



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

**CONSOLIDATED FINANCIAL STATEMENTS
AND SCHEDULES**

DECEMBER 31, 2013 AND 2012





INDEPENDENT AUDITOR'S REPORT

The Board of Directors of the
General Board of Discipleship 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 (the "Board"), which comprise the consolidated statements of financial position as of December 31, 2013 and 2012, 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 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from 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 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 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 General Board of Discipleship of The United Methodist Church as of December 31, 2013 and 2012, and the changes in their consolidated net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The other information included in Schedules 1 through 3, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information, except for that portion marked "unaudited", was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the 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. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Crosslin + Associates, P.C.

August 20, 2014
Nashville, Tennessee

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

Consolidated Statements of Financial Position

December 31, 2013 and 2012

With Consolidating Information

Assets	2013				2012			
	Consolidating Information		Consolidated Total	Consolidating Information		Consolidated Total		
	Board of Discipleship	The Upper Room		Board of Discipleship	The Upper Room			
Cash and cash equivalents	\$ 13,787	\$ 51,095	\$ 64,882	\$ 942	\$ 36,678	\$ 37,620		
Investment in GICFA short-term pooled investment fund	4,210,227	4,391,967	8,602,194	3,918,192	4,077,704	7,995,896		
Accrued World Service allocation	2,512,861	—	2,512,861	2,808,777	—	2,808,777		
Accrued World Service allocation - SBC21	139,690	—	139,690	147,521	—	147,521		
Investments	12,825,547	16,363,006	29,188,553	11,503,146	14,519,566	26,022,712		
Accounts receivable, net	288,174	1,559,242	1,847,416	282,236	1,186,664	1,468,900		
Accrued income receivable	49,873	52,031	101,904	1,383	45,496	46,879		
Inventories	336,504	1,469,876	1,806,380	270,431	1,607,979	1,878,410		
Prepaid expenses and other assets	157,753	303,742	461,495	596,995	333,780	930,775		
Property, buildings, and equipment, net	1,771,897	4,245,933	6,017,830	1,467,505	3,868,264	5,335,769		
Total assets	\$ 22,306,313	\$ 28,436,892	\$ 50,743,205	\$ 20,997,128	\$ 25,676,131	\$ 46,673,259		
Liabilities and Net Assets								
Liabilities:								
Accounts payable and accrued expenses	\$ 720,461	\$ 943,640	\$ 1,664,101	\$ 480,431	\$ 737,921	\$ 1,218,352		
Accrued royalties	16,914	89,204	106,118	24,808	112,918	137,726		
Deferred income	—	3,898,254	3,898,254	—	3,699,317	3,699,317		
Total liabilities	737,375	4,931,098	5,668,473	505,239	4,550,156	5,055,395		
Net assets:								
Unrestricted:								
Undesignated	9,813,680	16,442,951	26,256,631	8,739,849	13,985,361	22,725,210		
Board designated – capital expenditures	590,747	771,274	1,362,021	955,848	1,148,943	2,104,791		
Board designated – programs	5,440,293	1,338,639	6,778,932	5,752,003	1,418,000	7,170,003		
Investment in plant facilities	1,771,897	4,245,933	6,017,830	1,467,505	3,868,264	5,335,769		
Total unrestricted net assets	17,616,617	22,798,797	40,415,414	16,915,205	20,420,568	37,335,773		
Temporarily restricted	3,569,580	77,546	3,647,126	3,219,259	77,546	3,296,805		
Permanently restricted	382,741	629,451	1,012,192	357,425	627,861	985,286		
Total net assets	21,568,938	23,505,794	45,074,732	20,491,889	21,125,975	41,617,864		
Total liabilities and net assets	\$ 22,306,313	\$ 28,436,892	\$ 50,743,205	\$ 20,997,128	\$ 25,676,131	\$ 46,673,259		

See accompanying notes to consolidated financial statements.

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

Consolidated Statement of Activities and Changes in Net Assets
Year ended December 31, 2013
With Consolidating Information

	Board of Discipleship			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue:				
Sales of literature	\$ 303,941	\$ —	\$ —	\$ 303,941
Cost of goods sold	(107,471)	—	—	(107,471)
	<u>196,470</u>	<u>—</u>	<u>—</u>	<u>196,470</u>
Allocations through the GCFA:				
World Service	7,539,869	98,373	—	7,638,242
Committee and Plan on Older Adult Ministries	78,699	—	—	78,699
National Hispanic Plan	—	73,780	—	73,780
Native American Comprehensive Plan	—	237,600	—	237,600
Strengthening The Black Church	—	446,548	—	446,548
Registration fees/special projects	425,135	24,035	—	449,170
Grants and contributions	290,802	17,556	—	308,358
Receipts from related organizations	247,065	—	—	247,065
Rental income	117,612	—	—	117,612
Other income	3,127,799	20,300	—	3,148,099
Benefit Trust distribution	1,047,406	—	—	1,047,406
Release of temporary restrictions (O'Neal Memorial Fund)	8,772	(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)	—	—
Total revenue	<u>13,826,654</u>	<u>162,395</u>	<u>—</u>	<u>13,989,049</u>
Expenses:				
Program services:				
Leadership Ministries	2,872,874	—	—	2,872,874
Young People's Ministries	1,380,275	—	—	1,380,275
New Church Starts	1,314,987	—	—	1,314,987
Strengthening the Black Church (SBC21)	430,761	—	—	430,761
Native American Comprehensive Plan (NACP)	289,862	—	—	289,862
Discipleship Resources	222,598	—	—	222,598
External Connectional Relations (ECRSI)	543,967	—	—	543,967
Central Conference Relations (CCSRI)	362,079	—	—	362,079
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	<u>7,417,403</u>	<u>—</u>	<u>—</u>	<u>7,417,403</u>
Support services:				
General and support services	6,816,999	—	—	6,816,999
Customer and support services	—	—	—	—
Total support services	<u>6,816,999</u>	<u>—</u>	<u>—</u>	<u>6,816,999</u>
Total expenses	<u>14,234,402</u>	<u>—</u>	<u>—</u>	<u>14,234,402</u>
Excess (deficiency) of revenue over expenses	(407,748)	162,395	—	(245,353)
Nonoperating items:				
Net investment return	1,109,160	187,926	25,316	1,322,402
Changes in net assets	701,412	350,321	25,316	1,077,049
Net assets at beginning of year	16,915,205	3,219,259	357,425	20,491,889
Net assets at end of year	<u>\$ 17,616,617</u>	<u>\$ 3,569,580</u>	<u>\$ 382,741</u>	<u>\$ 21,568,938</u>

See accompanying notes to consolidated financial statements.

Consolidating Information

The Upper Room

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total
\$	15,053,714	\$ ---	\$ ---	\$ 15,053,714	\$ ---	\$ 15,357,655
	(2,801,811)	---	---	(2,801,811)	---	(2,909,282)
	<u>12,251,903</u>	<u>---</u>	<u>---</u>	<u>12,251,903</u>	<u>---</u>	<u>12,448,373</u>
	---	---	---	---	---	7,638,242
	---	---	---	---	---	78,699
	---	---	---	---	---	73,780
	---	---	---	---	---	237,600
	---	---	---	---	---	446,548
	996,606	---	---	996,606	---	1,445,776
	585,362	---	1,590	586,952	---	895,310
	49,837	---	---	49,837	---	296,902
	37,073	---	---	37,073	---	154,685
	418,213	---	---	418,213	(3,293,763)	272,549
	856,395	---	---	856,395	---	1,903,801
	---	---	---	---	---	---
	---	---	---	---	---	---
	---	---	---	---	---	---
	---	---	---	---	---	---
	<u>15,195,389</u>	<u>---</u>	<u>1,590</u>	<u>15,196,979</u>	<u>(3,293,763)</u>	<u>25,892,265</u>
	---	---	---	---	---	2,872,874
	---	---	---	---	---	1,380,275
	---	---	---	---	---	1,314,987
	---	---	---	---	---	430,761
	---	---	---	---	---	289,862
	---	---	---	---	(110,250)	112,348
	---	---	---	---	---	543,967
	---	---	---	---	---	362,079
	6,278,270	---	---	6,278,270	(3,000,000)	3,278,270
	3,194,840	---	---	3,194,840	---	3,194,840
	<u>9,473,110</u>	<u>---</u>	<u>---</u>	<u>9,473,110</u>	<u>(3,110,250)</u>	<u>13,780,263</u>
	---	---	---	---	(183,513)	6,633,486
	5,187,440	---	---	5,187,440	---	5,187,440
	5,187,440	---	---	5,187,440	(183,513)	11,820,926
	14,660,550	---	---	14,660,550	(3,293,763)	25,601,189
	534,839	---	1,590	536,429	---	291,076
	1,843,390	---	---	1,843,390	---	3,165,792
	2,378,229	---	1,590	2,379,819	---	3,456,868
	20,420,568	77,546	627,861	21,125,975	---	41,617,864
\$	<u>22,798,797</u>	<u>\$ 77,546</u>	<u>\$ 629,451</u>	<u>\$ 23,505,794</u>	<u>\$ ---</u>	<u>\$ 45,074,732</u>

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

Consolidated Statement of Activities and Changes in Net Assets
Year ended December 31, 2012
With Consolidating Information

	Board of Discipleship			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Revenue:				
Sales of literature	\$ 367,302	\$ —	\$ —	\$ 367,302
Cost of goods sold	(92,892)	—	—	(92,892)
	<u>274,410</u>	<u>—</u>	<u>—</u>	<u>274,410</u>
Allocations through the GCFA:				
World Service	8,316,083	142,569	—	8,458,652
Committee and Plan on Older Adult Ministries	80,000	—	—	80,000
National Hispanic Plan	—	75,000	—	75,000
Native American Comprehensive Plan	—	252,720	—	252,720
Strengthening The Black Church	—	465,771	—	465,771
Registration fees/special projects	350,653	109,819	—	460,472
Grants and contributions	22,357	101,906	100	124,363
Receipts from related organizations	361,475	—	—	361,475
Rental income	111,972	—	—	111,972
Other income	2,892,707	10,174	—	2,902,881
Benefit Trust distribution	997,292	—	—	997,292
AGI surplus distribution	190,361	—	—	190,361
Release of temporary restrictions (The Upper Room)	—	—	—	—
Release of temporary restrictions (Leadership Ministry Division)	210,852	(210,852)	—	—
Release of temporary restrictions (Young People's Ministry)	58,284	(58,284)	—	—
Release of temporary restrictions (New Church Services)	50,238	(50,238)	—	—
Release of temporary restrictions (NACP)	264,161	(264,161)	—	—
Release of temporary restrictions (SBC21)	375,462	(375,462)	—	—
Total revenue	<u>14,556,307</u>	<u>198,962</u>	<u>100</u>	<u>14,755,369</u>
Expenses:				
Program services:				
Leadership Ministries	2,804,409	—	—	2,804,409
Young People's Ministries	1,142,811	—	—	1,142,811
New Church Starts	1,077,542	—	—	1,077,542
Strengthening the Black Church (SBC21)	300,471	—	—	300,471
Native American Comprehensive Plan (NACP)	264,161	—	—	264,161
Discipleship Resources	225,325	—	—	225,325
External Connectional Relations (ECSR)	252,104	—	—	252,104
Central Conference Relations (CCSR)	420,221	—	—	420,221
Books and Magazines (The Upper Room)	—	—	—	—
Programs and Events (The Upper Room)	—	—	—	—
Total program services	<u>6,487,044</u>	<u>—</u>	<u>—</u>	<u>6,487,044</u>
Support services:				
General and support services	6,267,087	—	—	6,267,087
Customer and support services	—	—	—	—
Total support services	<u>6,267,087</u>	<u>—</u>	<u>—</u>	<u>6,267,087</u>
Total expenses	<u>12,754,131</u>	<u>—</u>	<u>—</u>	<u>12,754,131</u>
Excess (deficiency) of revenue over expenses	1,802,176	198,962	100	2,001,238
Nonoperating items:				
Adjustment for Custodial Activities	56,979	(1,938)	—	55,041
Net investment return	996,032	190,729	—	1,186,761
Changes in net assets	2,855,187	387,753	100	3,243,040
Net assets at beginning of year - as restated (Note 8)	<u>14,060,018</u>	<u>2,831,506</u>	<u>357,325</u>	<u>17,248,849</u>
Net assets at end of year	<u>\$ 16,915,205</u>	<u>\$ 3,219,259</u>	<u>\$ 357,425</u>	<u>\$ 20,491,889</u>

See accompanying notes to consolidated financial statements.

Consolidating Information					
The Upper Room					
Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Eliminations	Consolidated Total
\$ 15,304,986	\$ ---	\$ ---	\$ 15,304,986	\$ ---	\$ 15,672,288
(3,096,588)	---	---	(3,096,588)	---	(3,189,480)
<u>12,208,398</u>	<u>---</u>	<u>---</u>	<u>12,208,398</u>	<u>---</u>	<u>12,482,808</u>
---	---	---	---	---	8,458,652
---	---	---	---	---	80,000
---	---	---	---	---	75,000
---	---	---	---	---	252,720
---	---	---	---	---	465,771
900,304	---	---	900,304	---	1,360,776
457,424	7,108	20,601	485,133	---	609,496
49,837	---	---	49,837	---	411,312
33,973	---	---	33,973	---	145,945
371,760	---	---	371,760	(3,038,513)	236,128
815,966	---	---	815,966	---	1,813,258
155,750	---	---	155,750	---	346,111
32,074	(32,074)	---	---	---	---
---	---	---	---	---	---
---	---	---	---	---	---
---	---	---	---	---	---
---	---	---	---	---	---
<u>15,025,486</u>	<u>(24,966)</u>	<u>20,601</u>	<u>15,021,121</u>	<u>(3,038,513)</u>	<u>26,737,977</u>
---	---	---	---	---	2,804,409
---	---	---	---	---	1,142,811
---	---	---	---	---	1,077,542
---	---	---	---	---	300,471
---	---	---	---	---	264,161
---	---	---	---	(105,000)	120,325
---	---	---	---	---	252,104
---	---	---	---	---	420,221
5,840,946	---	---	5,840,946	(2,750,000)	3,090,946
3,441,808	---	---	3,441,808	---	3,441,808
<u>9,282,754</u>	<u>---</u>	<u>---</u>	<u>9,282,754</u>	<u>(2,855,000)</u>	<u>12,914,798</u>
---	---	---	---	(183,513)	6,083,574
5,468,556	---	---	5,468,556	---	5,468,556
5,468,556	---	---	5,468,556	(183,513)	11,552,130
<u>14,751,310</u>	<u>---</u>	<u>---</u>	<u>14,751,310</u>	<u>(3,038,513)</u>	<u>24,466,928</u>
274,176	(24,966)	20,601	269,811	---	2,271,049
---	---	---	---	---	55,041
1,499,769	76	---	1,499,845	---	2,686,606
1,773,945	(24,890)	20,601	1,769,656	---	5,012,696
18,646,623	102,436	607,260	19,356,319	---	36,605,168
<u>\$ 20,420,568</u>	<u>\$ 77,546</u>	<u>\$ 627,861</u>	<u>\$ 21,125,975</u>	<u>\$ ---</u>	<u>\$ 41,617,864</u>

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

Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

	2013	2012
Cash flows from operating activities:		
Change in net assets	\$ 3,456,868	\$ 5,012,696
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	666,395	625,279
Net realized gains on investments	(975,901)	(260,954)
Net unrealized gains on investments	(1,833,439)	(1,979,015)
Changes in assets and liabilities:		
Accrued World Service Fund allocation	295,916	(61,278)
Accrued World Service Fund allocation - SBC21	7,831	3,747
Accounts receivable, net	(378,516)	259,357
Accrued income receivable	(55,025)	123,446
Inventories	72,030	99,698
Prepaid expenses and other assets	469,280	(396,340)
Accounts payable and accrued expenses	445,749	(730,964)
Accrued royalties	(31,608)	(7,513)
Deferred income	198,937	(104,615)
Net cash provided by operating activities	2,338,517	2,583,544
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(1,348,455)	(847,445)
Net purchases of investments	(356,502)	(450,311)
Increase in GCFA short-term pooled investment fund	(606,298)	(1,323,150)
Net cash used in investing activities	(2,311,255)	(2,620,906)
Net increase (decrease) in cash	27,262	(37,362)
Cash and cash equivalents at beginning of year	37,620	74,982
Cash and cash equivalents at end of year	\$ 64,882	\$ 37,620

See accompanying notes to consolidated financial statements.