

INDEPENDENT ACCOUNTANTS REPORTS

**Funds administered by the
Great Plains United Methodist Conference
Council on Finance and Administration**

**CONSOLIDATED FINANCIAL REPORT
December 31, 2018
GREAT PLAINS ANNUAL CONFERENCE**

GREAT PLAINS CONFERENCE
Audit

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Council on Finance and Administration and the Conference Treasurer
The Great Plains Annual Conference of The United Methodist Church

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of The Great Plains Annual Conference of The United Methodist Church, which comprise the consolidated statements of financial position as of December 31, 2017 and 2016, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the financial statements).

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements referred to above present fairly, in all material respects, the financial position of The Great Plains Annual Conference of The United Methodist Church as of December 31, 2017 and 2016, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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Emphasis of Matter

As discussed in Note 1 to the financial statements, during 2018, The Great Plains Annual Conference of The United Methodist Church adopted Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. The new standard changes presentation and disclosure requirements with the intention of helping nonprofits provide more relevant information about their resources to donors, grantors, creditors and other financial statement users. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 30 through 37 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements, or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Kansas City, Missouri
June 10, 2019

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The Great Plains Annual Conference of The United Methodist Church

**Consolidated Statements of Financial Position
December 31, 2018 and 2017**

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 6,997,871	\$ 5,752,104
Receivables (Note 3)	1,492,785	1,562,285
Current portion of pledges receivable (Note 4)	27,675	344,736
Prepaid expenses	127,422	44,329
Total current assets	8,645,753	7,703,454
Investments (Notes 5 and 6)	68,056,654	72,289,018
Pledges receivable, less current portion	690,948	335,010
Property and equipment, net (Note 7)	13,150,943	13,681,950
Assets held for sale (Notes 6 and 8)	2,391,582	4,546,630
Overfunded postretirement benefit obligation (Note 11)	1,516,844	1,897,168
Total assets	\$ 94,452,724	\$ 100,453,230
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,354,225	\$ 1,460,666
Accrued expenses	371,790	351,450
Current portion of long-term debt (Note 9)	114,771	105,392
Total current liabilities	1,840,786	1,917,508
Long-term debt, less current maturities (Note 9)	1,572,097	1,836,319
Total liabilities	3,412,883	3,753,827
Net assets:		
Without donor restrictions (Note 14)	77,139,233	83,216,714
With donor restrictions (Notes 13 and 15)	13,900,608	13,482,689
Total net assets	91,039,841	96,699,403
Total liabilities and net assets	\$ 94,452,724	\$ 100,453,230

See notes to consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

Consolidated Statement of Activities
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains:			
Mission share revenue	\$ 12,755,587	\$ -	\$ 12,755,587
Conference advance gifts	17,593	111,800	129,393
Special Sunday offerings—conf. share	-	43,382	43,382
Gifts and grants	632,742	2,233,789	2,866,531
Mission agency support	-	1,084,080	1,084,080
Pension and health income	4,047,789	-	4,047,789
District mission share	-	216,080	216,080
Total contributions	<u>17,453,711</u>	<u>3,689,131</u>	<u>21,142,842</u>
Program service fees	1,912,584	1,900	1,914,484
Net investment loss	(4,275,868)	(594,779)	(4,870,647)
Gain on sale of property, equipment, and assets held for sale	525,452	-	525,452
Other income	231,104	18,016	249,120
Total support, revenues and gains	<u>15,846,983</u>	<u>3,114,268</u>	<u>18,961,251</u>
Release of net asset restrictions:			
Satisfaction of purpose restrictions (Note 16)	2,696,349	(2,696,349)	-
Total support, revenues, gains and release of net asset restrictions	<u>18,543,332</u>	<u>417,919</u>	<u>18,961,251</u>
Expenses and losses:			
Program services:			
Episcopal office	3,956,249	-	3,956,249
Pension and health expense	2,582,659	-	2,582,659
Clergy excellence	1,716,271	-	1,716,271
Congregational excellence	5,731,675	-	5,731,675
Mercy and justice	2,598,104	-	2,598,104
Other conference ministries	2,249,572	-	2,249,572
Total program expenses	<u>18,834,530</u>	<u>-</u>	<u>18,834,530</u>
Supporting activities:			
Administrative	5,012,831	-	5,012,831
Fundraising	73,452	-	73,452
Total supporting expenses	<u>5,086,283</u>	<u>-</u>	<u>5,086,283</u>
Impairment loss	700,000	-	700,000
Total expenses and losses	<u>24,620,813</u>	<u>-</u>	<u>24,620,813</u>
Change in net assets	<u>(6,077,481)</u>	<u>417,919</u>	<u>(5,659,562)</u>
Net assets, beginning of year	83,216,714	13,482,689	96,699,403
Net assets, end of year	<u>\$ 77,139,233</u>	<u>\$ 13,900,608</u>	<u>\$ 91,039,841</u>

See notes to consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

Consolidated Statement of Activities Year Ended December 31, 2017

	Without Donor Restrictions	With Donor Restrictions	Total
Support, revenues and gains:			
Mission share revenue	\$ 13,042,187	\$ -	\$ 13,042,187
Conference advance gifts	25,942	183,143	209,085
Special Sunday offerings—conf. share	-	41,985	41,985
Gifts and grants	612,768	1,411,001	2,023,769
Mission agency support	-	1,092,259	1,092,259
Pension and health income	2,974,125	-	2,974,125
District mission share	-	223,802	223,802
Camp Lakeside acquisition (Note 18)	956,324	372,534	1,328,858
Total contributions	17,611,346	3,324,724	20,936,070
Program service fees	1,996,370	5,833	2,002,203
Net investment gain	10,700,098	1,398,947	12,099,045
Other income	421,332	11,779	433,111
Total support, revenues and gains	30,729,146	4,741,283	35,470,429
Release of net asset restrictions:			
Satisfaction of purpose restrictions (Note 16)	2,583,937	(2,583,937)	-
Total support, revenues, gains and release of net asset restrictions	33,313,083	2,157,346	35,470,429
Expenses and losses:			
Program services:			
Episcopal office	4,106,737	-	4,106,737
Pension and health expense	2,570,735	-	2,570,735
Clergy excellence	1,441,130	-	1,441,130
Congregational excellence	6,150,790	-	6,150,790
Mercy and justice	2,591,798	-	2,591,798
Other conference ministries	3,024,917	-	3,024,917
Total program expenses	19,886,107	-	19,886,107
Supporting activities:			
Administrative	4,192,540	-	4,192,540
Fundraising	179,182	-	179,182
Total supporting expenses	4,371,722	-	4,371,722
Loss on sale of property, equipment and assets held for sale	706,691	-	706,691
Total expenses and losses	24,964,520	-	24,964,520
Change in net assets	8,348,563	2,157,346	10,505,909
Net assets, beginning of year	74,868,151	11,325,343	86,193,494
Net assets, end of year	\$ 83,216,714	\$ 13,482,689	\$ 96,699,403

See notes to consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

**Consolidated Statement of Expenses by Function
Year Ended December 31, 2018**

	Program Services	Supporting Activities		Impairment Loss	Total Expenses
		Administrative Expenses	Fundraising Expenses		
Employee compensation:					
Wages	\$ 3,975,641	\$ 1,155,831	\$ -	\$ -	\$ 5,131,472
Benefits	1,278,846	383,847	-	-	1,662,693
General and jurisdictional apportionments	3,922,379	372,068	-	-	4,294,447
Grants:					
Mission Agency	1,084,081	-	-	-	1,084,081
Congregational and connectional ministries	2,819,211	-	-	-	2,819,211
Clergy pension/health benefits	2,582,659	-	-	-	2,582,659
Occupancy	524,910	568,030	-	-	1,092,940
Professional fees/services	208,023	763,439	-	-	971,462
Depreciation	-	792,772	-	-	792,772
Impairment charge	-	-	-	700,000	700,000
Program material	580,808	-	48,195	-	629,003
Meetings and retreats	355,040	132,933	379	-	488,352
Insurance	124,945	221,016	1,727	-	347,688
Small equipment/lease expense	151,375	276,257	-	-	427,632
Clergy move expense	396,507	-	-	-	396,507
Staff hotel, travel and meals	274,847	82,736	-	-	357,583
Telecommunications	91,031	65,844	-	-	156,875
Clergy recruitment	99,545	-	-	-	99,545
Conference vehicles	93,174	2,632	-	-	95,806
Interest	-	85,254	-	-	85,254
Continuing education	63,975	5,482	-	-	69,457
Other expenses	207,533	104,690	23,151	-	335,374
Total expenses	\$ 18,834,530	\$ 5,012,831	\$ 73,452	\$ 700,000	\$ 24,620,813

See notes to consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

Consolidated Statements of Cash Flows Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (6,659,562)	\$ 10,505,909
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	792,772	966,406
Impairment charge	700,000	-
Contributed property and equipment	(1,001)	(1,100)
Contributed property and equipment—Camp Lakeside	-	(945,372)
Cash received on contributions received for long-term investment	-	(17,040)
Net realized and unrealized loss (gain) on investments	4,553,297	(10,948,714)
Net realized and unrealized loss (gain) on investments—postretirement benefit plan assets	477,191	(956,248)
(Gain) loss on sale of property and equipment, net	(525,452)	706,691
(Increase) decrease in receivables and pledge receivables	30,623	(324,649)
(Increase) decrease in prepaid expenses	(63,093)	68,585
(Decrease) increase in accounts payable and accrued expenses	(86,101)	22,087
Decrease in due to other organizations	-	(10,626)
Decrease in postretirement benefit obligation	(688,707)	(604,432)
Net cash used in operating activities	(490,033)	(1,538,503)
Cash flows from investing activities:		
Proceeds from sale of investments	4,579,944	8,577,818
Purchase of investments	(4,309,037)	(6,637,340)
Purchase of investments—postretirement benefit plan assets	-	(74,829)
Proceeds from sale of property and equipment	2,354,814	1,478,486
Purchase of property and equipment	(635,078)	(891,110)
Net cash provided by investing activities	1,990,643	2,453,025
Cash flows from financing activities:		
Principal repayments on long-term debt	(254,843)	(380,857)
Proceeds on contributions received for long-term investment	-	17,040
Net cash used in financing activities	(254,843)	(363,817)
Net increase in cash and cash equivalents	1,245,767	550,705
Cash and cash equivalents, beginning of year	5,752,104	5,201,399
Cash and cash equivalents, end of year	\$ 6,997,871	\$ 5,752,104
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 84,470	\$ 145,844
Supplemental disclosures of noncash activities:		
Transfer of property and equipment to assets held for sale	\$ 651,880	\$ 2,170,979

See notes to consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies

Nature of organization: The Great Plains Annual Conference of The United Methodist Church and affiliates (the Conference) is a nonprofit organization representing 17 districts, 1,020 local congregations, 215,000 lay people and nearly 900 active elders, deacons, associate members and local pastors in Kansas and Nebraska. On January 1, 2014, the three conferences of Kansas East, Kansas West and Nebraska were legally combined into the Conference as presented in this report.

The Conference provides various services for its member churches, including credentialing, appointment and supervision of clergy; administration of optional health benefits and retirement plans available to member clergy and lay employees; and the collection of funds for remittance to various conferences and regional, national and global ministries. The Conference is primarily supported through apportionments, the use of investment earnings, and charitable contributions. Approximately 67 percent and 60 percent of the Conference's support came from apportionments in 2018 and 2017, respectively. Apportionments are included in mission share revenue on the consolidated statements of activities.

Nature of activities: The program services of the Conference are defined as follows:

Episcopal office: The episcopal office supports the Bishop's office and the offices of district superintendents that oversee clergy deployment.

Clergy excellence: Clergy excellence focuses on the recruitment, credentialing, training and development of clergy leaders for every congregation in the Great Plains Conference.

Pension and health: Pension and health administers all pension programs for active clergy, retired clergy and lay persons. Pension and health also provides access to health benefits for active clergy and lay staff of the annual conference.

Congregational excellence: Congregational excellence focuses on equipping and connecting local congregations so that they may become more vital and effective in the mission of the church, which includes specialized areas such as new church development, Hispanic ministries, youth ministries, campus ministries and camping.

Mercy and justice: Mercy and justice focuses on assisting local congregations in developing ministries to provide mission and outreach services to their communities and to the world.

Other conference ministries: Other conference ministries include all other programs and ministries that do not fall under one of the categories listed above that are either self-sustaining or supported by the above ministries.

Basis of accounting: The Conference uses the accrual method of accounting. The assets and liabilities of the Conference are reported as one of two classes of net assets: without donor restrictions or with donor restrictions.

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 Great Plains Annual Conference of The United Methodist Church has an economic interest in, and control of, the Great Plains United Methodist New Church Development (NCD), the Great Plains United Methodist Campus Ministry, Inc. (UMCM) and the Great Plains United Methodist Camps, Inc. (CAMP), through voting interests, and consolidation is required. The consolidated financial statements include the accounts of the Conference, NCD, UMCM and CAMP. All significant intercompany balances and transactions have been eliminated in consolidation.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

NCD: New Church Development works in recruitment and training of new church start pastors and parent congregations, and identifying and prioritizing locations for new start churches throughout the Great Plains Conference.

UMCM: The vision of United Methodist Campus Ministry is to invite, disciple and equip college and university students so that they may be sent out as transformed leaders who can change the world.

CAMP: The vision of CAMP is to develop Christian spiritual leaders, provide intentional places apart to encounter God, extend genuine Christian hospitality and community, nurture Christian faith and discipleship, teach creation care and appreciation, collaborate with the United Methodist churches and agencies, and inspire and equip guests to do love and justice.

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 has excluded cash held in or designated for investment accounts.

Promises to give and pledges receivable: Unconditional promises to give and an allowance for uncollectible amounts, if deemed applicable, are recognized as revenue in the period when the promise is received and recognized either as assets, or decrease of liabilities or expenses, depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Capitalization and depreciation: It is the policy of the Conference to capitalize property and equipment with a cost of \$5,000 or more. Lesser amounts are expensed at the time of purchase or donation. Purchased property and equipment is capitalized at cost, while donated property and equipment is recorded at estimated fair value. Property and equipment is depreciated over its estimated economic life using the straight-line method.

The ranges of estimated useful lives used in computing depreciation for financial statement purposes are as follows:

	Years
Buildings and improvements	10-40
Furniture, fixtures and appliances	3-7
Office equipment	5-7
Vehicles	5

Assets held for sale: Assets held for sale represent land and property contributed to or purchased by the Conference held for future sale, for which no sales contract is currently in place. The contributed assets were recorded at the appraised values on the dates of the gifts. All assets held for sale are measured at the lower of carrying amount, or fair market value less estimated cost to sell.

Investments: The Conference carries its debt and equity securities at fair value. Market risk could occur and is dependent on the future changes in market prices of the various investments held. Unrealized appreciation or depreciation is reported as an increase or decrease to net assets. Fair values of investments are based on quoted market values (Level 1 measurements) or, in the case of alternative investments, at estimated values provided by the fund managers based on quoted market prices for similar instruments (Level 2), if available, or other valuation methods (Level 3). These estimated values are reviewed by management for reasonableness. See Note 6 for a schedule of fair value measurements.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

Contributions: The Conference records contributions, including promises to give (pledges), when the contribution is deemed unconditional. Contributions are reflected in the consolidated 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. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Pension and health income: The Conference direct bills local churches for a Conference-determined portion of the Clergy Retirement Security Plan/Comprehensive Protection Plan (pension/death and disability) for the clergy. In addition, clergy may enroll in optional benefits, which results in an additional charge to local churches. Pension and health income is recognized in the month it is billed to the local church.

Income taxes: All entities that consolidate into the Conference are nonprofit organizations that are exempt from income taxes under the provisions of section 501(c)(3) of the Internal Revenue Code and do not file income tax returns pursuant to a group exemption.

Uncertain tax provisions, if any, are recorded in accordance with the Financial Accounting Standards Board's (FASB) *FASB Accounting Standards Codification (ASC) Topic 740, Income Taxes*, which requires the recognition of a liability for tax positions taken that do not meet the more-likely-than-not standard that the position will be sustained upon examination by taxing authorities. There is no liability for uncertain tax positions recorded at December 31, 2018 or 2017.

Classification of net assets: The Conference presents its consolidated financial statements based on ASC Topic 958, Presentation of Financial Statements. During the year, the Conference adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, presentation and disclosure requirements with the intention of helping nonprofits provide more relevant information about their resources to donors, grantors, creditors and other consolidated financial statement users. This pronouncement decreases the number of net assets classes from three to two. The new classes are net assets with donor restrictions and net assets without donor restrictions. The changes have been reflected in the consolidated financial statements for all years presented.

Net assets, contributions, and net investment income are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Conference and changes therein are classified and defined as follows:

Net assets without donor restrictions: Net assets without donor restrictions are not restricted by donor-imposed stipulations. The Conference may designate portions of its net assets without donor restrictions as Board-designated for various purposes. Earnings on investments are reported as increases in net assets without donor restrictions unless their use is limited by donor stipulation or by laws.

Net assets with donor restrictions: Net assets with donor restrictions result from contributions and other inflows of assets whose use by the Conference is limited by donor-imposed stipulations that either expire with the passage of time or can be fulfilled or otherwise removed by actions of the Conference meeting the purpose of the restriction.

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 1. Nature of Organization and Significant Accounting Policies (Continued)

These assets can also be limited by donor-imposed stipulations that neither expire with the 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.

Functional classification: The Conference has several types of program expenses that support the mission of the Conference which is to make disciples of Jesus Christ for the transformation of the world. Expenses reported as management and general and fundraising are incurred in support of the primary program activities. Natural expenses attributable to more than one functional expense category are allocated based on the internally tracked fund number associated with each transaction.

Fundraising costs: The Conference expenses fundraising costs as incurred. Total expense for fundraising for the years ended December 31, 2018 and 2017, was \$137,977 and \$179,182, respectively, of which \$128,746 and \$162,477, respectively, is attributable to CAMP.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Reclassification of certain expenses: Certain expenses on the consolidated statement of activities for the year ended December 31, 2017, have been reclassified, with no effect on the change in net assets, to be consistent with the classifications adopted for the year ended December 31, 2018.

Recent accounting pronouncements: In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. This guidance will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Conference on January 1, 2019. The standard permits the use of either the retrospective or cumulative effect transition method. The Conference is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal year 2020. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. The Conference is currently evaluating the impact of the pending adoption of the new standard on its consolidated financial statements.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 2. Liquidity and Availability of Resources

The Conference regularly monitors liquidity to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. As of December 31, 2018, the following financial assets are available to meet annual operating needs of the 2019 fiscal year:

Financial assets available to meet general expenditures within one year:	
Cash and cash equivalents	\$ 3,563,873
Contributions for operations due in one year or less	1,370,703
Receivables	49,733
Program loans receivable, net	19,825
Investments not encumbered by donor or board restrictions	25,111,319
Financial assets available to meet general expenditures within one year	\$ 30,115,453

The Conference has various sources of liquidity at its disposal, which are primarily made up of cash, cash equivalents, and marketable equity securities. The contribution receivable represents the 2018 mission share payments that were received from churches after December 31, 2018 and are considered available for use in meeting annual operating needs (liquid).

Note 3. Receivables

Receivables at December 31, 2018 and 2017, consist of the following:

	2018	2017
Apportionments due from local United Methodist churches	\$ 1,370,703	\$ 1,472,792
Other receivables	122,082	89,493
Total current receivables	\$ 1,492,785	\$ 1,562,285

Apportionments: Amounts due from local United Methodist churches for apportionments consist of payments postmarked during the first five business days in January of the subsequent year for the current fiscal year. The operating budget of the Conference is allocated to its member churches based upon a formula that takes into consideration local church operating income. Local churches are permitted to make payments through the first five business days of each succeeding year. Any apportionment amount not paid at that time is considered uncollectible and is not reflected as revenue or receivable. Therefore, no allowance for doubtful accounts has been recorded at December 31, 2018 and 2017.

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Notes to Consolidated Financial Statements

Note 4. Pledges Receivable

The Conference receives pledges from donors as a normal part of its operations. At December 31, 2018, estimated payments of pledges receivable for each of the next five years, and thereafter, are as follows:

Years ending December 31:	<u>Camp Comeca</u>	<u>Camp Fontanelle</u>
2019	\$ 27,675	\$ -
2020	25,000	230,907
2021	25,000	280,041
2022	25,000	30,000
2023	25,000	-
Thereafter	50,000	-
	<u>\$ 177,675</u>	<u>\$ 540,948</u>

Note 5. Investments

The Conference has agreements with the Kansas Area United Methodist Foundation (KAUMF), the Nebraska United Methodist Foundation (NUMF), Legacy Foundation, Union Bank, Edward Jones and Wespath, in which KAUMF, NUMF, Legacy Foundation and Wespath act as agents and investment managers of the Conference's investments, as well as for other organizations related to The United Methodist Church. These investments are pooled into larger investment funds at KAUMF, NUMF, Legacy Foundation and Wespath. Fund investments consist of approved equity securities, fixed-income and money market instruments in accordance with investment objectives and the Social Principles of The United Methodist Church. Investments at December 31, 2018 and 2017, consist of the following:

	<u>Fair Value</u>	
	<u>2018</u>	<u>2017</u>
Money market	\$ 22,340	\$ 12,416
U.S. government securities	379,808	397,889
Mutual funds	568,007	598,941
Equity securities	9,120	23,919
Pooled investments	67,077,379	71,255,853
	<u>\$ 68,056,654</u>	<u>\$ 72,289,018</u>

Investment earnings (loss) for the years ended December 31, 2018 and 2017, consist of the following:

	<u>2018</u>	<u>2017</u>
Realized gains on sale of investments	\$ 1,109,063	\$ 1,825,960
Unrealized changes in market value	(6,139,551)	10,079,002
	(5,030,488)	11,904,962
Interest and dividend income, net of fees	159,841	194,083
	<u>\$ (4,870,647)</u>	<u>\$ 12,099,045</u>

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 6. Fair Value Measurements

The Fair Value Measurements and Disclosures topic of the ASC defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and 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 reporting entity'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 gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the topic are described below:

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

Level 2: Inputs to the valuation methodology include:

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

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

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

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

The determination of where an asset or liability falls in the hierarchy requires significant judgment. The Conference evaluates its hierarchy disclosures based on various factors. It is possible that an asset or liability may be classified differently from year to year. However, the Conference expects that changes between the different levels will be rare.

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Notes to Consolidated Financial Statements

Note 6. Fair Value Measurements (Continued)

Assets recorded at fair value on a recurring basis: A description of the valuation methodologies used for assets on a recurring basis is set forth below.

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include highly liquid government bonds and exchange-traded equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities would include U.S. agency securities; mortgage-backed agency securities; obligations of states and political subdivisions; and certain corporate, asset-backed and other securities.

In certain cases where there is limited activity or transparency around inputs to the valuation, including alternative investments, securities are classified within Level 3 of the valuation hierarchy.

Pooled investments: Pooled investments are valued based on the fair value of securities underlying the pool as determined generally by quoted market prices.

The investments held at KAUMF are invested in a short-term income pooled fund, fixed-income pooled fund and an equity pooled fund. The underlying investments within these pooled funds are made up of Level 1, Level 2 and Level 3 investments. Because the Conference's investment consists of a portion of the pooled funds, not individual investments, all of the Conference's investments held with KAUMF are classified as Level 3.

The investments held at NUMF are invested in a balanced pooled fund, long-term growth pooled fund and a conservative pooled fund. The underlying investments within these pooled funds are made up of Level 1 investments. Because the Conference's investment consists of a portion of the pooled funds, not individual investments, all of the Conference's investments held with NUMF are classified as Level 2.

The underlying investments held at Legacy Foundation are made up of Level 1, Level 2 and Level 3 investments. Because the Conference's investment consists of a portion of the pooled funds, not individual investments, all of the Conference's investments held with Legacy Foundation are classified as Level 3.

The investments held with Wespath are in a multiple-asset fund, international equity fund, short-term investment fund, U.S. equity fund, inflation protection fund and fixed-income fund. The underlying investments within these pooled funds are made up of Level 1 and Level 2 investments. Because the Conference's investment consists of a portion of the pooled funds, not individual investments, all of the Conference's investments held with Wespath are classified as Level 2.

The BL Paine Trust investment is an investment account in which the Conference holds a specified percentage interest. The underlying investments within this account are made up of Level 1 investments. Because the Conference's investment consists of a specified percentage interest in the account, this investment is classified as Level 3.

Assets held for sale: Assets held for sale are valued based on the capitalized cost or independent appraisals.

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Notes to Consolidated Financial Statements

Note 6. Fair Value Measurements (Continued)

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

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of December 31, 2018 and 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market	\$ 22,340	\$ -	\$ -	\$ 22,340
Fixed-income securities:				
U.S. government bonds	379,808	-	-	379,808
Common stock:				
Consumer staples	9,120	-	-	9,120
Mutual funds:				
Domestic stock mutual funds	494,519	-	-	494,519
International stock mutual funds	19,919	-	-	19,919
Fixed-income mutual funds	53,569	-	-	53,569
Pooled investments:				
Wespath	-	64,092,615	-	64,092,615
Kansas Area United Methodist Foundation	-	-	1,347,234	1,347,234
Legacy Foundation	-	-	9,865	9,865
Nebraska United Methodist Foundation	-	1,570,319	-	1,570,319
BL Paine Trust	-	-	57,346	57,346
	<u>979,275</u>	<u>65,662,934</u>	<u>1,414,445</u>	<u>68,056,654</u>
Assets held for sale	-	-	2,391,582	2,391,582
Total	<u>\$ 979,275</u>	<u>\$ 65,662,934</u>	<u>\$ 3,806,027</u>	<u>\$ 70,448,236</u>

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Notes to Consolidated Financial Statements

Note 6. Fair Value Measurements (Continued)

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Money market	\$ 12,416	\$ -	\$ -	\$ 12,416
Fixed-income securities:				
U.S. government bonds	397,889	-	-	397,889
Common stock:				
Consumer staples	23,919	-	-	23,919
Mutual funds:				
Domestic stock mutual funds	521,672	-	-	521,672
International stock mutual funds	25,153	-	-	25,153
Fixed-income mutual funds	52,116	-	-	52,116
Pooled investments:				
Wespath	-	67,783,820	-	67,783,820
Kansas Area United Methodist Foundation	-	-	1,505,772	1,505,772
Nebraska United Methodist Foundation	-	1,900,667	-	1,900,667
BL Paine Trust	-	-	65,594	65,594
	<u>1,033,165</u>	<u>69,684,487</u>	<u>1,571,366</u>	<u>72,289,018</u>
Assets held for sale	-	-	6,018,446	6,018,446
Total	<u>\$ 1,033,165</u>	<u>\$ 69,684,487</u>	<u>\$ 7,589,812</u>	<u>\$ 78,307,464</u>

The Conference does not have assets and liabilities recorded at fair value on a nonrecurring basis.

ASC Topic 825, Financial Instruments, requires disclosure of the fair value of financial assets and financial liabilities, including those financial assets and financial liabilities that are not measured and reported at fair value on a recurring or nonrecurring basis. Financial instruments are described as cash or contractual obligations or rights to pay or to receive cash. The methodologies for estimating fair value of financial assets and financial liabilities that are measured at fair value on a recurring or nonrecurring basis are discussed above. The fair value approximates carrying value for cash and cash equivalents, receivables, accounts payable, accrued liabilities and other current liabilities due to the short-term maturity of these instruments.

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Notes to Consolidated Financial Statements

Note 7. Property and Equipment

At December 31, 2018 and 2017, property and equipment consists of the following:

	2018	2017
Land	\$ 2,361,989	\$ 2,854,966
Construction in process	251,383	43,281
Buildings and improvements	17,160,403	18,044,908
Furniture, fixtures and appliances	1,355,678	1,468,818
Office equipment	489,780	373,501
Vehicles	763,935	765,613
	<u>22,383,168</u>	<u>23,551,087</u>
Less accumulated depreciation	(9,232,225)	(9,869,137)
	<u>\$ 13,150,943</u>	<u>\$ 13,681,950</u>

Note 8. Assets Held for Sale

Assets held for sale, recorded at the lower of carrying amount or fair market value less estimated costs to sell, at December 31, 2018 and 2017, consist of the following:

	2018	2017
Conference Office Building, Wichita, KS	\$ -	\$ 599,625
Conference Office Building, Topeka, KS	-	41,491
Parsonage, Wichita, KS	-	160,583
Parsonage, Wichita East, KS	125,437	-
Parsonage, Elkhorn Valley, KS	-	170,939
Parsonage, Episcopal Residence, Wichita, KS	-	361,249
Conference Office Building, Lincoln, NE	1,286,020	1,323,054
Parsonage, Parsons, KS	-	124,317
Parsonage, Hays, KS	-	240,097
Closed Churches, Building & Land, Board of Trustees	1,001	151,100
Land, 167th and Kill Creek, Gardner, KS	250,273	759,465
Closed Church Land, Wichita, KS	232,908	232,908
Land, 21st and 135th, Wichita, KS	4,680	4,680
Building & Land, Park City, Wichita, KS	368,049	377,122
Land, West Sante Fe St, Gardner, KS	123,214	-
	<u>\$ 2,391,582</u>	<u>\$ 4,546,630</u>

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Notes to Consolidated Financial Statements

Note 9. Long-Term Debt

	December 31	
	2018	2017
On October 10, 2008, the United Methodist Campus Ministry entered into a \$900,000, 20-year promissory note with the Kansas Foundation for the purchase of property in Manhattan, Kansas. The note matures on November 1, 2028, and carries a variable interest rate at the base lending rate of the Kansas Foundation to be established every fifth year of the loan. The rate for 2018 and 2017 is 5.25%. This loan is secured by a real estate mortgage on the land purchased with the proceeds in Manhattan, Kansas (Note #58).	\$ 335,246	\$ 517,926
On October 24, 2010, the New Church Development entered into a \$360,000, 20-year promissory note with the Kansas Foundation, maturing November 1, 2030. The note carries a variable interest rate, which is 4.9% for 2018 and 2017. The loan is secured by a real estate mortgage on the Lot 4 property in Park City, Kansas (Note #65).	255,302	271,483
On May 22, 2013, the New Church Development entered into a \$239,791, 20-year promissory note with the Kansas Foundation, maturing June 1, 2033. The note carries a variable interest rate at the base lending rate of the Kansas Foundation to be established every fifth year of the loan. The rate for 2018 is 6.25% (2017—5.25%). This loan is secured by approximately 11 acres on W. Sante Fe Street in Gardner, Kansas (Loan #82).	192,116	204,841
On March 3, 2014, the Great Plains United Methodist Camps entered into a \$13,096, five-year promissory note with Capital City Bank to purchase equipment. Maturing March 3, 2019, the note carries an interest rate of 3.75%. The loan is secured by the equipment purchased with the proceeds (Note #5771).	715	3,511
On April 1, 2014, the New Church Development refinanced outstanding loans #81 and #84 with a \$759,115 promissory note with the Kansas Foundation, maturing April 1, 2034. The note carries a variable interest rate at the base lending rate of the Kansas Foundation to be established every fifth year of the loan. The rate for 2018 and 2017 is 4.10%. This loan is secured by a real estate mortgage on the land purchased with the proceeds in Wichita, Kansas (Note #84).	633,162	662,106

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Notes to Consolidated Financial Statements

Note 9. Long-Term Debt (Continued)

	December 31	
	2018	2017
On April 29, 2016, the Great Plains United Methodist Camps entered into a \$300,000, 20-year promissory note maturing May 1, 2036. The note carries a variable interest rate to be established every third year of the loan. The rate for 2018 and 2017 is 4.6%. This note is secured by a real estate mortgage on the land registered with Franklin County, Kansas, registered with Franklin County, Kansas, Register of Deeds (Loan #89).	<u>\$ 270,327</u>	<u>\$ 281,844</u>
	1,686,868	1,941,711
Less current maturities	(114,771)	(105,392)
Long-term portion	<u>\$ 1,572,097</u>	<u>\$ 1,836,319</u>

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

Years ending December 31:		
2019	\$	114,771
2020		119,958
2021		126,173
2022		132,596
2023		139,480
Thereafter		1,053,890
		<u>\$ 1,686,868</u>

Note 10. Lease Commitments and Expense

The Conference leases offices for its programs and administrative services under lease agreements that expire at various times through March 2024. The Conference is responsible under certain of the agreements for maintenance, insurance and taxes.

Rental expense related to these lease commitments for the years ended December 31, 2018 and 2017, totaled \$439,533 and \$200,554, respectively.

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Notes to Consolidated Financial Statements

Note 10. Lease Commitments and Expense (Continued)

Following is a schedule of future minimum annual rental commitments required under the operating leases at December 31, 2018:

Years ending December 31:		
2019	\$	373,158
2020		324,847
2021		298,953
2022		295,722
2023		51,759
Thereafter		582
		<u>\$ 1,345,021</u>

Note 11. Pension, Postretirement Health Insurance and Optional Benefits

The Conference provides the following pension benefit plans for clergy members of the Conference:

Ministers Reserve Pension Fund (MRPF): The MRPF is a multiemployer defined benefit pension plan administered by Wespath. The fund covers service prior to 1982 for substantially all clergy. The plan name is the Ministers Reserve Pension Fund, and the employer identification number of the plan is 43-0652616. Based on the actuarial projected total liability for current and future pensioners, this plan is presently fully funded. Therefore, the Conference was not required to pay and did not pay any contributions into the MRPF during the years ended December 31, 2018 and 2017.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2018	\$ 2,203,789,443	\$ 2,056,799,734	\$ -	Over 100% funded
January 1, 2017	2,274,682,824	2,180,910,324	-	Over 100% funded

Ministerial Pension Plan (MPP): The MPP is a multiemployer defined contribution pension plan administered by Wespath. This plan covers service subsequent to 1981 and prior to 2007 for substantially all clergy. The plan name is the Ministerial Pension Plan, and the employer identification number of the plan is 43-0652616. The plan requires the Conference to contribute 12 percent of each participant's compensation limited to the denominational average compensation. Based on the actuarial projected total liability for current and future pensioners, this plan is presently fully funded. Therefore, the Conference was not required to pay and did not pay any contributions into the MPP during the years ended December 31, 2018 and 2017.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2018	\$ 3,885,277,143	\$ 3,606,807,509	\$ -	Over 100% funded
January 1, 2017	3,701,460,997	3,532,916,942	-	Over 100% funded

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Notes to Consolidated Financial Statements

Note 11. Pension, Postretirement Health Insurance and Optional Benefits (Continued)

Clergy Retirement Security Plan (CRSP): For service subsequent to 2006, Conference clergy members and local pastors under Episcopal appointment are eligible for pension coverage under the CRSP. The CRSP is a multiemployer plan providing a combination of defined benefits and defined contributions. The plan name is the Clergy Retirement Security Plan, and the employer identification number of the plan is 43-0652616. The defined contribution is 3.00 percent of the clergy's plan compensation. The defined benefit is 1.25 percent of the denomination average compensation times the number of service years accrued under the CRSP. The Conference contributed \$1,075,942 and \$1,074,624 in 2018 and 2017, respectively, for the defined contribution portion of the CRSP. In 2018 and 2017, \$3,277,309 and \$3,354,498, respectively, was transferred from the Conference's share of the MRPF.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2018	\$ 1,904,387,237	\$ 1,740,019,798	\$ 1,075,942	Over 100% funded
January 1, 2017	1,700,835,563	1,588,243,217	1,074,624	Over 100% funded

Comprehensive Protection Plan (CPP): Certain clergy members of the Conference are provided disability and death benefits as well as certain minimum benefits related to pension coverage through participation in the CPP. During 2018 and 2017, the Conference paid \$1,008,436 and \$1,013,385, respectively, into the CPP.

Personal Investment Plan: Conference and local church personnel are eligible to participate in a defined contribution plan administered by Wespeth. Contributions are limited by the Internal Revenue Code requirements for section 403(b) plans. No contributions are made to the plan by the Conference, as participants contribute to the plan directly.

Clergy benefit expense is presented net of the amounts billed to member churches and clergy in the accompanying consolidated financial statements.

Postretirement benefits: The Conference sponsors a postretirement health benefit plan for all retired clergy and lay employees of the former Nebraska conference that meet eligibility requirements as of December 31, 2013. Any Nebraska clergy retired by December 31, 2019, will be able to participate in the plan. Any Nebraska clergy that retire after December 31, 2019, will be ineligible to participate in the plan.

Significant balances, costs and assumptions are as follows:

	December 31	
	2018	2017
Accumulated postretirement benefit obligation	\$ (5,044,524)	\$ (5,672,755)
Fair value of plan assets	6,561,368	7,569,923
Overfunded postretirement benefit obligation	\$ 1,516,844	\$ 1,897,168

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Notes to Consolidated Financial Statements

Note 11. Pension, Postretirement Health Insurance and Optional Benefits (Continued)

The following actuarial assumptions were used in the valuation of the postretirement obligation as of December 31, 2018 and 2017:

- Termination table T-3 was used for clergy and termination table T-7 was used for lay employees.
- Actual spouse information was used for current retired participants. For current active participants, 85 percent of males and 45 percent of females are assumed to be married at retirement, with males assumed to be two years older than females.
- 100 percent of eligible active participants are assumed to elect coverage at retirement.
- Post-age 64 health reimbursement account (HRA) contribution max of \$4,000 annual per person cost. The post-age 64 HRA contribution is dependent on the year of retirement and service at retirement.
- The HRA contribution is not assumed to increase.
- Estimated taxes were not included in the valuation due to the commitment of the plan sponsor to ensure the cost of the coverage remains below the excise tax limits.

Weighted-average assumptions used to determine benefit obligations are as follows:

	2018	2017
Discount rate	3.85%	3.15%
Mortality table	RP 2014 Generational with MP-2018 scale	RP 2014 Generational with MP-2017 scale
Measurement date	December 31, 2018	December 31, 2017

In accordance with ASC Topic 715, Compensation—Retirement Benefits, the Conference has recognized the overfunded status of a defined benefit postretirement plan as an asset in the consolidated statements of financial position and has recognized changes in that funded status in the year in which the changes in net assets without donor restrictions occur. The plan's benefit obligations are measured as of December 31, 2018 and 2017.

The following are the plan's assets by category as of December 31, 2018 and 2017 (the measurement dates of the plan assets):

	2018	2017
Money market funds	\$ 150,570	\$ 169,421
U.S. government bonds	1,233,384	-
Corporate bonds	98,377	-
Mutual funds	726,154	2,681,337
Equity securities	1,289,134	1,455,091
Pooled investments	3,063,749	3,264,074
	\$ 6,561,368	\$ 7,569,923

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Notes to Consolidated Financial Statements

Note 11. Pension, Postretirement Health Insurance and Optional Benefits (Continued)

The following tables summarize the plan assets measured at fair value on a recurring basis as of December 31, 2018 and 2017, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2018			Total
	Level 1	Level 2	Level 3	
Investments:				
Fixed-income securities:				
Money market	\$ 150,570	\$ -	\$ -	\$ 150,570
U.S. government bonds	1,233,384	-	-	1,233,384
Corporate bonds	98,377	-	-	98,377
Equity securities:				
Common stock:				
Consumer discretionary	145,655	-	-	145,655
Consumer staples	127,010	-	-	127,010
Energy	79,624	-	-	79,624
Financial	267,719	-	-	267,719
Health care	200,082	-	-	200,082
Industrial	14,222	-	-	14,222
Information technology	255,426	-	-	255,426
Materials	24,458	-	-	24,458
Telecommunications	80,425	-	-	80,425
Utilities	12,343	-	-	12,343
Other	82,170	-	-	82,170
Mutual funds:				
Domestic stock mutual funds	364,907	-	-	364,907
International stock mutual funds	361,247	-	-	361,247
Pooled investments:				
Wespath	-	3,063,749	-	3,063,749
	<u>\$ 3,497,619</u>	<u>\$ 3,063,749</u>	<u>\$ -</u>	<u>\$ 6,561,368</u>

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Notes to Consolidated Financial Statements

Note 11. Pension, Postretirement Health Insurance and Optional Benefits (Continued)

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed-income securities:				
Money market	\$ 169,421	\$ -	\$ -	\$ 169,421
Equity securities:				
Common stock:				
Consumer discretionary	119,423	-	-	119,423
Consumer staples	142,065	-	-	142,065
Energy	98,079	-	-	98,079
Financial	300,304	-	-	300,304
Health care	189,472	-	-	189,472
Information technology	359,258	-	-	359,258
Materials	40,086	-	-	40,086
Telecommunications	89,075	-	-	89,075
Utilities	31,524	-	-	31,524
Other	85,805	-	-	85,805
Mutual funds:				
Domestic stock mutual funds	445,200	-	-	445,200
International stock mutual funds	497,081	-	-	497,081
Fixed-income mutual funds	1,739,056	-	-	1,739,056
Pooled investments:				
Wespath	-	3,264,074	-	3,264,074
	\$ 4,305,849	\$ 3,264,074	\$ -	\$ 7,569,923

Postretirement benefits cash flows: The benefits expected to be paid to participants over the next nine years, as of December 31, 2018, are as follows:

Years ending December 31:	
2019	\$ 560,939
2020	533,707
2021	504,468
2022	475,063
2023	445,747
2024–2027	1,806,385
	\$ 4,326,309

Optional benefits: For the year ended December 31, 2014, clergy with 75 percent or full-time appointment in local churches were offered group health insurance through the Conference. Beginning January 1, 2015, the Conference no longer offered health insurance to clergy appointed to local churches. Instead of group health insurance, clergy at 75 percent or full-time appointment were given a health care allowance (as taxable income) by their church(es) to purchase health insurance as they deemed appropriate. The Conference continues to offer group health insurance to its employees as required by law. The Conference offers, to clergy in local churches and Conference staff, optional benefits that include dental, vision, life insurance, critical illness and accident insurance.

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Notes to Consolidated Financial Statements

Note 12. Related Parties

The Kansas Area United Methodist Foundation holds and reinvests investments and holds notes payable from the Conference, as well as other United Methodist local churches (see Note 9). Trustees of KAUMF are elected by the Conference. The fair values of Conference investments held with KAUMF as of December 31, 2018 and 2017, were \$1,347,234 and \$1,505,772, respectively, of the investments presented in the consolidated financial statements.

Note 13. Endowments

Interpretation of relevant law: The Conference's endowments consist of funds restricted by donors in perpetuity. The Conference has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as adopted by the state of Kansas to be applicable to the Conference. In accordance with this, the Conference classifies as net assets with donor restrictions (a) the fair value of gifts donated to the permanent endowment, (b) the original fair value of subsequent gifts donated to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the instructions of the applicable donor gift instrument. The Conference also considers the following factors in determining whether to expend or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purpose of the Conference and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation or deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Conference
7. The investment policies of the Conference

Investments and spending policies: The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding for programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets are invested in a manner that is intended to produce positive results while assuming a moderate to conservative investment risk. The Conference relies on a total return strategy in which returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The spending policy of the earnings on the endowment is determined by the respective boards charged with overseeing the particular fund.

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Note 13. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2018 and 2017, are as follows:

	Donor-Restricted		Total
	Earnings	Corpus	
Endowment net assets, December 31, 2016	\$ 3,068,728	\$ 4,820,936	\$ 7,889,664
Contributions	9,134	17,040	26,174
Investment income, net of fees	38,206	-	38,206
Net appreciation (realized and unrealized)	1,234,051	-	1,234,051
Program expenditures	(97,673)	-	(97,673)
Endowment net assets, December 31, 2017	4,252,446	4,837,976	9,090,422
Contributions	362	1,841	2,203
Investment income, net of fees	36,363	-	36,363
Net depreciation (realized and unrealized)	(573,572)	-	(573,572)
Program expenditures	(161,567)	-	(161,567)
Endowment net assets, December 31, 2018	<u>\$ 3,554,032</u>	<u>\$ 4,839,817</u>	<u>\$ 8,393,849</u>

Note 14. Board-Designated Net Assets Without Donor Restrictions

Board-designated net assets included as a component of net assets without donor restrictions on the consolidated statements of net position at December 31, 2018 and 2017, are composed of the following:

	2018	2017
Purpose designations:		
Episcopal ministries	\$ 392,728	\$ 262,258
Missional opportunities: CFA restricted reserve	3,000,000	3,000,000
Clergy and staff benefits:		
Pension/health benefit team	15,408,565	15,911,403
CFA restricted reserve	10,000,000	10,000,000
Property reserves: Board of Trustees	9,006,177	9,539,355
Administration	109,569	78,113
Districts	194,143	196,772
Clergy excellence	327,440	346,711
Congregational excellence	119,426	128,236
Mercy and justice	290,103	331,176
Disaster response	2,614	3,542
New church development:		
New Church Development Committee	2,439,820	2,450,386
CFA restricted reserve	4,310,007	4,560,500
Campus ministry	2,518,968	2,516,787
Camping ministry	8,736,290	9,851,181
	<u>\$ 56,855,850</u>	<u>\$ 59,176,420</u>

The Great Plains Annual Conference of The United Methodist Church
Notes to Consolidated Financial Statements

Note 15. Net Assets With Donor Restrictions

Net assets with donor restrictions at December 31, 2018 and 2017, are as follows:

	2018	2017
	\$	\$
Episcopal ministries	25,000	25,000
Clergy and staff benefits	2,612,516	2,939,296
Conference property (Board of Trustees)	192,957	200,976
Administration	4,147	4,147
Bridges to the Future	366,000	366,000
District ministries	637,702	802,948
Board of Ordained Ministry	537,500	780,071
Clergy excellence	22,735	16,787
Congregational excellence	115,795	141,560
Mercy and Justice	375,488	388,417
Disaster response	191,495	261,914
New Church Development	393,484	468,216
Campus ministry	75,150	113,258
Camping ministry	3,397,233	2,046,723
Investment in perpetuity, the income of which is expendable to support:		
Clergy and staff benefits	2,296,845	2,296,845
Conference property (Board of Trustees)	58,000	58,000
District ministries	39,826	39,826
Board of Ordained Ministry	727,890	726,049
Congregational excellence	527,286	527,286
New Church Development	771,516	771,516
Camping ministry	532,043	507,854
Total	<u>\$ 13,900,608</u>	<u>\$ 13,482,689</u>

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Notes to Consolidated Financial Statements

Note 16. Net Assets Released From Restrictions

Net assets were released from restrictions by incurring expenses satisfying the restricted purpose specified or by the occurrence of other events during the years ended December 31, 2018 and 2017, as follows.

	2018	2017
Purpose restrictions:		
Clergy and staff benefits	\$ 9,835	\$ 11,115
Board of Trustees	13,014	11,901
Mission agencies	1,084,080	1,045,436
Districts	384,947	253,577
Board of Ordained Ministry	147,102	251,290
Clergy excellence	2,867	15,590
Congregational excellence	54,664	26,992
Mercy and justice	175,182	140,794
Disaster response	88,271	377,855
Campus ministry	194,371	54,746
Camping ministry	542,016	394,641
	<u>\$ 2,696,349</u>	<u>\$ 2,583,937</u>

Note 17. Concentrations

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**Bishop's Schedules of Activities
Years Ended December 31, 2018 and 2017**

	2018	2017
Revenues and support:		
Episcopal funds—GCFA	\$ 106,252	\$ 104,560
Episcopal reimbursements—GCFA	-	3,500
Conference mission share support	85,835	41,054
General donations	-	360
Episcopal apartment use of investment	-	16,175
Total revenues and support	192,087	165,649
 Expenses:		
Office:		
Staff salary	74,159	70,655
Staff payroll taxes	5,463	5,275
Staff pension and benefits	17,364	15,526
Continuing education/coaching	1,779	13,947
Office expense	8,187	9,033
Bishop's ministry fund	9,090	12,036
Connectional activities	7,716	2,499
Episcopal audit	1,750	1,750
Investigation/review expenses	-	3,274
Staff travel	9,982	7,896

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Consolidating Statement of Liquidity and Availability of Resources
December 31, 2018

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Total
Financial assets available to meet general expenditures within one year:						
Cash and cash equivalents	\$ 1,728,440	\$ 830,186	\$ 303,382	\$ 701,853	\$ -	\$ 3,563,873
Contributions for operations due in one year or less	1,381,328	-	9,375	-	-	1,370,703
Receivables	49,733	-	-	-	-	49,733
Program loans receivable, net	19,825	-	-	-	-	19,825
Investments not encumbered by donor or board restrictions	25,111,319	-	-	-	-	25,111,319
Financial assets available to meet general expenditures within one year	\$ 28,270,645	\$ 830,186	\$ 312,757	\$ 701,853	\$ -	\$ 30,115,453

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The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Financial Position
December 31, 2018

Assets	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Current assets:						
Cash and cash equivalents	\$ 3,058,393	\$ 851,535	\$ 376,515	\$ 2,711,428	\$ -	\$ 6,997,871
Receivables	1,698,969	-	10,609	4,725	(221,518)	1,492,785
Pledges receivable	-	-	-	27,675	-	27,675
Prepaid expenses	64,272	60,000	2,550	600	-	127,422
Total current assets	4,821,634	911,535	389,674	2,744,428	(221,518)	8,645,753
Investments	64,541,388	1,143,662	1,207,478	1,164,126	-	68,056,654
Pledges receivable	2,159,435	882,155	1,351,889	8,656,354	-	13,990,948
Property and equipment, net	1,417,457	979,125	-	-	-	2,396,582
Other assets	1,516,844	-	-	-	-	1,516,844
Overfunded postretirement benefit obligation	-	-	-	-	-	-
Total assets	\$ 74,450,818	\$ 4,016,517	\$ 2,940,051	\$ 13,257,856	\$ (221,518)	\$ 94,452,724
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,272,904	\$ 28,188	\$ 7,725	\$ 45,408	\$ -	\$ 1,354,225
Accrued expenses	296,611	2,932	11,963	60,284	-	371,790
Due to other organizations	5,986	-	-	215,352	(221,518)	-
Current portion of long-term debt	62,038	-	41,371	-	-	103,409
Total current liabilities	1,575,451	351,136	61,059	322,066	(221,518)	1,547,786
Long-term debt, less current maturities	-	1,018,542	293,875	259,680	-	1,572,097
Total liabilities	1,575,451	1,111,700	354,934	582,286	(221,518)	3,412,863
Net assets:						
Without donor restrictions	84,144,155	1,739,817	2,518,967	8,736,294	-	97,139,233
With donor restrictions	8,731,182	1,185,000	75,150	3,929,276	-	13,900,608
Total net assets	72,875,337	2,924,817	2,594,117	12,665,570	-	81,039,841
Total liabilities and net assets	\$ 74,450,818	\$ 4,016,517	\$ 2,940,051	\$ 13,257,856	\$ (221,518)	\$ 94,452,724

The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Financial Position
December 31, 2017

Assets	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Current assets:						
Cash and cash equivalents	\$ 2,991,117	\$ 945,162	\$ 344,309	\$ 1,471,516	\$ -	\$ 5,752,104
Receivables	1,800,954	-	5,671	12,670	(257,010)	1,562,285
Pledges receivable	-	-	-	344,736	-	344,736
Prepaid expenses	29,207	-	-	15,122	-	44,329
Total current assets	4,821,278	945,162	349,980	1,844,044	(257,010)	7,703,454
Investments	66,497,940	1,218,441	1,422,208	1,150,429	-	72,289,018
Pledges receivable	-	-	-	335,010	-	335,010
Preparatory equipment, net	2,211,706	1,322,241	1,395,051	8,752,952	-	13,681,950
Assets held for sale	3,172,485	1,374,175	-	-	-	4,546,630
Overfunded postretirement benefit obligation	1,897,168	-	-	-	-	1,897,168
Total assets	\$ 80,600,547	\$ 4,860,019	\$ 3,167,239	\$ 12,082,435	\$ (257,010)	\$ 100,453,230
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,364,510	\$ 28,977	\$ 8,112	\$ 59,067	\$ -	\$ 1,460,666
Accrued expenses	293,504	2,495	11,154	44,297	-	351,450
Due to other organizations	12,731	-	-	244,279	(257,010)	-
Current portion of long-term debt	-	53,167	39,259	12,966	-	105,392
Total current liabilities	1,670,745	84,639	56,525	360,609	(257,010)	1,917,508
Long-term debt, less current maturities	-	1,085,263	478,667	272,389	-	1,836,319
Total liabilities	1,670,745	1,169,902	537,192	632,998	(257,010)	3,753,827
Net assets:						
Without donor restrictions	69,354,690	2,450,383	2,516,786	8,694,865	-	83,216,714
With donor restrictions	9,575,123	1,239,734	113,261	2,554,572	-	13,482,689
Total net assets	78,929,813	3,690,117	2,630,047	11,449,437	-	96,659,403

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**The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Activities (Continued)
Year Ended December 31, 2016**

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Temporarily restricted net assets:						
Support, revenues and gains:						
Conference advance gifts:	\$ 135,612	\$ -	\$ -	\$ -	\$ -	\$ 135,612
Special Sunday offerings:	43,628	-	-	-	-	43,628
Special offerings:	43,628	80	33,093	781,959	-	1,144,249
Mission agency support:	1,144,249	-	-	-	-	1,144,249
Pension and health income:	-	-	-	-	-	-
District mission share:	241,017	-	-	-	-	241,017
Total contributions:	1,998,370	80	33,093	781,959	-	2,710,402
Program service fee:	2,691	-	-	-	-	2,691
Investment income:	468,569	80,116	89	11,801	-	590,605
Gain on sale of assets:	200	-	-	61,765	-	61,965
Other income:	200	-	-	-	-	200
Total support, revenues and gains:	2,358,163	80,196	33,182	855,425	-	3,357,666
Release of net asset restrictions:						
Satisfaction of purpose restriction:	(2,130,400)	(100,000)	60,277	(847,765)	-	(3,017,788)
Change in temporarily restricted net assets:	238,783	(18,604)	63,269	7,259	-	341,197
Net assets, beginning of year:	4,045,383	302,238	8,032	908,657	-	6,164,210
Net assets, end of year:	\$ 5,204,166	\$ 282,524	\$ 101,361	\$ 816,216	\$ -	\$ 6,504,407
Permanently restricted net assets:						
Support, revenues and gains:	\$ 4,000	-	-	-	-	\$ 4,000
Mission share revenue:	4,650	-	-	2,620	-	7,150
Gifts and grants:	-	-	-	2,800	-	2,800
Increase in permanently restricted net assets:	8,650	-	-	5,420	-	14,070
Net assets, beginning of year:	3,620,316	771,616	-	415,654	-	4,813,786
Net assets, end of year:	\$ 3,630,896	\$ 771,616	\$ -	\$ 418,454	\$ -	\$ 4,820,966
Total change in net assets:	\$ 4,676,468	\$ 46,472	\$ 69,808	\$ 443,607	\$ -	\$ 5,166,353
Net assets, beginning of year:	65,352,223	4,460,223	2,085,805	6,228,290	-	81,037,141
Net assets, end of year:	\$ 69,838,791	\$ 4,497,995	\$ 2,145,611	\$ 6,871,897	\$ -	\$ 80,193,494

The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Activities (Continued)
Year Ended December 31, 2018

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Net assets with donor restrictions:						
Support, revenues and gains:						
Conference advance gifts	\$ 111,800	\$ -	\$ -	\$ -	\$ -	\$ 111,800
Special Sunday offerings	43,382	-	-	-	-	43,382
Gifts and grants	119,730	45	156,429	1,807,585	-	2,233,789
Mission agency support	1,084,080	-	-	-	-	1,084,080
District mission share	216,080	-	-	-	-	216,080
Total contributions	1,575,072	45	156,429	1,807,585	-	3,689,131
Program service fees	1,900	-	-	-	-	1,900
Investment loss	(478,666)	(74,779)	(169)	(40,895)	-	(594,779)
Other income	18,019	-	-	-	-	18,019
Total support, revenues and gains	1,116,022	(74,734)	156,260	1,816,720	-	3,114,268
Release of net asset restrictions:						
Satisfaction of purpose restriction	(1,650,662)	-	(164,371)	(543,016)	-	(2,898,349)
Change in net assets with donor restrictions	(83,646)	(74,734)	(58,111)	1,374,704	-	417,611
Net assets with donor restrictions, beginning of year	9,575,122	1,236,734	113,261	2,554,572	-	13,482,689
Net assets with donor restrictions, end of year	\$ 8,731,182	\$ 1,165,000	\$ 75,150	\$ 3,629,276	\$ -	\$ 13,600,608
Total change in net assets	\$ (6,054,465)	\$ (765,300)	\$ (35,630)	\$ 1,216,133	\$ -	\$ (5,659,562)
Net assets, beginning of year	78,929,802	3,690,117	2,630,047	11,446,437	-	96,696,403
Net assets, end of year	\$ 72,875,337	\$ 2,904,817	\$ 2,594,117	\$ 12,666,570	\$ -	\$ 91,039,841

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**The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Activities
Year Ended December 31, 2017**

	Great Plains Conference	New Church Development	Campus Ministry	Campes	Eliminations	Consolidated Totals
Net assets without donor restrictions:						
Mission share revenue	\$ 13,042,187	\$ -	\$ 6,034	\$ -	\$ -	\$ 13,042,187
Conference advance gifts	230,310	200	76,015	20,308	-	25,942
Pension and health income	2,074,125	-	-	303,643	-	612,768
Camp Lakeside merger	-	-	-	956,324	-	956,324
Total contributions	16,346,622	200	82,249	1,286,275	-	17,011,346
Program service fees	477,004	-	147,063	1,371,083	-	1,995,150
Investment income	10,520,709	444	154,761	18,124	-	10,700,048
Gain on sale of assets	23,000	(1,049,405)	-	14,088	-	(706,691)
Other income	26,000	2,000	2,000	2,000	-	10,000
Total support, revenues and gains	27,834,882	(931,482)	384,863	2,734,362	-	30,022,465
Release of net asset restrictions:						
Satisfaction of purpose restriction	2,134,522	-	54,746	304,830	-	2,589,637
Intercompany revenue, net of intercompany expenses	-	884,709	920,961	770,601	(2,585,268)	-
Total support, revenues, gains and release of net assets without donor restrictions	20,699,334	(46,773)	1,360,400	3,669,662	(2,585,268)	32,006,362
Expenses and losses:						
Program office	4,106,737	-	-	-	-	4,106,737
Episcopal office	2,570,735	-	-	-	-	2,570,735
Pension and health expense	1,441,130	-	-	-	-	1,441,130
Cherry excellence	688,053	-	786,066	2,686,548	-	4,160,667
Cherry excellence	2,591,768	-	-	-	-	2,591,768
Mercy and justice	2,689,981	-	34,056	3,024,917	-	8,439,954
Other conference ministries	15,700,887	688,053	820,921	2,595,549	-	19,895,407
Total program expenses	3,207,350	268,233	74,010	592,941	-	4,162,540
Supporting activities:						
Administrative	3,285,658	258,233	75,013	192,477	-	3,811,381
Fundraising	19,073,145	946,298	890,434	3,341,964	-	24,252,841
Total supporting activities	21,656,413	546,235	890,434	3,341,964	(2,685,268)	24,252,841
Total expenses	21,656,413	546,235	890,434	3,341,964	(2,685,268)	24,252,841
Intercompany expenses, net of intercompany revenue	8,311,021	(693,062)	472,690	557,638	-	8,448,665
Total expenses and losses	61,043,059	3,443,445	2,043,820	8,337,257	-	74,868,151
Change in net assets without donor restrictions						
Net assets without donor restrictions, beginning of year	\$ 69,354,080	\$ 2,450,383	\$ 2,110,780	\$ 8,694,895	\$ -	\$ 83,210,744
Net assets without donor restrictions, end of year						

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The Great Plains Annual Conference of The United Methodist Church
 Consolidating Statement of Activities (Continued)
 Year Ended December 31, 2017

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Net assets with donor restrictions:						
Support, revenues and gains:						
Conference advance gifts	\$ 183,143	\$ -	\$ -	\$ -	\$ -	\$ 183,143
Contributions	188,941	-	-	-	-	188,941
Gifts and grants	188,941	69	66,124	1,146,967	-	1,411,001
Mission agency support	1,062,259	-	-	-	-	1,062,259
Other support	223,802	-	-	-	-	223,802
Camp Lakeside merger	-	-	-	372,534	-	372,534
Total contributions	1,740,030	69	66,124	1,519,501	-	3,324,724
Program service fees	5,833	-	-	-	-	5,833
Investment income	1,110,900	185,715	202	96,040	-	1,398,947
Other income	11,779	-	-	-	-	11,779
Total support, revenues and gains	2,874,542	185,784	66,416	1,614,541	-	4,741,283
Release of net asset restrictions:						
Satisfaction of purpose restriction	(2,134,652)	-	(54,736)	(384,939)	-	(2,589,937)
Change in net assets with donor restrictions	739,890	185,784	11,070	1,216,862	-	2,153,546
Net assets with donor restrictions, beginning of year	8,835,132	1,053,950	101,561	1,334,870	-	11,325,543
Net assets with donor restrictions, end of year	\$ 9,575,122	\$ 1,239,734	\$ 113,201	\$ 2,551,732	\$ -	\$ 13,482,089
Total change in net assets	\$ 9,051,011	\$ (807,278)	\$ 484,030	\$ 1,777,540	\$ -	\$ 10,505,909
Net assets, beginning of year	60,878,791	4,487,305	2,145,411	9,871,897	-	89,103,404
Net assets, end of year	\$ 75,626,802	\$ 3,680,117	\$ 2,835,047	\$ 11,449,437	\$ -	\$ 96,699,403