

**Iowa Annual Conference
of the United Methodist
Church and Affiliate**

Consolidated Financial Report
December 31, 2009

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Financial Statements

To the Audit Committee
Iowa Annual Conference of the United Methodist Church and Affiliate
Des Moines, Iowa

We have audited the accompanying consolidated statements of financial position of the Iowa Annual Conference of the United Methodist Church and its consolidated affiliate, the Board of Pensions of the Iowa Annual Conference of the United Methodist Church (collectively, the Conference), as of December 31, 2009 and 2008 and the related consolidated statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

As described in Note 16 to the consolidated financial statements, the Conference restated its 2008 consolidated financial statements to correct an error in the accounting for the accrued postretirement benefit obligation. This resulted in a decrease in the accrued postretirement benefit obligation and an increase in total net assets of approximately \$10,623,000 as of December 31, 2008, and an increase in the change in net assets for the year ended December 31, 2008 of approximately \$291,000.

McGladrey & Pullen, LLP

Des Moines, Iowa
October 13, 2010

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statements of Financial Position
December 31, 2009 and 2008

	2009	2008
ASSETS		
CASH AND CASH EQUIVALENTS	\$ 4,301,522	\$ 4,559,726
RECEIVABLES		
Apportionment receivables, net	2,024,319	1,757,362
Loans receivable, net	245,369	263,169
Other receivables	597,915	127,389
	<u>2,867,603</u>	<u>2,196,152</u>
INVESTMENTS	<u>31,135,212</u>	26,385,688
PROPERTY AND EQUIPMENT, net	<u>10,708,250</u>	11,757,162
OTHER ASSETS	<u>1,576,787</u>	1,525,048
Total assets	<u>\$ 50,589,374</u>	\$ 46,423,776
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 1,062,402	\$ 498,256
Obligations under capitalized leases	230,988	1,031
Notes payable	2,459,623	2,710,208
Pass-through liabilities	913,761	595,757
Accrued postretirement benefit obligation	17,572,629	28,305,508
Total liabilities	<u>22,239,403</u>	<u>32,110,760</u>
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
Unrestricted:		
Funds available for current operations	1,400,328	1,388,403
Funds designated for specific purposes	21,781,373	8,103,176
	<u>23,181,701</u>	<u>9,491,579</u>
Temporarily restricted	3,021,234	2,702,597
Permanently restricted	2,147,036	2,118,840
Total net assets	<u>28,349,971</u>	<u>14,313,016</u>
Total liabilities and net assets	<u>\$ 50,589,374</u>	\$ 46,423,776

See Notes to Consolidated Financial Statements.

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Apportionments, net	\$ 11,397,625	\$ -	\$ -	\$ 11,397,625
District askings	-	215,842	-	215,842
Charitable contributions and grants	170,805	1,840,461	6,185	2,017,451
Registration fees	1,242,732	-	-	1,242,732
Investment earnings	225,669	52,320	-	277,989
Net realized and unrealized gain on investments	5,342,818	191,453	22,011	5,556,282
Sale of goods and services	64,206	-	-	64,206
Gain on sale of property and equipment	150,874	-	-	150,874
Gain on amendment to health benefit plan (Note 7)	16,342,148	-	-	16,342,148
Other revenue	119,582	-	-	119,582
Net assets released from restrictions, satisfaction of program restrictions	1,981,439	(1,981,439)	-	-
Total revenues, gains and other support	37,037,898	318,637	28,196	37,384,731
Expenses:				
Program services:				
Clergy support ministries	11,105,276	-	-	11,105,276
Local church support ministries	5,322,282	-	-	5,322,282
Institutional support ministries	1,345,243	-	-	1,345,243
Other ministries	1,677,866	-	-	1,677,866
	19,450,667	-	-	19,450,667
Supporting services:				
General and administrative	3,808,582	-	-	3,808,582
Fund raising	88,527	-	-	88,527
	3,897,109	-	-	3,897,109
Total expenses	23,347,776	-	-	23,347,776
Change in net assets	13,690,122	318,637	28,196	14,036,955
Net assets, beginning, as restated	9,491,579	2,702,597	2,118,840	14,313,016
Net assets, ending	\$ 23,181,701	\$ 3,021,234	\$ 2,147,036	\$ 28,349,971

See Notes to Consolidated Financial Statements.

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statement of Activities
Year Ended December 31, 2008

	Unrestricted Restated (Note 16)	Temporarily Restricted	Permanently Restricted	Total Restated (Note 16)
Revenues, gains and other support:				
Apportionments, net	\$ 10,868,563	\$ -	\$ -	\$ 10,868,563
District askings	-	218,279	-	218,279
Charitable contributions and grants	311,010	2,479,488	4,481	2,794,979
Registration fees	1,306,674	-	-	1,306,674
Investment earnings	380,404	64,349	-	444,753
Net realized and unrealized (loss) on investments	(7,405,021)	(195,949)	(43,679)	(7,644,649)
Sale of goods and services	69,956	-	-	69,956
Gain on sale of property and equipment	16,942	-	-	16,942
Other revenue	108,653	-	-	108,653
Net assets released from restrictions, satisfaction of program restrictions	1,864,630	(1,864,630)	-	-
Total revenues, gains and other support	7,521,811	701,537	(39,198)	8,184,150
Expenses:				
Program services:				
Clergy support ministries (Note 16)	5,828,292	-	-	5,828,292
Local church support ministries	5,113,555	-	-	5,113,555
Institutional support ministries	1,207,303	-	-	1,207,303
Other ministries	1,522,829	-	-	1,522,829
	<u>13,671,979</u>	<u>-</u>	<u>-</u>	<u>13,671,979</u>
Supporting services:				
General and administrative	3,370,785	-	-	3,370,785
Fund raising	107,852	-	-	107,852
	<u>3,478,637</u>	<u>-</u>	<u>-</u>	<u>3,478,637</u>
Total expenses	17,150,616	-	-	17,150,616
Effect of adoption of reclassification provisions of accounting guidance	(211,756)	211,756	-	-
Change in net assets	(9,840,561)	913,293	(39,198)	(8,966,466)
Net assets, beginning, as previously reported	9,000,347	1,789,304	2,158,038	12,947,689
Restatement (Note 16)	10,331,793	-	-	10,331,793
Net assets, beginning, as restated	<u>19,332,140</u>	<u>1,789,304</u>	<u>2,158,038</u>	<u>23,279,482</u>
Net assets, ending	<u>\$ 9,491,579</u>	<u>\$ 2,702,597</u>	<u>\$ 2,118,840</u>	<u>\$ 14,313,016</u>

See Notes to Consolidated Financial Statements.

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2009

	Program Services				Total Program Services
	Clergy Support Ministries	Local Church Support Ministries	Institutional Support Ministries	Other Ministries	
Salaries and benefits:					
Salaries and wages	\$ 1,027,925	\$ 1,670,245	\$ -	\$ 324,225	\$ 3,022,395
Fringe benefits	343,389	551,369	-	110,198	1,004,956
Total salaries and benefits	1,371,314	2,221,614	-	434,423	4,027,351
Other expenses:					
Occupancy	220,276	163,711	-	18,040	402,027
Office	73,824	105,133	2,508	26,242	207,707
Program supplies and materials	50	189,161	-	-	189,211
Professional fees and contract services	28,073	43,386	-	6,588	78,047
Insurance	15,300	87,351	-	-	102,651
Staff hotel, travel, meals and entertainment	168,137	162,559	3,828	13,545	348,069
Clergy expense	290,895	-	-	-	290,895
Conferences, meetings and retreat	86,911	320,588	9,751	8,805	426,055
Expendable equipment	29,925	107,148	-	7,662	144,735
Depreciation	149,175	259,633	-	4,648	413,456
Cost of goods and services	-	30,266	-	-	30,266
Bad debts	-	-	-	-	-
Miscellaneous	17,029	27,368	1,195	4,484	50,076
Pension and health benefit (Note 7)	8,305,489	-	-	-	8,305,489
Grants to local church ministries	348,878	1,604,364	1,327,961	1,153,429	4,434,632
Total other expenses	9,733,962	3,100,668	1,345,243	1,243,443	15,423,316
Total expenses	\$ 11,105,276	\$ 5,322,282	\$ 1,345,243	\$ 1,677,866	\$ 19,450,667

See Notes to Consolidated Financial Statements.

Supporting Services			
General and Administrative	Fund Raising	Total Supporting Services	Totals
\$ 1,065,415	\$ -	\$ 1,065,415	\$ 4,087,810
373,505	-	373,505	1,378,461
<u>1,438,920</u>	<u>-</u>	<u>1,438,920</u>	<u>5,466,271</u>
135,144	-	135,144	537,171
410,121	22,432	432,553	640,260
-	-	-	189,211
489,799	36,845	526,644	604,691
303,072	-	303,072	405,723
138,220	2,877	141,097	489,166
-	-	-	290,895
243,636	3,202	246,838	672,893
124,575	-	124,575	269,310
334,010	-	334,010	747,466
798	-	798	31,064
(8,430)	-	(8,430)	(8,430)
198,717	23,171	221,888	271,964
-	-	-	8,305,489
-	-	-	4,434,632
<u>2,369,662</u>	<u>88,527</u>	<u>2,458,189</u>	<u>17,881,505</u>
<u>\$ 3,808,582</u>	<u>\$ 88,527</u>	<u>\$ 3,897,109</u>	<u>\$ 23,347,776</u>

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statement of Functional Expenses
Year Ended December 31, 2008

	Program Services				Total Program Services
	Clergy Support Ministries	Local Church Support Ministries	Institutional Support Ministries	Other Ministries	
Salaries and benefits:					
Salaries and wages	\$ 985,002	\$ 1,781,029	\$ -	\$ 206,747	\$ 2,972,778
Fringe benefits	317,340	556,863	-	68,440	942,643
Total salaries and benefits	1,302,342	2,337,892	-	275,187	3,915,421
Other expenses:					
Occupancy	196,885	221,635	-	12,082	430,602
Office	86,762	108,437	75	36,345	231,619
Program supplies and materials	-	227,976	-	-	227,976
Professional fees and contract services	26,440	27,604	-	17,436	71,480
Insurance	6,626	93,189	-	597	100,412
Staff hotel, travel, meals and entertainment	155,967	181,304	-	5,791	343,062
Clergy expense	340,155	-	-	-	340,155
Conferences, meetings and retreat	44,079	281,753	2,163	32,827	360,822
Expendable equipment	49,755	86,583	-	5,798	142,136
Depreciation	94,166	207,237	-	2,493	303,896
Cost of goods and services	-	38,412	-	-	38,412
Bad debts	-	-	-	-	-
Miscellaneous	49,504	48,144	(486)	8,242	105,404
Pension and health benefit (Notes 7 and 16)	3,164,272	-	-	-	3,164,272
Grants to ministries	311,339	1,253,389	1,205,551	1,126,031	3,896,310
Total other expenses	4,525,950	2,775,663	1,207,303	1,247,642	9,756,558
Total expenses	\$ 5,828,292	\$ 5,113,555	\$ 1,207,303	\$ 1,522,829	\$ 13,671,979

See Notes to Consolidated Financial Statements.

Supporting Services

General and Administrative	Fund Raising	Total Supporting Services	Totals
\$ 976,169	\$ -	\$ 976,169	\$ 3,948,947
353,725	-	353,725	1,296,368
<u>1,329,894</u>	<u>-</u>	<u>1,329,894</u>	<u>5,245,315</u>
123,074	-	123,074	553,676
402,482	25,423	427,905	659,524
-	-	-	227,976
249,623	40,326	289,949	361,429
299,429	-	299,429	399,841
130,291	12,025	142,316	485,378
-	-	-	340,155
264,410	3,725	268,135	628,957
125,593	-	125,593	267,729
256,521	-	256,521	560,417
2,480	-	2,480	40,892
2,822	-	2,822	2,822
184,166	26,353	210,519	315,923
-	-	-	3,164,272
-	-	-	3,896,310
<u>2,040,891</u>	<u>107,852</u>	<u>2,148,743</u>	<u>11,905,301</u>
<u>\$ 3,370,785</u>	<u>\$ 107,852</u>	<u>\$ 3,478,637</u>	<u>\$ 17,150,616</u>

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statements of Cash Flows
Years Ended December 31, 2009 and 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 14,036,955	\$ (8,966,466)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Net realized and unrealized (gain) loss on investments	(5,556,282)	7,644,649
Bad debt expense (recoveries)	(8,430)	2,822
(Gain) loss on sale of property and equipment	(150,874)	16,942
Donation of property and equipment	600,000	-
Depreciation expense	747,466	560,417
Contributions restricted for long-term investments	(6,186)	(4,481)
Change in accrued postretirement benefit obligation	(10,732,879)	605,554
Changes in assets and liabilities:		
(Increase) decrease in apportionment receivables, net	(266,957)	284,892
(Increase) decrease in other receivables	(435,759)	43,300
(Increase) in other assets	(29,728)	(94,675)
Increase in accounts payable and accrued expenses	564,146	76,316
Net cash provided by (used in) operating activities	(1,238,528)	169,270
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(446,026)	(457,431)
Proceeds from sale of property and equipment	559,921	350
Principal payments received on loans receivable	55,695	103,095
Loans made to employees	(16,000)	(24,415)
Purchase of investments	(6,446,142)	(6,238,597)
Proceeds from sale of investments	7,230,889	6,053,637
Net cash provided by (used in) investing activities	938,337	(563,361)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings on notes payable	40,400	124,000
Principal payments on notes payable	(290,985)	(388,981)
Principal payments on capital leases	(31,618)	(9,513)
Net increase in pass-through liabilities	318,004	198,688
Proceeds from contributions restricted for long-term investments	6,186	4,481
Net cash provided by (used in) financing activities	41,987	(71,325)
Net (decrease) in cash and cash equivalents	(258,204)	(465,416)
CASH AND CASH EQUIVALENTS		
Beginning	4,559,726	5,025,142
Ending	\$ 4,301,522	\$ 4,559,726

(Continued)

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidated Statements of Cash Flows (Continued)
Years Ended December 31, 2009 and 2008

	2009		2008
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION, cash payments for interest	\$ 152,888	\$	184,246
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES, equipment purchased through capital lease	\$ 261,575	\$	-

See Notes to Consolidated Financial Statements.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Iowa Annual Conference of the United Methodist Church and affiliate (collectively, the Conference) is a not-for-profit organization representing approximately 831 member churches. The Conference provides various services for its member churches including administration of health benefits and retirement plans available to member clergy and lay employees and collection of funds for remittance to various regional, national and global benevolences. The program areas of the Conference are as follows:

- Clergy support ministries, which include the credentialing, appointment, supervision, nurturing and caring for active and retired clergy within the Conference.
- Local church support ministries, which include grants given to local churches to help them fulfill their mission and ministry within a local congregation and to assist them in connecting with the broader mission within the state, nation and world.
- Institutional support ministries, which include grants provided to institutions that have a historic and covenant relationship with the Conference.
- Other ministries, which include all other programs and ministries that do not fall under one of the categories listed above.

Principles of consolidation: Generally accepted accounting principles require the Conference to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interests. The Iowa Annual Conference of the United Methodist Church has an economic interest in, and control of, the Board of Pensions of the Iowa Annual Conference of the United Methodist Church (the Board of Pensions) through voting interests, and consolidation is required. The consolidated financial statements include the accounts of the Iowa Annual Conference of the United Methodist Church and the Board of Pensions. All significant intercompany balances and transactions have been eliminated in consolidation.

Significant accounting policies:

Accrual basis: The financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

Investments: The Conference marks investments in all debt and equity securities and pooled investment funds to fair value. Investments in certificates of participation are recorded at cost. Changes in the fair value of investments and any gain (loss) on the sale of investment assets are recorded in the Statement of Activities.

Farmland: The Conference carries farmland, included in investments in the statement of financial position, at fair value as of the date of donation to the Conference. The initial value of the farmland property was based on management's estimate of fair value, taking into consideration appraisals of the property made as of the date of donation to the Conference. Changes in the fair value of the farmland are not recognized in the financial statements.

Property and equipment: Property and equipment purchases are recorded at cost. Donated assets are recorded at fair market value on the date of donation. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis. Depreciation of capital lease assets is included in depreciation expense.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Abandoned church properties: The Conference values abandoned church properties at fair value as of the date that the Conference receives notice of the abandonment. Abandoned church properties are classified in the financial statements as property and equipment or as assets held for sale, depending upon management's expectation as to the use of the property. The initial fair value of abandoned church properties is based upon management's judgment of fair value, using insurance and assessed values to guide their estimates. Changes in the fair value of these properties are not recognized in the financial statements.

Revenue recognition:

Apportionment revenue: The principal source of revenue and support is apportionments received from the member churches of the Conference. Apportionments are the recommended levels of support assigned to the churches each year. A significant dollar amount of member church apportionments are received close to year-end, and member churches are provided a cutoff date subsequent to year-end in order for churches to fulfill their annual apportionments. Accounts receivable are recognized at the dollar amount of apportionments not received by year-end.

Contributions: The Conference records contributions, including promises to give, when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of assets or at the time the unconditional promise to give is made and are reported as increases in the appropriate category of net assets in accordance with donor restrictions. Bequests are recognized as a contribution at the time the estate is settled, provided the bequest is unconditional. When a restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions to be received in excess of one year are discounted at an appropriate discount rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any.

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There are no material amounts of conditional promises to give at December 31, 2009.

Registration fee income: Registration fee income is recorded into revenue when the activities are performed.

Accounting estimates and assumptions: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: The Conference considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. The Conference maintains its cash in bank deposit accounts which at times may exceed the federally insured limits. The Conference has not experienced any losses in such accounts. The Conference believes it is not exposed to any significant credit risk on cash and cash equivalents.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Receivables: Apportionment receivables are carried at the estimated net amount collectible. Other receivables are carried at original invoice amount or contract amount less an estimate made for doubtful receivables. Management determines the allowance for doubtful accounts by identifying delinquent accounts and by using historical experience applied to an aging of accounts. An allowance for uncollectible contributions receivable is provided based on management's judgment, including such factors as prior collection history, type of contribution and nature of fund raising activity. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received.

Loans receivable: The Conference will provide building loans to congregations on a periodic basis. Loans receivable are stated at the amount of unpaid principal. The Conference reviews loan activity on a periodic basis and considers current economic conditions, historical loss experience and review of specific problem loans and other factors in determining the necessity of an allowance for loan loss. Loans are considered impaired when, based on all current information and events, it is probable the Conference will not be able to collect all amounts due.

Interest on loans is accrued daily on the outstanding balances. Accrual of interest is discontinued on a loan when the Board of Global Ministries Parish Development Committee believes, after considering collection efforts and other factors, that the borrower's financial condition is such that collection of interest is doubtful. At December 31, 2009 and 2008, loans not accruing interest totaled \$256,894 and \$273,394, respectively.

Classification of net assets: The Conference reports information regarding its financial position and activities according to three classes of net assets, defined as:

Unrestricted - assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations. The Conference may designate portions of its unrestricted net assets as board-designated for various purposes.

Temporarily restricted - assets resulting from contributions whose use by the Conference is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled by actions of the Conference meeting the purpose of the restriction.

Permanently restricted - assets resulting from contributions whose use by the Conference is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Conference. Although such assets cannot be expended, the investment income earned on them is generally to be expended for a specific purpose.

Pass-through liabilities: Pass-through liabilities represent amounts received that have not been passed on to certain charities specified by the donor. The Conference remits such funds to the various charities within thirty days of each month-end. Since the Conference does not have any control over how these funds are disbursed and serves only an administrative function in collecting and disbursing the funds, these funds are not included in the Conference's revenues and expenses.

Income taxes: The Conference is classified as a tax-exempt religious organization and is not subject to federal and state income taxes on related income. The Conference is subject to federal and state income taxes to the extent it has unrelated business income. In accordance with the accounting guidance for uncertainty in income taxes, management has evaluated their material tax positions and determined that there are no income tax effects with respect to the financial statements.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Current accounting developments: In April 2009, the FASB issued guidance on determining fair value when volume and level of activity for the asset or liability have significantly decreased and identifying transactions that are not orderly, which is included in the Codification as part of ASC 820-10-35. Under this guidance, if an entity determines that there has been a significant decrease in the volume and level of activity for the asset or the liability on relation to the normal market activity for the asset or liability, then transactions or quoted prices may not accurately reflect fair value. In addition, if there is evidence that the transaction for the asset or liability is not orderly, the entity shall place little, if any, weight on that transaction price as an indicator of fair value. The Conference adopted this guidance effective for the year ending December 31, 2009. The adoption of this guidance did not have a material impact on the Conference's financial position or Consolidated Statement of Activities.

In September 2009, the FASB issued an amendment which provides guidance on how entities should estimate fair value of certain alternative investments. The fair value of investments within the scope of this guidance can now be determined using net asset value (NAV) per share as a practical expedient, when the fair value is not readily determinable, unless it is probable the investment will be sold at something other than NAV. It also requires disclosure of certain attributes by major category of alternative investments, regardless of whether the practical expedient was used. This amendment was effective for periods ending after December 15, 2009, with early adoption permitted. The adoption of this guidance did not have a material impact on the Conference's financial position or Statement of Activities.

In January 2010, the FASB issued an amendment which requires new disclosures and reasons for transfers of financial assets and liabilities between Levels 1 and 2. This amendment also clarifies that fair value measurement disclosures are required for each class of financial assets and liabilities, and disclosures about inputs and valuation techniques are required for both Level 2 and Level 3 measurements. It further clarifies that the reconciliation of Level 3 measurements should separately present purchases, sales, issuances, and settlements instead of netting these changes. With respect to matters other than Level 3 measurements, the amendment was effective and adopted for periods beginning on or after December 15, 2009. The guidance related to Level 3 measurements is effective for periods beginning on or after December 15, 2010 and has not yet been adopted. The Conference is currently evaluating the impact of adopting the guidance related to Level 3 measurements.

Reclassification: Certain reclassifications have been made to the 2008 consolidated financial statements to conform to 2009 presentation, with no effect on the change in net assets.

Subsequent events: Management has evaluated potential subsequent events through October 13, 2010, the date the financial statements were available to be issued.

Note 2. Loans Receivable

Loans to local United Methodist congregations originate primarily through the Rotating Loan Fund. Loan applications for growth and revitalization are submitted to the Conference Board of Global Ministry's Parish Development Committee by new and existing churches. The loans, which are unsecured, carry an interest rate at an established number of points above the prime rate at the date the loan is approved by the Parish Development Committee, and payment terms are negotiated on an individual loan basis. Zero percent interest rate loans may be requested for the first three to five years by new congregations. Generally, the loans range from 10 to 15 years with current loan interest rates of 5.25% - 6.50%.

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The Conference offers loans to certain staff members for the purpose of purchasing a principal residence. The loans cannot exceed 25% of the appraised value of the property and must be paid through payroll withholdings. Interest rates and terms are determined on an individual basis. Current loans outstanding are for 15 years with an interest rate between 6% and 8% per annum.

Loans receivable at December 31, 2009 and 2008 are as follows:

	2009	2008
United Methodist congregations	\$ 473,252	\$ 517,364
Employee mortgage loans	77,077	68,719
	<u>550,329</u>	<u>586,083</u>
Allowance for doubtful loans	(304,960)	(322,914)
	<u>\$ 245,369</u>	<u>\$ 263,169</u>

Note 3. Investments

The Conference has agreements with the Iowa United Methodist Foundation (the Foundation) and the General Board of Pensions and Health Benefits of the United Methodist Church (the General Board) in which the Foundation and the General Board act as agents and investment managers of the Conference's investments as well as other organizations related to the United Methodist churches. These investments are pooled into a larger investment fund at the Foundation and the General Board. Fund investments are comprised primarily of approved equity securities, fixed income and money market instruments in accordance with investment objectives.

Investments at December 31, 2009 and 2008 are as follows:

	Fair Value	
	2009	2008
General Board of Pensions and Health Benefits of the United Methodist Church:		
Pooled deposit investment fund	\$ 1,156,993	\$ 1,813,374
Pooled retirees benefit investment fund	11,742,852	9,354,386
Pooled permanent investment fund	5,477,421	4,557,616
Pooled retirees medical investment fund	7,776,196	6,181,428
Iowa United Methodist Foundation:		
Pooled investment fund	1,393,179	1,201,935
Certificate of participation, at cost	1,153,036	922,712
Independent investment managers:		
Legacy fund	850,714	782,120
Priscilla investment fund	116,506	89,553
Conference center investment fund	87,843	69,590
Other investment funds	67,074	46,949
Investment in farm operations, at historical cost	1,313,398	1,366,025
	<u>\$ 31,135,212</u>	<u>\$ 26,385,688</u>

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The Conference invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the statements of financial position.

Note 4. Property and Equipment

At December 31, 2009 and 2008, property and equipment consisted of the following:

	<u>2009</u>	<u>2008</u>
Land and improvements	\$ 1,420,174	\$ 1,594,161
Buildings and improvements	11,543,919	11,954,257
Furniture and equipment	1,843,766	1,366,035
Construction in process	-	595,030
	<u>14,807,859</u>	<u>15,509,483</u>
Less accumulated depreciation	<u>4,099,609</u>	<u>3,752,321</u>
Net property and equipment	<u>\$ 10,708,250</u>	<u>\$ 11,757,162</u>

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Note 5. Notes Payable and Pledged Assets

Notes payable at December 31, 2009 and 2008 consisted of the following:

	<u>2009</u>	<u>2008</u>
Note payable, bank, due in monthly installments of \$21,375, including interest at a fixed rate of 5.75%, with the balance due April 2020. In June 2011, the interest rate will adjust to the bank's index rate minus 0.25%. The note is collateralized by a mortgage on the Conference property.	\$ 1,991,665	\$ 2,127,709
Note payable, bank, payable in monthly installments of \$1,300. The loan bears interest at a fixed rate of 5.45% and will mature in May 2020. In May 2013, the interest rate will adjust to the bank's index rate plus 2.25%. The note is secured by the director's residence, located at the Okoboji Camp and Retreat Center.	109,378	118,654
Mortgage note payable, Iowa United Methodist Foundation, payable in 180 monthly installments of \$3,383, including interest at 7.25% with the balance due on September 8, 2021. The note is secured by the Episcopal residence located in Norwalk, Iowa.	320,494	337,197
Note payable, Iowa United Methodist Foundation, payable in 60 monthly installments of \$768, including interest at 6.35% with the balance due on August 15, 2014. The note is secured by the Pictured Rocks Camp and Retreat Center.	38,086	-
Note payable, Iowa United Methodist Foundation, paid in full in 2009	-	126,648
	<u>\$ 2,459,623</u>	<u>\$ 2,710,208</u>

During the year ended December 31, 2008, the Conference obtained a revolving bank line of credit for borrowings up to \$300,000. Outstanding borrowings on the line of credit are collateralized by the mortgage of a district parsonage and bear interest at a fixed rate of 5.45% with unpaid principal and interest due March 2019. In April 2014, the interest rate will adjust to the bank's index rate plus 2.25%. There were no outstanding borrowings on the line of credit at December 31, 2009 or 2008.

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Aggregate maturities of long-term debt by year are as follows:

Year ending December 31:		
2010	\$	180,625
2011		191,588
2012		203,221
2013		215,564
2014		226,926
Thereafter		1,441,699
	\$	<u>2,459,623</u>

The interest cost incurred during the years ended December 31, 2009 and 2008 totaled \$152,554 and \$182,604, respectively. Interest costs incurred to the Iowa United Methodist Foundation during the years ended December 31, 2009 and 2008 totaled \$26,000 and \$32,884, respectively.

Note 6. Pass-Through Liabilities

Pass-through liabilities at December 31, 2009 and 2008 are as follows:

	2008	Year Ended December 31, 2009		2009
		Receipts	Disbursements	
General church agencies	\$ 539,069	\$ 3,259,814	\$ 2,943,219	\$ 855,664
North central jurisdiction	1,759	24,689	18,978	7,470
Heifer Project International	11,342	107,463	100,605	18,200
Conference advance specials	14,550	143,926	120,773	37,703
Other benevolences	28,042	113,594	120,857	20,779
Institutional gifts	995	-	27,050	(26,055)
	<u>\$ 595,757</u>	<u>\$ 3,649,486</u>	<u>\$ 3,331,482</u>	<u>\$ 913,761</u>

	2007	Year Ended December 31, 2008		2008
		Receipts	Disbursements	
General church agencies	\$ 326,408	\$ 3,222,560	\$ 3,009,899	\$ 539,069
North central jurisdiction	2,313	23,137	23,691	1,759
Heifer Project International	19,609	80,860	89,127	11,342
Conference advance specials	31,389	155,416	172,255	14,550
Other benevolences	16,442	120,436	108,836	28,042
Institutional gifts	908	4,787	4,700	995
	<u>\$ 397,069</u>	<u>\$ 3,607,196</u>	<u>\$ 3,408,508</u>	<u>\$ 595,757</u>

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Note 7. Pension, Health and Postretirement Health Insurance Plans and Subsequent Event

The Conference participates in various pension and disability benefit programs administered by the General Board incorporated in the State of Illinois. Annual contributions to the plans are funded through a combination of direct billing and apportionments to the various member churches of the Conference and from earnings on investments.

The pension plan now consists of three parts covering the three different service periods:

- CRSP for service beginning January 1, 2007
- MPP for service from January 1, 1982 through December 31, 2006, and
- Supplement One to the MPP (as of January 1, 2007 Supplement One to the CRSP) for service prior to 1982 (Pre-1982 Pension Plan).

Clergy Retirement Security Program (CRSP): Effective January 1, 2007, eligible clergy are provided pension coverage under the CRSP. The CRSP is an amendment to and restatement of the Ministerial Pension Plan (MPP) in effect prior to 2007.

Benefits to be provided under the CRSP consist of two components:

- A defined benefit component based on the Denominational Average Compensation (DAC) and
- A defined contribution component providing for a contribution of at least 3% of actual compensation.

Annual contributions by the Conference will be determined by actuaries as defined in the plan agreement. The Conference billed member churches 12% in both 2008 and 2009 of compensation to fund required contributions to the Plan.

Ministerial Pension Plan (MPP): For the period from January 1, 1982 through December 31, 2006, pension benefits were provided to eligible clergy in the form of a defined contribution plan. Upon retirement, the participant's assets in the plan are converted to an annuity. This plan was frozen effective December 31, 2006; however the Conference will be responsible for ongoing contributions of approximately \$825,000 per year starting in 2011. Depending upon a variety of factors, including market variations and participant census, the amortization schedule may change for 2010 that would require a change in the contribution for 2012.

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Pre-1982 Pension Plan: Prior to January 1, 1982, eligible clergy were provided pension benefits under the Ministers Reserve Pension Fund which was operated as a multi-employer defined benefit plan. Clergy were entitled to a monthly pension benefit calculated as years of service times the annuity rate divided by twelve. Each year, the Conference sets the annuity rate. The 2009 annuity rate was \$557 and in 2010 the annuity rate will be \$578, which represents 1% of Conference Annual Compensation (CAC). Each year, the Board of Pensions consults with plan actuaries to determine the funding status of this plan. The Conference will be responsible for ongoing contributions of approximately \$946,000 per year starting in 2011. Depending upon a variety of factors, including market variations and participant census, the amortization schedule may change for 2010 that would require a change in contribution for 2012.

Comprehensive Protection Plan (CPP): The Conference participates in the CPP for all clergy who are eligible and participate in the CRSP. The plan provides disability benefits for those clergy who meet the General Board definition of disability. The plan includes a death benefit for qualified active and retired clergy, spouses and dependent children.

Lay Long-Term Disability and Life Insurance Plan formally known as the Basic Protection Plan (BPP): The Conference participates in the BPP which provides disability and death benefits for Conference lay employees that meet the eligibility requirements.

United Methodist Personal Investment Plan (UMPIP): The Conference participates in the UMPIP. The plan allows both the employer and the employee to make contributions into this plan. The Conference contributes 6% of a lay employee's compensation into this plan for permanent and full-time or part-time employees, provided the part-time employee works at least 1000 hours per year.

Clergy and lay employees may choose to participate in this plan as either a before-tax or after-tax payroll deduction. Contributions are limited for both clergy and lay employees to the Internal Revenue Code requirements of section 403(b) plans.

The plans described above are all administered by the General Board and are considered multi-employer plans. Employers that contribute to multi-employer plans are responsible only to make the contributions called for as they do not have a directly identified or separate interest in investment gains or losses or administrative costs, nor does the employer have a directly identified or separate obligation for benefit payments, separate assets and liabilities for their portion of the Plan are not recognized, and the contributions are recognized as expense in the period they are paid.

The Conference provides health benefits (medical, hospital, surgical and major medical) to full-time and part-time clergy and Conference lay employees who are employed no less than 30 hours per week. The health insurance contract consists of mandatory single coverage for all clergy of the Conference and all lay employees of the Conference who are employed at least three-quarter time. Participants have the choice of electing to participate in a High Deductible Insurance Plan or a traditional Preferred Provider Plan. The plans are administered by Wellmark Blue Cross/Blue Shield of Iowa.

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The Conference sponsors a postretirement health benefit for all retired clergy and lay employees that meet the eligibility requirements. The plan is contributory with retiree contributions that are adjustable annually based on various factors – some of which are discretionary. The plan is unfunded. However, during the year ended December 31, 2006, the Board of Directors of the Board of Pensions designated \$7.25 million plus earnings thereon for the payment of the unfunded benefit obligation of the postretirement health benefit plan. As of December 31, 2009, the value of the investments that are designated totaled \$7,776,196.

During the 2009 Annual Conference, the Conference amended its health plan to reduce its contribution from two-thirds of total premiums to a flat monthly contribution of \$100 per person. This amendment resulted in a reduction of the accrued post-retirement obligation of \$16,342,148.

Subsequent to December 31, 2009, the Conference further amended its health plan to reduce Conference contributions. Beginning January 2012, Conference contributions will decrease annually by \$20 per month until contributions cease at the end of five years. Participants over age 65 at the date of plan amendment can elect a \$100 per month stipend for five years or elect to continue coverage in the plan under the amended contribution levels.

Retired clergy and their spouses can elect the Medicare Supplement Plan or select a Medicare Advantage Plan offered by Wellmark Blue Cross/Blue Shield of Iowa.

Total contributions to retirement plans and health benefits are as follows:

	<u>2009</u>	<u>2008</u>
CRSP	\$ 3,988,300	\$ 3,849,629
CPP	787,376	830,967
UMPIP	132,987	112,530
Lay long-term disability and life insurance plan	26,343	34,991
Health, current and retired employees	7,880,815	7,236,904
Actuarial adjustments to health plan	5,609,269	605,554
	18,425,090	12,670,575
Less amount reimbursed through direct billing to member churches	(10,119,601)	(9,506,303)
Total amount paid by the Conference	<u>\$ 8,305,489</u>	<u>\$ 3,164,272</u>

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Information relative to the Conference's postretirement health benefit plan is presented below:

	2009	2008
Changes in benefit obligations:		
Obligation at beginning of year	\$ (28,305,508)	\$ (27,699,954)
Service cost	(519,984)	(637,748)
Interest cost	(1,669,916)	(1,618,052)
Benefit payments, net	947,167	993,381
Actuarial gains (losses)	(4,366,536)	656,865
Plan amendment	16,342,148	-
Obligation at end of year	(17,572,629)	(28,305,508)
Fair value of plan assets at end of year	-	-
Funded status	\$ (17,572,629)	\$ (28,305,508)

Amounts recognized in unrestricted net assets but not yet realized as components of net periodic postretirement benefit cost:

Unamortized prior service (gain)	\$ (17,656,266)	\$ (1,752,158)
Unamortized actuarial (gain)	2,360,327	(2,006,209)
Total recognized in unrestricted net assets	\$ (15,295,939)	\$ (3,758,367)

Components of net periodic pension cost:

Service cost	\$ 391,309	\$ 519,984
Interest cost	937,832	1,669,916
Amortization of prior service cost	(2,435,858)	(438,040)
Amortization of net loss	56,679	-
	\$ (1,050,038)	\$ 1,751,860

Assumptions used in computations:

The Conference measures plan obligations as of the year end statement of financial position date. For measurement purposes, an 8.0% annual rate of increase in the per capita costs of covered health care benefits was assumed for 2010; the rate was assumed to decrease gradually to 5% in 2016 and remain at 5% thereafter. If the assumed rate increased by one percentage point, it would increase the benefit obligation as of December 31, 2009 by \$564,965. A one-percentage-point decrease would decrease the benefit obligation by \$502,838. The Conference expects to contribute approximately \$765,000 to its postretirement health plan in 2010.

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The following approximate benefit payments are expected to be paid as follows:

	<u>Expected Future Annual Payments</u>
Year ended December 31:	
2010	\$ 1,042,000
2011	1,168,000
2012	1,246,000
2013	1,293,000
2014	1,394,000
Years 2015 - 2019	7,548,000

Note 8. Lease Commitments

The Conference leases several of its copy machines with accessory attachments and mailing equipment machines under noncancelable agreements as operating leases. Monthly rent for the equipment totals \$5,164 and the leases expire from October 2010 through March 2014.

The Conference leases office space for the Office of Pastoral Care and Counseling, Justice for Our Neighbors program, and six district offices as of December 31, 2009. These leases are for terms ranging from one to five years totaling \$11,818 per month and include utilities and general building repairs. The termination dates for these leases range from October 2010 to March 2015. Additionally, the Conference has month-to-month lease arrangements for two district offices and the Women at the Well United Methodist Church.

During 2009, the Conference entered into noncancelable leases of office equipment under capital lease agreements with a cost of \$261,575 and accumulated depreciation of \$82,086 as of December 31, 2009. The office equipment and related liability under the leases are recorded at the present value of the future minimum lease payments. The related liability of the capital leases requires monthly payments ranging from \$260 to \$2,718 through November 2014.

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Notes to Consolidated Financial Statements

At December 31, 2009, minimum lease payments required under the leases described above are as follows:

	Capital Leases		Operating Leases		Total
	Equipment	Property	Equipment		
Year ending December 31:					
2010	\$ 56,402	\$ 149,242	\$ 52,044	\$	257,688
2011	56,402	143,887	46,907		247,196
2012	56,402	98,881	5,585		160,868
2013	56,402	32,972	3,448		92,822
2014	21,358	18,000	216		39,574
Thereafter	-	1,500	-		1,500
Total minimum lease payments	<u>246,966</u>	<u>\$ 444,482</u>	<u>108,200</u>	<u>\$</u>	<u>799,648</u>
Less amounts representing interest	<u>(15,978)</u>		<u>-</u>		
Present value of future minimum lease payments	<u>\$ 230,988</u>		<u>\$ 108,200</u>		

Total rent expense related to the above operating lease commitments totaled \$239,905 and \$257,551 for the years ended December 31, 2009 and 2008, respectively.

Note 9. Net Assets (Liabilities)

Unrestricted and undesignated net assets at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Working capital reserve	<u>\$ 1,400,328</u>	<u>\$ 1,388,403</u>

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Notes to Consolidated Financial Statements

Unrestricted funds, designated for specific purposes at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Board of Camps	\$ 326,269	\$ (204,163)
Board of Church and Society	9,445	2,798
Board of Discipleship	45,816	32,733
Board of Global Ministries	789,641	682,088
Board of Higher Education	64,762	21,231
Board of Laity	52,766	36,312
Board of Ordained Ministry	122,813	100,118
Board of Pensions, including unamortized prior service gains and actuarial gains on health benefit liability (Note 7) of \$15,295,939 and \$3,758,367 at December 31, 2009 and 2008, respectively	10,830,657	(3,262,881)
Board of Pensions		
Board of Trustees	10,698,431	11,900,517
Commission on Archives and History	15,561	10,081
Commission on Christian Unity and Interreligious Concerns	2,339	3,703
Commission on Equitable Compensation	148,031	67,523
Commission on Ministry with Persons with Disabilities	(833)	1,876
Commission on Religion and Race	39,928	30,582
Commission on Status and Role of Women	3,131	2,736
Committees on Annual Conference Administration	77,445	53,626
Committee on Pastoral Care and Counseling	17,394	6,452
Council on Age Level Ministries	2,207	4,050
Council on Finance and Administration	(2,860,982)	(2,389,217)
Connectional Ministries Council	268,022	278,416
Council on Youth Ministries	130,968	79,993
Episcopal Funds	290,321	263,061
Cabinet Funds	363,782	162,525
District Councils on Ministries	219,722	206,020
Westmar Scholarship Fund	(84,558)	(187,016)
Other ministries	208,295	200,012
Total unrestricted funds designated for specific purposes	\$ 21,781,373	\$ 8,103,176

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Temporarily restricted net assets at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Board of Camps	\$ 302,269	\$ 359,185
Board of Church and Society	19,842	13,739
Board of Discipleship	32,026	29,062
Board of Global Ministries	1,482,504	1,554,614
Board of Higher Education	4,353	4,752
Board of Laity	1,095	417
Board of Trustees	414,406	409,766
Commission on Ministry with Persons with Disabilities	32,870	19,958
Committees on Annual Conference Administration	33,189	33,355
Commission on Religion and Race	10,796	11,826
Council on Finance and Administration, adjustments for accounting principles generally accepted in the United States of America, cash to accrual adjustment	(6,941)	(196,922)
Council on Youth Ministries	5,662	2,835
Episcopal Funds	44,373	14,626
District Councils on Ministries	590	-
Thanksgiving Ingathering	165,795	142,181
College Scholarship Fund	152,159	89,926
Other ministries	326,246	213,277
Total temporarily restricted net assets	\$ 3,021,234	\$ 2,702,597

Permanently restricted net assets at December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Westmar college scholarship endowment	\$ 807,037	\$ 807,037
College scholarship endowment	327,291	327,291
Beneficial interest in perpetual trusts	826,469	804,458
Campership endowments	73,345	73,271
Camp's maintenance/operating endowments	40,515	34,514
Congregational development endowment	37,306	37,196
Partners in Leadership scholarship initiative	35,073	35,073
	\$ 2,147,036	\$ 2,118,840

Earnings from the college scholarship endowments are temporarily restricted and used to provide scholarships to attend various United Methodist affiliated colleges.

Earnings from the perpetual trusts are temporarily restricted funds that are used to provide assistance to individuals who might not otherwise be able to attend United Methodist camps, and are to be used by the Bishop's office.

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Earnings from the campership endowments are temporarily restricted funds that are used to provide assistance to individuals who might not be able to otherwise attend United Methodist camps.

Earnings from the camp's maintenance/operating endowment are temporarily restricted funds that are used for the maintenance of camp buildings constructed with campaign funds.

Earnings from the congregational development endowment are temporarily restricted funds that are used by the Board of Global Ministries to help churches with program development.

Earnings from the Partners in Leadership scholarship initiative are temporarily restricted and are used as scholarships for Iowa resident United Methodist students attending one of our four Iowa United Methodist related colleges.

Note 10. Related-Party Transactions

In 2008, the Conference approved a 2009 apportionment request of \$50,000 to support activities of the Foundation. During 2009, the local United Methodist Churches remitted \$41,864 for payment to the Foundation.

The Conference received from the Foundation \$10,085 and \$11,750 in administrative services such as rent, telephone, postage and printing for the years ended December 31, 2009 and 2008, respectively.

Note 11. Apportionments, Net

Apportionments (including pass-through amounts not recognized in the statement of activities) totaled \$16,346,779 and \$15,676,713 for the years ended December 31, 2009 and 2008, respectively. Of these amounts, approximately \$2,433,000 and \$2,414,000, respectively, were not received and are netted against apportionment revenue.

Note 12. Contingencies

The Board of Global Ministries of the Conference has provided the following guarantees as of December 31, 2009 for no consideration:

Christ Community United Methodist Church, Marion, Iowa: The Conference has provided a guarantee of a loan balance on behalf of the member church and United Methodist Development Fund. The maximum amount of the guarantee by the Conference is equal to the loan balance. The loan balance at December 31, 2009 was approximately \$398,000. The Conference would be required to perform under the guarantee if the member church was in default in accordance with the loan agreement. The loan guarantee expires July 2014.

Faith United Methodist Church, Centerville, Iowa: The Conference has provided a limited guarantee up to \$150,000 of indebtedness on behalf of the member church for a loan provided by the United Methodist Foundation. The Conference would be required to perform under the guarantee if the member church was in default in accordance with the loan agreement. As collateral for the loan guarantee, the Conference has invested in a \$150,000 Certificate of Participation held by the Foundation. The loan guarantee expires September 2010.

Management evaluates the Conference's exposure to loss at each financial position date and provides accruals for such loss as deemed necessary. No accruals were deemed necessary at December 31, 2009. If the Conference is required to perform on the guarantees, it has designated funds from investments of approximately \$150,000.

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Note 13. Endowment

The Conference has established 12 individual endowment funds consisting of cash, securities and other assets for the purposes of maintaining a variety of programs. The endowment funds include both donor-restricted endowment funds (permanent endowment) and funds designated by various Conference Boards to function as endowments. As required by U.S. Generally Accepted Accounting Principles (GAAP), net assets associated with these funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Conference has interpreted the Iowa enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date for all donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Conference classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, 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. The remaining portion of the permanent endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conference in a manner consistent with the standard of prudence prescribed by UPMIFA. All board-designated endowments are classified as unrestricted net assets. In accordance with UPMIFA, the Conference considers the following 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 organization 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 Conference
- (7) The Conference's investment policies

Endowment net asset composition by type of fund at December 31 is as follows:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (83,216)	\$ 172,880	\$ 1,320,567	\$ 1,410,231
Board-designated endowment funds	5,477,420	-	-	5,477,420
	\$ 5,394,204	\$ 172,880	\$ 1,320,567	\$ 6,887,651

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ (206,982)	\$ 90,127	\$ 1,314,382	\$ 1,197,527
Board-designated endowment funds	4,557,616	-	-	4,557,616
	\$ 4,350,634	\$ 90,127	\$ 1,314,382	\$ 5,755,143

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Changes in Endowment net assets for the years ended December 31, 2009 and 2008 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2007	\$ 5,707,699	\$ 60,467	\$ 1,309,901	\$ 7,078,067
Net reclassification based on change in law	(211,756)	211,756	-	-
Investment return:				
Investment income	-	35,929	-	35,929
Net realized and unrealized (loss) on investments	(1,145,309)	(184,275)	-	(1,329,584)
Total Investment return	(1,145,309)	(148,346)	-	(1,293,655)
Contributions	-	-	4,481	4,481
Appropriation of endowment assets for expenditure	33,750	(33,750)	-	-
Expenditures	(33,750)	-	-	(33,750)
Endowment net assets, December 31, 2008	4,350,634	90,127	1,314,382	5,755,143
Investment return:				
Investment income	20,562	9,974	-	30,536
Net realized and unrealized gain on investments	1,023,008	83,379	-	1,106,387
Total Investment return	1,043,570	93,353	-	1,136,923
Contributions	-	-	6,185	6,185
Appropriation of endowment assets for expenditure	10,600	(10,600)	-	-
Expenditures	(10,600)	-	-	(10,600)
Endowment net assets, December 31, 2009	\$ 5,394,204	\$ 172,880	\$ 1,320,567	\$ 6,887,651

All temporary restricted endowments are purpose restricted and included in the amounts disclosed in Note 9.

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Notes to Consolidated Financial Statements

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or state law requires the Conference to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in unrestricted net assets are approximately \$86,000 and \$207,000 as of December 31, 2009 and 2008, respectively. These deficiencies resulted from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees.

Return objectives and risk parameters: The Conference has adopted investment and spending policies for endowment assets and other invested funds that attempt to (1) preserve principle and purchasing power; (2) achieve a greater return than the rate of inflation, consistent with the fiduciary character of the fund; and (3) maintain a level of liquidity that is sufficient to meet the need for timely payments of designated projects. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the various governing boards, the endowment assets are invested in a manner that intends to produce results over a five year market cycle that exceeds the price and yield results of 60%-70% of the S&P 500 stock index and 30%-40% of an Intermediate Government/Corporate Bond Index. Depending on the nature of the fund the Conference expects its endowment funds, over time to provide an average rate of return of approximately 5-7% annually. Actual returns in any given year may vary from this amount. The board-designated endowment fund, maintained to provide pension and other post-retirement benefits for retired clergy, is currently invested to satisfy a growth objective while assuming a moderate level of investment risk.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, 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). The Conference targets a diversified asset allocation that balances fixed income investments and equity securities to achieve its long-term objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Conference has a policy of appropriating for distribution in the next year 100% of the interest and dividend in the year earned on donor-restricted permanent endowments in the current year. In order to satisfy the growth objective for the board-designated pension and post-retirement benefit fund, no amounts are appropriated for distribution.

Note 14. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the Plan's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, the Topic establishes a fair value hierarchy for valuation inputs that give the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

- Level 1: Quoted prices for identical assets or liabilities in active markets as of the report date.
- Level 2: Pricing inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. This includes valuations based on available quoted market prices, but traded less frequently and values derived by reference to other securities, the fair value of which can be directly observed.
- Level 3: Significant unobservable inputs that reflect management's judgment about the assumptions that market participants would use in pricing an asset or liability.

The Conference records certain financial assets at fair value on a recurring basis. A description of the valuation methodologies used for assets and liabilities measured at fair value is set forth below.

- Investment securities: When quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include highly liquid government bonds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using the quoted price of securities in an inactive market to which the Conference has access. Level 2 securities would include investments in pooled investment accounts. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the valuation hierarchy.
- Beneficial interests in perpetual trusts: Fair value is measured using a discounted cash flow analysis of the expected income derived from the Conference's interest in the trust or by valuing the underlying investments comprising the trust.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

The following tables summarize assets measured at fair value on a recurring basis as of December 31, 2009 and 2008, segregated by the level of valuation inputs within the fair value hierarchy:

	Fair Value Measurements at December 31, 2009			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
General Board, pooled investment funds:				
Multiple asset fund	\$ -	\$ 20,429,753	\$ -	\$ 20,429,753
Domestic stock fund	-	3,321,713	-	3,321,713
Domestic bond fund	-	2,155,707	-	2,155,707
Short-term investment fund	-	246,289	-	246,289
Iowa United Methodist Foundation, pooled investment fund:				
Balanced fund	-	1,393,179	-	1,393,179
Independent investment managers:				
Equity securities	373,456	-	-	373,456
Fixed income securities	-	137,348	-	137,348
Money market funds	611,333	-	-	611,333
Total investments recorded at fair value	\$ 984,789	\$ 27,683,989	\$ -	\$ 28,668,778
Other assets, beneficial interests in perpetual trusts	\$ -	\$ 214,224	\$ 612,245	\$ 826,469

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

	Fair Value Measurements at December 31, 2008			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
General Board, pooled investment funds:				
Multiple asset fund	\$ -	\$ 16,978,216	\$ -	\$ 16,978,216
Domestic stock fund	-	1,852,247	-	1,852,247
Domestic bond fund	-	2,705,368	-	2,705,368
Short-term investment fund	-	370,973	-	370,973
Iowa United Methodist Foundation, pooled investment fund:				
Balanced fund	-	1,201,935	-	1,201,935
Independent investment managers:				
Equity securities	300,214	-	-	300,214
Fixed income securities	-	112,802	-	112,802
Money market funds	575,196	-	-	575,196
Total Investments recorded at fair value	\$ 875,410	\$ 23,221,541	\$ -	\$ 24,096,951
Other assets, beneficial interests in perpetual trusts	\$ -	\$ 192,212	\$ 612,245	\$ 804,457

The following table presents additional information about assets measured at fair value on a recurring basis for which the Conference has utilized Level 3 inputs to determine fair value:

	Beneficial Interests in Perpetual Trusts
Beginning balance, December 31, 2007	\$ 612,245
Total gains or losses (realized/unrealized)	-
Purchases, sales, issuances and settlements, net	-
Ending balance, December 31, 2008	612,245
Total gains or losses (realized/unrealized)	-
Purchases, sales, issuances and settlements, net	-
Ending balance, December 31, 2009	<u>\$ 612,245</u>

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Notes to Consolidated Financial Statements

Gains and losses are reported in net realized and unrealized gain (loss) on investments in the Consolidated Statement of Activities.

The following table sets forth additional disclosures of the Conference's investments whose fair value is estimated using net asset value per share as of December 31, 2009.

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period
Pooled investment funds:				
Multiple asset fund (a)	\$ 20,429,753	\$ -	Immediate	None
Domestic stock fund (b)	3,321,713	-	Immediate	None
Domestic bond fund (c)	2,155,707	-	Immediate	None
Short term investment fund (d)	246,289	-	Immediate	None
Balanced fund (e)	1,393,179	-	Immediate	None
Total pooled investment funds	<u>\$ 27,546,641</u>			

- (a) The multiple asset fund seeks 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. The fund is a "fund of funds" and holds an allocation of units from other pooled investment funds of the General Board of Pensions and Health Benefits including the domestic stock fund, domestic bond fund, international stock fund and the inflation protection fund. Redemptions over \$1 million may be subject to a 15 day processing period to ensure adequate cash is available for distribution.
- (b) The domestic stock fund seeks to earn long-term capital appreciation from a broadly diversified portfolio that includes stocks among the 3,000 largest U.S. publicly owned companies, as well as stock index futures. Additionally, the fund holds interests in publicly traded real estate investment trusts (REITs), private real estate partnerships and private equity (e.g. buyout funds and venture capital). Redemptions over \$1 million may be subject to a 15 day processing period to ensure adequate cash is available for distribution.
- (c) The domestic bond fund invests in a broad mix of fixed-income instruments to earn current income. A majority of the fund is invested in publicly traded U.S. fixed-income securities but is also invested in fixed-income instruments denominated in currencies other than the U.S. dollar and the fund holds privately placed loans originated by the General Board's Positive Social Purpose (PSP) Lending Program. Redemptions over \$1 million may be subject to a 15 day processing period to ensure adequate cash is available for distribution.
- (d) The short-term investment fund is an actively managed bond fund that seeks to maximize current income consistent with preservation of capital. The fund's holdings include government and agency bonds, corporate bonds, international fixed income securities, commercial paper, certificates of deposit and other similar types of investments. Redemptions over \$1 million may be subject to a 15 day processing period to ensure adequate cash is available for distribution.
- (e) The balanced fund seeks to balance the objectives of long-term capital appreciation and present income. The fund is invested in a portfolio of fixed-income securities, equity securities (including foreign issuers and small capitalization companies), cash and cash equivalents, and other alternative investments.

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Note 15. Unconsolidated Entity

Generally accepted accounting principles require the Conference to consolidate entities in which it has control and an economic interest when that control is evidenced through majority ownership or voting interests. The Conference has an economic interest in, but does not control, the Foundation through ownership or voting interest. Consolidation is permitted, but not required. Therefore, the Conference has elected not to consolidate the Foundation.

Summarized financial information for the Foundation is as follows:

**Statements of Financial Position
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 5,502	\$ 46
Receivables	134,623	122,943
Investments	23,231,758	19,747,734
Land, buildings and equipment, net	1,621,933	1,693,805
	<u>\$ 24,993,816</u>	<u>\$ 21,564,528</u>
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 11,678	\$ 11,767
Agency payables	20,259,991	16,260,344
Gift annuities payable	851,170	726,410
Total liabilities	<u>21,122,839</u>	<u>16,998,521</u>
Net assets:		
Unrestricted	553,709	480,879
Temporarily restricted	932,039	1,739,513
Permanently restricted	2,385,229	2,345,615
Total net assets	<u>3,870,977</u>	<u>4,566,007</u>
	<u>\$ 24,993,816</u>	<u>\$ 21,564,528</u>

Iowa Annual Conference of the United Methodist Church and Affiliate

Notes to Consolidated Financial Statements

Statements of Activities
Years Ended December 31, 2009 and 2008

	2009	2008
Revenues, gains and other support:		
Contributions	\$ 130,559	\$ 1,232,340
Fees for investment services	221,610	199,646
Investment income	155,768	100,735
Net realized (loss) on investments	(848)	(93,920)
Unrealized gain on investments	351,636	80,527
Other income	8,700	33,000
Changes in value of split-interest agreements	124,759	301,826
Total revenues, gains and other support	992,184	1,854,154
Expenses:		
Management and general expenses	275,295	290,162
Beneficiary payments	1,411,919	354,542
Total expenses	1,687,214	644,704
Change in net assets	(695,030)	1,209,450
Net assets, beginning	4,566,007	3,356,557
Net assets, ending	\$ 3,870,977	\$ 4,566,007

The summary financial information does not eliminate the transactions between the Conference and the constituents, such as investment activity in the Foundation and contributions from the Conference to the districts and other constituents.

Note 16. Restatement

The 2008 consolidated financial statements have been restated to correct an error in valuing the accrued postretirement benefit obligation of the Conference. The CPP plan, as described in Note 7, is a multi-employer plan and therefore the liability for future benefits is a liability of the General Board and not the Conference. The accrued post-retirement benefit obligation for the CPP was incorrectly included in the consolidated statement of financial position of the Conference at December 31, 2008. Accordingly, the December 31, 2008 consolidated financial statements have been restated to reflect a decrease in the accrued post-retirement benefit obligation and an increase in net assets as of December 31, 2008 of approximately \$10,623,000. The effect of the change in recording the postretirement obligation resulted in a decrease in pension and health benefit expense and an increase in the change in net assets of approximately \$291,000 for 2008.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Supplementary Information

To the Audit Committee
Iowa Annual Conference of the United Methodist Church and Affiliate
Des Moines, Iowa

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating information is presented for purposes of additional analysis of the basic consolidated financial statements rather than to present the financial position, results of operations and cash flows of the individual entities. The supplementary statement of cash receipts and disbursements (page 42) is also presented for purposes of additional analysis and is not a required part of the basic financial statements. The consolidating and supplemental information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

The supplementary statements of cash receipts and disbursements (the Statements) are prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Therefore, receivables, payables, accrued income and expenses, equipment and depreciation of the Episcopal Fund are not reflected. The Statements are only for the Episcopal Fund and do not include all of the receipts and disbursements of the Conference. The Statements are not intended to present the financial position or results of operations of the Episcopal Fund in conformity with accounting principles generally accepted in the United States of America.

McGladrey & Pullen, LLP

Des Moines, Iowa
October 13, 2010

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidating Statement of Financial Position
December 31, 2009

	Iowa Annual Conference	Board of Pensions	Eliminations	Consolidated Total
ASSETS				
CASH AND CASH EQUIVALENTS	\$ 4,262,875	\$ 38,647	\$ -	\$ 4,301,522
RECEIVABLES				
Apportionment receivables, net	1,843,520	281,910	(101,111)	2,024,319
Loans receivable, net	245,369	-	-	245,369
Other receivables	65,032	552,137	(19,254)	597,915
	<u>2,153,921</u>	<u>834,047</u>	<u>(120,365)</u>	<u>2,867,603</u>
INVESTMENTS	<u>3,668,353</u>	<u>27,466,859</u>	<u>-</u>	<u>31,135,212</u>
PROPERTY AND EQUIPMENT, net	<u>10,708,250</u>	<u>-</u>	<u>-</u>	<u>10,708,250</u>
OTHER ASSETS	<u>957,641</u>	<u>619,146</u>	<u>-</u>	<u>1,576,787</u>
Total assets	<u>\$ 21,751,040</u>	<u>\$ 28,958,699</u>	<u>\$ (120,365)</u>	<u>\$ 50,589,374</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts payable and accrued expenses	\$ 560,826	\$ 520,830	\$ (19,254)	\$ 1,062,402
Obligations under capitalized leases	230,988	-	-	230,988
Notes payable	2,459,623	-	-	2,459,623
Pass-through liabilities	1,014,872	-	(101,111)	913,761
Accrued postretirement benefit obligation	-	17,572,629	-	17,572,629
Total liabilities	<u>4,266,309</u>	<u>18,093,459</u>	<u>(120,365)</u>	<u>22,239,403</u>
NET ASSETS				
Unrestricted	12,351,044	10,830,657	-	23,181,701
Temporarily restricted	3,021,234	-	-	3,021,234
Permanently restricted	2,112,453	34,583	-	2,147,036
Total net assets	<u>17,484,731</u>	<u>10,865,240</u>	<u>-</u>	<u>28,349,971</u>
Total liabilities and net assets	<u>\$ 21,751,040</u>	<u>\$ 28,958,699</u>	<u>\$ (120,365)</u>	<u>\$ 50,589,374</u>

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidating Statement of Activities - Unrestricted Net Assets
Year Ended December 31, 2009

	Iowa Annual Conference	Board of Pensions	Eliminations	Consolidated Total
Revenues, gains and other support:				
Apportionments, net	\$ 10,411,635	\$ 985,990	\$ -	\$ 11,397,625
Charitable contributions and grants	170,122	683	-	170,805
Registration fees	1,242,317	595	(180)	1,242,732
Investment earnings	98,520	127,149	-	225,669
Net realized and unrealized gain on investments	80,092	5,262,726	-	5,342,818
Sale of goods and services	64,226	-	(20)	64,206
(Loss) on sale of property and equipment	150,874	-	-	150,874
Gain on amendment in health benefit plan	-	16,342,148	-	16,342,148
Other revenue	227,690	65	(108,173)	119,582
Net assets released from restrictions, satisfaction of program restrictions	1,981,439	-	-	1,981,439
Total revenues, gains and other support	14,426,915	22,719,356	(108,373)	37,037,898
Expenses:				
Program services:				
Clergy support ministries	2,726,342	8,379,325	(391)	11,105,276
Local church support ministries	5,322,282	-	-	5,322,282
Institutional support ministries	1,345,243	-	-	1,345,243
Other ministries	1,677,866	-	-	1,677,866
	11,071,733	8,379,325	(391)	19,450,667
Supporting services:				
General and administrative	3,670,071	246,493	(107,982)	3,808,582
Fund raising	88,527	-	-	88,527
	3,758,598	246,493	(107,982)	3,897,109
Total expenses	14,830,331	8,625,818	(108,373)	23,347,776
Change in net assets	(403,416)	14,093,538	-	13,690,122
Net assets, beginning	12,754,460	(3,262,881)	-	9,491,579
Net assets, ending	\$ 12,351,044	\$ 10,830,657	\$ -	\$ 23,181,701

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidating Statement of Activities - Temporarily Restricted Net Assets
Year Ended December 31, 2009

	Iowa Annual Conference	Board of Pensions	Eliminations	Consolidated Total
Revenues, gains and other support:				
District askings	\$ 215,842	\$ -	\$ -	\$ 215,842
Charitable contributions and grants	1,840,461	-	-	1,840,461
Investment earnings	52,320	-	-	52,320
Net realized and unrealized gain on investments	191,453	-	-	191,453
Net assets released from restrictions, satisfaction of program restrictions	(1,981,439)	-	-	(1,981,439)
Total revenues, gains and other support	318,637	-	-	318,637
Change in net assets	318,637	-	-	318,637
Net assets, beginning	2,702,597	-	-	2,702,597
Net assets, ending	<u>\$ 3,021,234</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,021,234</u>

Iowa Annual Conference of the United Methodist Church and Affiliate

Consolidating Statement of Activities - Permanently Restricted Net Assets
Year Ended December 31, 2009

	Iowa Annual Conference	Board of Pensions	Eliminations	Consolidated Total
Revenues, gains and other support:				
Charitable contributions and grants	\$ 6,185	\$ -	\$ -	\$ 6,185
Net realized and unrealized gain on investments	16,750	5,261	-	22,011
Total revenues, gains and other support	22,935	5,261	-	28,196
Change in net assets	22,935	5,261	-	28,196
Net assets, beginning	2,089,518	29,322	-	2,118,840
Net assets, ending	<u>\$ 2,112,453</u>	<u>\$ 34,583</u>	<u>\$ -</u>	<u>\$ 2,147,036</u>

Iowa Annual Conference of the United Methodist Church - Episcopal Fund - Cash Basis of Accounting

Statements of Cash Receipts and Disbursements
Years Ended December 31, 2009 and 2008

	2009			2008		
	Episcopal Funds	Area Funds	Total	Episcopal Funds	Area Funds	Total
Cash receipts:						
Episcopal Fund	\$ 73,600	\$ -	\$ 73,600	\$ 71,000	\$ -	\$ 71,000
Annual Conference apportionments	-	252,509	252,509	-	260,291	260,291
Other contribution income	-	1,050	1,050	-	5,014	5,014
Investment income	-	2,547	2,547	-	3,299	3,299
Miscellaneous Income	-	200	200	-	-	-
Total cash receipts	73,600	256,306	329,906	71,000	268,604	339,604
Cash disbursements:						
Support staff salaries	73,600	125,966	199,566	71,000	107,522	178,522
Support staff benefits	-	53,711	53,711	-	50,477	50,477
Support staff payroll taxes	-	7,800	7,800	-	6,702	6,702
Hotel, travel, meals and entertainment	-	37,138	37,138	-	21,649	21,649
Legal and professional fees	-	14,807	14,807	-	8,585	8,585
Equipment	-	13,547	13,547	-	808	808
Rent and utilities	-	10,882	10,882	-	10,639	10,639
Office supplies	-	19,014	19,014	-	14,895	14,895
Postage	-	5,022	5,022	-	7,084	7,084
Printing and copying	-	7,200	7,200	-	5,472	5,472
Grants	-	3,040	3,040	-	4,979	4,979
Miscellaneous	-	945	945	-	7,705	7,705
Total cash disbursements	73,600	299,072	372,672	71,000	246,517	317,517
Cash disbursements over cash receipts	-	(42,766)	(42,766)	-	22,087	22,087
Cash balance, beginning of year	-	78,716	78,716	-	56,629	56,629
Cash balance, end of year	\$ -	\$ 35,950	\$ 35,950	\$ -	\$ 78,716	\$ 78,716