583	1,060,765	590,747	771,274	1,362,021
Board designated – programs	5,176,825	1,322,648	6,499,473	5,440,293	1,338,639	6,778,932
Board designated - investment in plant facilities	1,725,362	5,385,042	7,110,404	1,771,897	4,245,933	6,017,830
<b>Total Unrestricted Net Assets</b>	<b>16,878,212</b>	<b>22,779,922</b>	<b>39,658,134</b>	<b>17,616,617</b>	<b>22,798,797</b>	<b>40,415,414</b>
Temporarily restricted	3,555,646	2,204	3,557,850	3,569,580	77,546	3,647,126
Permanently restricted	382,741	635,870	1,018,611	382,741	629,451	1,012,192
<b>Total Net Assets</b>	<b>20,816,599</b>	<b>23,417,996</b>	<b>44,234,595</b>	<b>21,568,938</b>	<b>23,505,794</b>	<b>45,074,732</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 21,801,776</b>	<b>\$ 28,188,857</b>	<b>\$ 49,990,633</b>	<b>\$ 22,306,313</b>	<b>\$ 28,436,892</b>	<b>\$ 50,743,205</b>

The accompanying notes to consolidated financial statements are an integral part of this statement.

**GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH  
CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2014**

	Consolidating Information									
	Board of Discipleship			The Upper Room						
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total
Revenue:	\$ 343,324	\$ -	\$ -	\$ 343,324	\$ 14,447,850	\$ -	\$ -	\$ 14,447,850	\$ -	\$ 14,791,174
Sales of literature	(211,475)	-	-	(211,475)	(2,773,204)	-	-	(2,773,204)	-	(2,984,679)
Cost of goods sold	33,849	-	-	33,849	11,674,546	-	-	11,674,546	-	11,006,495
Allocations through the GCFA:										
World Service	7,738,620	-	-	7,738,620	-	-	-	-	-	7,738,620
National Hispanic Plan	-	74,495	-	74,495	-	-	-	-	-	74,495
Native American Comprehensive Plan	-	236,134	-	236,134	-	-	-	-	-	236,134
Strengthening The Black Church	-	448,429	-	448,429	-	-	-	-	-	448,429
Registration fees/special projects	439,470	65,206	-	508,676	912,852	-	6,419	919,271	-	1,427,947
Grants and contributions	268,901	324,269	-	593,170	678,537	-	-	1,271,707	-	1,271,707
Receipts from related organizations	326,954	(50)	-	326,904	50,285	-	-	377,189	-	377,189
Rental income	117,285	-	-	117,285	53,809	-	-	171,094	-	171,094
Other income	3,106,166	200,000	-	3,306,166	511,255	-	-	3,742,421	(3,443,178)	3,742,421
Benefit Trust distribution	1,120,083	-	-	1,120,083	916,431	-	-	916,431	-	2,036,514
Release of temporary restrictions (O'Neal Memorial Fund)	2,420	(2,420)	-	-	-	-	-	-	-	-
Release of temporary restrictions (Leadership Ministry Division)	489,248	(489,248)	-	-	-	-	-	-	-	-
Release of temporary restrictions (RELCC)	144,038	(144,038)	-	-	-	-	-	-	-	-
Release of temporary restrictions (Korean Partner in Mission)	7,000	(7,000)	-	-	-	-	-	-	-	-
Release of temporary restrictions (E-Reader Project)	78,264	(78,264)	-	-	-	-	-	-	-	-
Release of temporary restrictions (New Church Services)	2,937	(2,937)	-	-	-	-	-	-	-	-
Release of temporary restrictions (NACP)	297,259	(297,259)	-	-	-	-	-	-	-	-
Release of temporary restrictions (SBC21)	464,551	(464,551)	-	-	-	-	-	-	-	-
Release of temporary restrictions (Prayer Center)	-	-	-	-	75,342	(75,342)	-	-	-	-
Total Revenue	14,715,045	(110,234)	-	14,604,811	14,873,157	(75,342)	6,419	14,804,234	(3,443,178)	25,967,867
Expenses:										
Program services:										
Leadership Ministries	3,422,460	-	-	3,422,460	-	-	-	-	-	3,422,460
Young People's Ministries	1,867,567	-	-	1,867,567	-	-	-	-	-	1,867,567
New Church Starts	1,607,005	-	-	1,607,005	-	-	-	-	-	1,607,005
Strengthening the Black Church (SBC21)	464,551	-	-	464,551	-	-	-	-	-	464,551
Native American Comprehensive Plan (NACP)	297,259	-	-	297,259	-	-	-	-	-	297,259
Discipleship Resources	203,744	-	-	203,744	-	-	-	-	-	203,744
Central Conference Relations (CCSR)	677,937	-	-	677,937	-	-	-	-	-	677,937
Books and Magazines (The Upper Room)	-	-	-	-	6,177,348	-	-	6,177,348	-	6,177,348
Programs and Events (The Upper Room)	-	-	-	-	4,138,511	-	-	4,138,511	-	4,138,511
Total Program Services	8,540,523	-	-	8,540,523	10,315,859	-	-	10,315,859	(13,008)	18,743,376
Support Services:										
General and support services	7,300,391	-	-	7,300,391	-	-	-	-	(3,330,172)	3,970,219
Customer and support services	-	-	-	-	5,207,487	-	-	5,207,487	-	5,207,487
Total Support Services	7,300,391	-	-	7,300,391	5,207,487	-	-	5,207,487	(3,330,172)	9,177,706
Total Expenses	15,840,914	-	-	15,840,914	15,523,346	-	-	5,523,346	(3,443,178)	27,921,082
Excess (Deficiency) of Revenue Over Expenses	(1,125,869)	(110,234)	-	(1,239,103)	(650,889)	(75,342)	6,419	(719,112)	-	(1,958,215)
Nonoperating items:										
Net investment return	387,464	99,300	-	486,764	631,314	-	-	1,118,078	-	1,118,078
Changes in net assets	(738,405)	(15,934)	-	(754,339)	(16,875)	-	-	(771,214)	-	(840,137)
Net assets at beginning of year	17,616,617	3,569,580	382,741	21,568,938	22,798,797	77,546	629,451	23,505,794	-	45,074,732
Net assets at end of year	\$ 16,878,212	\$ 3,555,646	\$ 382,741	\$ 20,816,599	\$ 22,779,922	\$ 2,204	\$ 635,870	\$ 23,417,986	\$ -	\$ 44,234,595

The accompanying notes to consolidated financial statements are an integral part of this statement.

**GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH  
CONSOLIDATED STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2013**

	Consolidating Information										Consolidated Total	
	Board of Discipleship			The Upper Room				Eliminations	Total			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted					
Revenue:												
Sales of literature	\$ 303,941	\$ -	\$ -	\$ 303,941	\$ 15,053,714	\$ -	\$ -	\$ 15,053,714	\$ -	\$ -	\$ -	\$ 15,357,655
Cost of goods sold	(107,471)	-	-	(107,471)	(2,801,811)	-	-	(2,909,282)	-	-	-	(2,909,282)
	196,470	-	-	196,470	12,251,903	-	-	12,251,903	-	-	-	12,448,373
Allocations through the GCFA:												
World Service	7,539,869	96,373	-	7,636,242	-	-	-	-	-	-	-	7,636,242
Committee and Plan on Older Adult Ministries	78,699	-	-	78,699	-	-	-	-	-	-	-	78,699
National-Hispanic Plan	73,780	-	-	73,780	-	-	-	-	-	-	-	73,780
Native American Comprehensive Plan	237,600	-	-	237,600	-	-	-	-	-	-	-	237,600
Strengthening The Black Church	446,548	-	-	446,548	-	-	-	-	-	-	-	446,548
Registration fees/special projects	425,135	-	-	425,135	996,606	-	-	996,606	-	-	-	1,445,776
Grants and contributions	290,802	24,035	-	314,837	585,362	-	1,590	586,952	-	-	-	895,370
Receipts from related organizations	247,065	17,556	-	264,621	247,065	-	-	49,837	-	-	-	296,902
Rental income	117,612	-	-	117,612	37,073	-	-	37,073	-	-	-	154,685
Other income	3,127,799	20,300	-	3,148,099	4,982,123	-	-	4,982,123	(3,293,763)	-	-	272,549
Benefit Trust distribution	1,047,406	-	-	1,047,406	856,395	-	-	856,395	-	-	-	1,903,801
Release of temporary restrictions (O'Neal Memorial Fund)	6,772	(8,772)	-	-	-	-	-	-	-	-	-	-
Release of temporary restrictions (Leadership Ministry Division)	67,370	(67,370)	-	-	-	-	-	-	-	-	-	-
Release of temporary restrictions (New Church Services)	53,734	(53,734)	-	-	-	-	-	-	-	-	-	-
Release of temporary restrictions (NACP)	220,230	(220,230)	-	-	-	-	-	-	-	-	-	-
Release of temporary restrictions (SBC21)	405,691	(405,691)	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue</b>	<b>13,826,654</b>	<b>162,395</b>	<b>-</b>	<b>13,989,049</b>	<b>15,195,389</b>	<b>-</b>	<b>1,590</b>	<b>15,196,979</b>	<b>(3,293,763)</b>	<b>-</b>	<b>-</b>	<b>25,892,295</b>
Expenses:												
Program Services:												
Leadership Ministries	2,872,874	-	-	2,872,874	-	-	-	-	-	-	-	2,872,874
Young People's Ministries	1,380,275	-	-	1,380,275	-	-	-	-	-	-	-	1,380,275
New Church Starts	1,314,987	-	-	1,314,987	-	-	-	-	-	-	-	1,314,987
Strengthening the Black Church (SBC21)	430,761	-	-	430,761	-	-	-	-	-	-	-	430,761
Native American Comprehensive Plan (NACP)	289,862	-	-	289,862	-	-	-	-	-	-	-	289,862
Discipleship Resources	222,598	-	-	222,598	-	-	-	-	-	-	-	222,598
External/Connective Relations (ECRSI)	543,967	-	-	543,967	-	-	-	-	-	-	-	543,967
Central Conference Relations (CCSR)	362,079	-	-	362,079	-	-	-	-	-	-	-	362,079
Books and Magazines (The Upper Room)	-	-	-	-	6,278,270	-	-	6,278,270	(3,000,000)	-	-	3,278,270
Programs and Events (The Upper Room)	-	-	-	-	3,194,840	-	-	3,194,840	-	-	-	3,194,840
<b>Total Program Services</b>	<b>7,417,403</b>	<b>-</b>	<b>-</b>	<b>7,417,403</b>	<b>9,473,110</b>	<b>-</b>	<b>-</b>	<b>9,473,110</b>	<b>(3,190,250)</b>	<b>-</b>	<b>-</b>	<b>13,780,263</b>
Support Services:												
General and support services	6,816,999	-	-	6,816,999	-	-	-	-	-	-	-	6,816,999
Customer and support services	-	-	-	-	5,187,440	-	-	5,187,440	(183,513)	-	-	5,187,440
<b>Total Support Services</b>	<b>6,816,999</b>	<b>-</b>	<b>-</b>	<b>6,816,999</b>	<b>5,187,440</b>	<b>-</b>	<b>-</b>	<b>5,187,440</b>	<b>(183,513)</b>	<b>-</b>	<b>-</b>	<b>11,820,926</b>
<b>Total Expenses</b>	<b>14,234,402</b>	<b>-</b>	<b>-</b>	<b>14,234,402</b>	<b>14,660,550</b>	<b>-</b>	<b>-</b>	<b>14,660,550</b>	<b>(3,293,763)</b>	<b>-</b>	<b>-</b>	<b>25,601,989</b>
Excess (Deficiency) of Revenue Over Expenses	(407,748)	162,395	-	(245,353)	534,839	-	1,590	536,429	-	-	-	29,1076
Nonoperating Items:												
Net investment return	1,109,160	187,926	25,316	1,322,402	1,843,390	-	-	1,843,390	-	-	-	3,165,792
Changes in Net Assets	70,142	350,321	25,316	1,077,049	2,378,228	-	1,590	2,379,818	-	-	-	3,456,869
Net assets at beginning of year	16,915,205	3,219,259	357,425	20,491,889	20,420,568	-	77,546	21,125,973	-	-	-	41,617,869
<b>Net assets at end of year</b>	<b>\$ 17,616,617</b>	<b>\$ 3,569,580</b>	<b>\$ 382,741</b>	<b>\$ 21,568,938</b>	<b>\$ 22,798,797</b>	<b>\$ -</b>	<b>\$ 77,546</b>	<b>\$ 23,505,794</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 45,074,732</b>

The accompanying notes to consolidated financial statements are an integral part of this statement.

**GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (840,137)	\$ 3,456,868
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	846,794	666,395
Net realized gains on investments	(1,690,375)	(975,901)
Net unrealized losses (gains) on investments	1,004,064	(1,833,439)
Changes in assets and liabilities:		
Decrease (Increase) in Due from GCFA short-term pooled investment fund	600,613	(606,298)
Accrued World Service Fund allocation	25,951	295,916
Accrued World Service Fund allocation - SBC21	1,381	7,831
Accounts receivable, net	131,675	(378,516)
Accrued income receivable	96,518	(55,025)
Inventories	88,721	72,030
Prepaid expenses and other assets	41,229	469,280
Accounts payable and accrued expenses	450,726	445,749
Accrued royalties	14,550	(31,608)
Deferred income	(377,711)	198,937
Net cash provided by operating activities	<u>393,999</u>	<u>1,732,219</u>
<b>Cash flows from investing activities:</b>		
Purchases of property, buildings, and equipment	(1,939,368)	(1,348,456)
Proceeds from sale of investments	4,000,230	-
Purchases of investments	(2,000,000)	(49)
Dividends and interest, net of fees	(431,767)	(356,452)
Net cash used in investing activities	<u>(370,905)</u>	<u>(1,704,957)</u>
Net increase in cash	23,094	27,262
Cash and cash equivalents, beginning of year	64,882	37,620
Cash and cash equivalents, end of year	<u>\$ 87,976</u>	<u>\$ 64,882</u>

The accompanying notes to consolidated financial statements are an integral part of this statement.