

INDEPENDENT ACCOUNTANTS REPORTS

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

CONSOLIDATED FINANCIAL REPORT
December 31, 2015
GREAT PLAINS ANNUAL CONFERENCE

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Audit



RSM US LLP

Independent Auditor's Report

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

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, 2015 and 2014, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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, 2015 and 2014, 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.

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 28-34 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 24, 2016

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The Great Plains Annual Conference of The United Methodist Church

Consolidated Statements of Financial Position
December 31, 2015 and 2014

	2015	2014
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,572,534	\$ 5,199,812
Receivables (Note 2)	1,869,348	2,268,053
Pledges receivable (Note 3)	138,993	-
Prepaid expenses	63,506	276,038
Total current assets	6,644,381	7,743,903
Investments (Notes 4 and 5)	58,963,743	62,825,381
Pledges receivable	362,195	-
Property and equipment, net (Note 6)	16,111,351	16,147,592
Assets held for sale (Notes 5 and 7)	3,080,373	1,839,886
Total assets	\$ 85,162,043	\$ 88,556,762
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 1,330,047	\$ 1,646,999
Accrued expenses	173,231	220,237
Due to other organizations	50,233	1,200
Current portion of long-term debt (Note 8)	149,269	145,363
Total current liabilities	1,702,780	2,013,799
Long-term debt, less current maturities (Note 8)	2,070,439	2,213,071
Unfunded postretirement benefit obligation (Note 10)	351,683	1,387,489
Total liabilities	4,124,902	5,614,359
Net assets:		
Unrestricted (Note 13)	70,059,145	72,391,948
Temporarily restricted (Note 14)	6,164,210	6,149,981
Permanently restricted (Notes 12 and 14)	4,813,786	4,400,474
Total net assets	81,037,141	82,942,403
Total liabilities and net assets	\$ 85,162,043	\$ 88,556,762

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, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenues and gains:				
Mission share revenue	\$ 13,358,756	\$ -	\$ -	\$ 13,358,756
Conference advance gifts	24,437	143,558	2,270	170,265
Special Sunday offerings—conf. share	-	46,111	-	46,111
Gifts and grants	1,036,433	1,078,704	411,042	2,526,179
Mission agency support	-	1,116,106	-	1,116,106
Pension and health income	3,957,224	503,509	-	4,460,733
District mission share	-	241,305	-	241,305
Total contributions	18,376,850	3,129,293	413,312	21,919,455
Program service fees	1,708,317	-	-	1,708,317
Net investment (loss)	(1,947,726)	(215,230)	-	(2,162,956)
Gain on sale of assets	282,204	4,500	-	286,704
Other income	1,304,064	12,729	-	1,316,793
Total support, revenues and gains	19,723,709	2,931,292	413,312	23,068,313
Release of net asset restrictions:				
Satisfaction of purpose restrictions (Note 15)	2,917,063	(2,917,063)	-	-
Total support, revenues, gains and release of net asset restrictions	22,640,772	14,229	413,312	23,068,313
Expenses and losses:				
Program services:				
Episcopal office	4,139,951	-	-	4,139,951
Pension and health expense	4,301,582	-	-	4,301,582
Clergy excellence	1,372,377	-	-	1,372,377
Congregational excellence	5,850,605	-	-	5,850,605
Mercy and justice	2,359,284	-	-	2,359,284
Other conference ministries	2,839,898	-	-	2,839,898
Total program expenses	20,863,697	-	-	20,863,697
Supporting activities:				
Administrative	4,058,454	-	-	4,058,454
Fundraising	51,424	-	-	51,424
Total expenses and losses	24,973,575	-	-	24,973,575
Change in net assets	(2,332,803)	14,229	413,312	(1,905,262)
Net assets, beginning of year	72,391,948	6,149,981	4,400,474	82,942,403
Net assets, end of year	\$ 70,059,145	\$ 6,164,210	\$ 4,813,786	\$ 81,037,141

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, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support, revenues and gains:				
Mission share revenue	\$ 13,592,279	\$ -	\$ -	\$ 13,592,279
Conference advance gifts	24,022	362,014	4,113	390,149
Special Sunday offerings—conf. share	-	39,094	-	39,094
Gifts and grants	766,753	572,072	295	1,339,120
Mission agency support	-	1,166,030	-	1,166,030
Pension and health income	13,209,101	500,321	-	13,709,422
District mission share	-	270,095	-	270,095
Total contributions	27,592,155	2,909,626	4,408	30,506,189
Program service fees	1,643,329	5,485	-	1,648,814
Net investment income	3,529,831	317,366	-	3,847,197
Loss on sale of assets	(318,482)	-	-	(318,482)
Other income	469,111	34,003	-	503,114
Total support, revenues and gains	32,915,944	3,266,480	4,408	36,186,832
Release of net asset restrictions:				
Satisfaction of purpose restrictions (Note 15)	4,083,377	(4,083,377)	-	-
Total support, revenues, gains and release of net asset restrictions	36,999,321	(816,897)	4,408	36,186,832
Expenses and losses:				
Program services:				
Episcopal office	4,177,522	-	-	4,177,522
Pension and health expense	11,639,692	-	-	11,639,692
Clergy excellence	1,188,474	-	-	1,188,474
Congregational excellence	5,525,604	-	-	5,525,604
Mercy and justice	2,286,350	-	-	2,286,350
Other conference ministries	3,930,927	-	-	3,930,927
Total program expenses	28,748,569	-	-	28,748,569
Supporting activities:				
Administrative	4,067,631	-	-	4,067,631
Fundraising	45,181	-	-	45,181
Total expenses and losses	32,861,381	-	-	32,861,381
Change in net assets	4,137,940	(816,897)	4,408	3,325,451
Net assets, beginning of year	68,254,008	6,966,878	4,396,066	79,616,952
Net assets, end of year	\$ 72,391,948	\$ 6,149,981	\$ 4,400,474	\$ 82,942,403

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, 2015 and 2014**

	2015	2014
Cash flows from operating activities:		
Change in net assets	\$ (1,905,262)	\$ 3,325,451
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation expense	691,839	692,057
Contributed property and equipment	(962,430)	-
Cash received on contributions received for long-term investment	(413,312)	(4,408)
Net realized and unrealized loss (gain) on investments	2,132,970	(3,038,414)
Net realized and unrealized loss (gain) on investments—postretirement benefit plan assets	299,034	(413,688)
(Gain) loss on sale of property and equipment	(286,704)	318,482
(Increase) decrease in receivables and pledge receivables	(102,483)	1,755,651
(Increase) decrease in prepaid expenses	212,532	(156,623)
Decrease in accounts payable and accrued expenses	(363,958)	(414,106)
Increase (decrease) in due to other organizations	49,033	(799,437)
Increase (decrease) in postretirement benefit obligation	155,000	(2,288,590)
Net cash used in operating activities	(493,741)	(1,023,625)
Cash flows from investing activities:		
Proceeds from sale of investments	41,105,071	4,488,220
Purchase of investments	(39,376,403)	(7,771,256)
Purchase of investments—postretirement benefit plan assets	(1,489,840)	(70,563)
Proceeds from sale of property and equipment	614,476	118,570
Purchase of property and equipment	(1,261,427)	(493,779)
Net cash used in investing activities	(408,123)	(3,728,808)
Cash flows from financing activities:		
Proceeds from borrowings on long-term debt	-	19,953
Principal repayments on long-term debt	(138,726)	(142,690)
Proceeds on contributions received for long-term investment	413,312	4,408
Net cash provided by (used in) financing activities	274,586	(118,329)
Net decrease in cash and cash equivalents	(627,278)	(4,870,762)
Cash and cash equivalents, beginning of year	5,199,812	10,070,574
Cash and cash equivalents, end of year	\$ 4,572,534	\$ 5,199,812
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 110,636	\$ 112,479
Supplemental disclosures of noncash investing activities:		
Transfer of property and equipment to assets held for sale	\$ 278,057	\$ -

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 and charitable contributions. Approximately 58 percent and 38 percent of the Conference's support came from apportionments in 2015 and 2014, 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: Support the Bishop's office and the offices of 17 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.

Congregational excellence: Equip and connect 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: Assist 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 three classes of net assets: unrestricted, temporarily restricted or permanently restricted.

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, the NCD, UMCM and CAMP. All significant intercompany balances and transactions have been eliminated in consolidation.

NCD: NCD 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 UMCM is to invite, disciple and equip students so that they may be sent out as transformed leaders who can change the world.

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)

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 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, less a present value discount and an allowance for uncollectible amounts, if deemed applicable, are recognized as revenue in the period when the promise is received and recognized as assets, decreases 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 the Conference held for future sale, for which no sales contract is currently in place. The assets were recorded at the appraised values on the dates of the gifts, and are measured at the lower of carrying amount, less estimated cost to sell, or fair market value.

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 5 for a schedule of fair value measurements.

Due to other organizations: Donations received with donor-placed restrictions specifying that the funds must be paid out to certain other charities are recorded as a liability.

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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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of activities as net assets released from restrictions.

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 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, 2015.

Prior to the year ended December 31, 2014, CAMP filed annual Form 990 returns. CAMP no longer files Form 990 returns under the group exemption. Forms 990 previously filed by CAMP are subject to examination by the Internal Revenue Service (IRS) up to three years from the extended due date of each return.

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

Unrestricted: Unrestricted net assets are neither permanently 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: Temporarily restricted net assets 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.

Permanently restricted: Permanently restricted net assets result from contributions and other inflows of assets whose use by the Conference is 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.

Fundraising costs: The Conference expenses fundraising costs as incurred. Total expense for fundraising for the years ended December 31, 2015 and 2014, was \$51,524 and \$45,181, respectively, of which \$43,580 and \$37,906, respectively, is attributable to CAMP.

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)

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.

Recent accounting pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, 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.

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 balance sheet 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 income statement. 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.

Note 2. Receivables

Receivables at December 31, 2015 and 2014, consist of the following:

	2015	2014
Apportionments due from local United Methodist churches	\$ 1,541,354	\$ 1,668,814
Other receivables	327,994	599,239
Total current receivables	\$ 1,869,348	\$ 2,268,053

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, 2015 and 2014.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 3. Pledges Receivable

The Conference receives pledges from donors as a normal part of its operations. At December 31, 2015, estimated payments of pledges receivable for each of the next five years, and thereafter, are as follows:

	<u>Camp Comeca</u>
Years ending December 31:	
2016	\$ 138,993
2017	125,213
2018	61,982
2019	25,000
2020	25,000
Thereafter	125,000
	<u>\$ 501,188</u>

There were no pledge receivables outstanding at December 31, 2014. The Conference has considered the need for an allowance and present value discount on the pledges receivable balance and has determined it is not material to the consolidated financial statements.

Note 4. Investments

The Conference has agreements with the Kansas Area United Methodist Foundation (KAUMF), the Nebraska United Methodist Foundation (NUMF) and Wespath in which KAUMF, NUMF 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 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, 2015 and 2014, consist of the following:

	<u>Fair Value</u>	
	<u>2015</u>	<u>2014</u>
Money market	\$ 13,558	\$ 446,347
U.S. government securities	-	102,911
Municipal bonds	-	51,174
Corporate bonds	-	623,834
U.S. government bonds	429,001	544,888
Equity securities	-	1,678,393
Mutual funds	122,890	2,640,490
Pooled investments	58,345,935	56,684,985
Other—land	52,359	52,359
	<u>\$ 58,963,743</u>	<u>\$ 62,825,381</u>

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 4. Investments (Continued)

Investment earnings for the years ended December 31, 2015 and 2014, consist of the following:

	2015	2014
Realized gains on sale of investments	\$ 10,538,745	\$ 2,382,632
Unrealized changes in market value	(12,970,749)	1,069,470
	(2,432,004)	3,452,102
Interest and dividend income, net of fees	269,048	395,095
	\$ (2,162,956)	\$ 3,847,197

Note 5. 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.

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

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.

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 the KUAMF 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 the 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 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.

Assets held for sale: Assets held for sale are valued based on independent appraisals.

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 Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

The following tables summarize assets and liabilities measured at fair value on a recurring basis as of December 31, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2015			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market	\$ 13,558	\$ -	\$ -	\$ 13,558
Fixed-income securities:				
U.S. government bonds	429,001	-	-	429,001
Mutual funds:				
Domestic stock mutual funds	67,894	-	-	67,894
International stock mutual funds	20,968	-	-	20,968
Fixed-income mutual funds	34,028	-	-	34,028
Pooled investments:				
Wespath	-	54,631,556	-	54,631,556
Kansas Area United Methodist Foundation	-	-	1,341,747	1,341,747
Nebraska United Methodist Foundation	-	2,309,544	-	2,309,544
BL Paine Trust	-	-	63,088	63,088
Other:				
Land	-	-	52,359	52,359
	565,449	56,941,100	1,457,194	58,963,743
Assets held for sale	-	-	3,080,373	3,080,373
Total	<u>\$ 565,449</u>	<u>\$ 56,941,100</u>	<u>\$ 4,537,567</u>	<u>\$ 62,044,116</u>

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The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 5. Fair Value Measurements (Continued)

	December 31, 2014			Total
	Level 1	Level 2	Level 3	
Investments:				
Money market	\$ 446,347	\$ -	\$ -	\$ 446,347
Fixed-income securities:				
U.S. government securities	102,911	-	-	102,911
U.S. government bonds	544,888	-	-	544,888
Corporate bonds	623,834	-	-	623,834
Municipal bonds	51,174	-	-	51,174
Equity securities:				
Common stock:				
Consumer discretionary	98,876	-	-	98,876
Consumer staples	204,521	-	-	204,521
Energy	64,418	-	-	64,418
Financial	296,796	-	-	296,796
Health care	184,762	-	-	184,762
Industrial	307,246	-	-	307,246
Information technology	467,400	-	-	467,400
Materials	47,356	-	-	47,356
Telecommunications	7,018	-	-	7,018
Mutual funds:				
Domestic stock mutual funds	1,034,760	-	-	1,034,760
International stock mutual funds	407,465	-	-	407,465
Fixed-income mutual funds	1,198,265	-	-	1,198,265
Pooled investments:				
Wespath	-	52,750,331	-	52,750,331
Kansas Area United Methodist Foundation	-	-	1,358,553	1,358,553
Nebraska United Methodist Foundation	-	2,510,928	-	2,510,928
BL Paine Trust	-	-	65,173	65,173
Other:				
Land	-	-	52,359	52,359
	6,088,037	55,261,259	1,476,085	62,825,381
Assets held for sale	-	-	1,839,886	1,839,886
Total	<u>\$ 6,088,037</u>	<u>\$ 55,261,259</u>	<u>\$ 3,315,971</u>	<u>\$ 64,665,267</u>

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

ASC 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.

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 6. Property and Equipment

At December 31, 2015 and 2014, property and equipment consists of the following:

	2015	2014
Land	\$ 3,277,757	\$ 3,685,904
Construction in process	60,244	-
Buildings and improvements	18,609,396	17,866,412
Furniture, fixtures and appliances	679,945	647,368
Office equipment	256,850	249,479
Vehicles	761,903	687,466
	23,646,095	23,136,629
Less accumulated depreciation	(7,534,744)	(6,989,037)
	\$ 16,111,351	\$ 16,147,592

Note 7. Assets Held for Sale

Assets held for sale, recorded at appraised value less estimated cost to sell, at December 31, 2015 and 2014, consist of the following:

	2015	2014
Parsonage, Kearney, Nebraska	\$ 217,972	\$ 335,791
115th and Leavenworth Road, Kansas City, Kansas	1,091,170	744,630
167th and Kill Creek, Gardner, Kansas	759,465	759,465
Christ Community Building, Wichita, Kansas	962,430	-
46th and Button Road, Topeka, Kansas	49,336	-
	\$ 3,080,373	\$ 1,839,886

Note 8. Long-Term Debt

	December 31	
	2015	2014
On April 3, 1997, the Missouri River District entered into an \$89,000 promissory note with the Nebraska United Methodist Foundation for a loan for a district ministry. There is no interest rate on this loan and no collateral.	\$ 26,000	\$ 30,000
On October 24, 2001, the New Church Development entered into a \$600,000, 15-year promissory note with the Kansas Area United Methodist Foundation (the Kansas Foundation) for the purchase of property near Lawrence, Kansas. This note was refinanced and rolled into a new loan on June 1, 2011, for \$430,367, also with the Foundation. This note carried a variable interest rate, which was 5.5% for 2014. The loan was secured by a real estate mortgage on the 115th and Leavenworth property (Note #67). On February 26, 2015, this loan was refinanced for a second time into a new loan (Note #86).	-	300,081

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Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

	December 31	
	2015	2014
On February 1, 2004, the New Church Development entered into a \$200,000, 15-year promissory note with the Kansas Foundation for the purchase of property near Basehor, Kansas. This note was refinanced with the release of the Basehor property, September 2012, and was secured by the 115th and Leavenworth property. The note carried a variable interest rate that is 0.25% below the Kansas Foundation's base lending rate established January 1 of each year. The rate for 2014 was 5.25% (Note #22). On February 26, 2015, this loan was refinanced for a second time into a new loan (Note #86).	\$ -	\$ 71,143
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 2015 and 2014 is 5.25%. This loan is secured by a real estate mortgage on the land purchased with the proceeds in Manhattan, Kansas (Note #58).	631,243	664,023
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 4.90% for 2015 (2014—5.25%). The loan is secured by a real estate mortgage on the Lot 4 property in Park City, Kansas (Note #65).	300,961	313,632
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 2015 and 2014 is 5.25%. This loan is secured by approximately 11 acres on W. Sante Fe Street in Gardner, Kansas (Loan #82).	221,265	228,602
On March 3, 2014, the Great Plains United Methodist Camps entered into a \$13,096, 5-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).	8,793	11,288

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Notes to Consolidated Financial Statements

Note 8. Long-Term Debt (Continued)

	December 31	
	2015	2014
<p>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 2015 and 2014 is 4.10%. This loan is secured by a real estate mortgage on the land purchased with the proceeds in Wichita, Kansas (Note #84).</p>	\$ 714,403	\$ 739,665
<p>On February 26, 2015, the New Church Development refinanced outstanding loans #22 and #67 with a \$362,070 promissory note with the Kansas Foundation, maturing April 1, 2021. The note carries a variable interest rate at the base lending rate of the Kansas Foundation to be established January 1 of each year. The rate for 2015 is 4.10%. This loan is secured by a real estate mortgage on the land purchased with the proceeds on the 115th and Leavenworth property in Kansas City, Kansas (Note #86).</p>	317,043	-
<p>Less current maturities</p> <p style="padding-left: 20px;">Long-term portion</p>	<p>2,219,708</p> <p>(149,269)</p> <p>\$ 2,070,439</p>	<p>2,358,434</p> <p>(145,363)</p> <p>\$ 2,213,071</p>

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

Years ending December 31:	
2016	\$ 149,269
2017	153,277
2018	160,260
2019	165,365
2020	172,227
Thereafter	1,419,310
	\$ 2,219,708

Note 9. Lease Commitments and Expense

The Conference leases offices for its programs and administrative services under lease agreements that expire at various times through May 2020. 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, 2015 and 2014, totaled \$223,023 and \$199,005, respectively.

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Notes to Consolidated Financial Statements

Note 9. Lease Commitments and Expense (Continued)

Following is a schedule of future minimum annual rental commitments required under the operating leases at December 31, 2015:

Years ending December 31:		
2016	\$	120,865
2017		29,053
2018		17,400
2019		6,602
2020		1,197
		<u>\$ 175,117</u>

Note 10. 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 employee 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, 2015 and 2014.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2015	\$ 2,455,880,058	\$ 2,150,476,871	\$ -	Over 100% funded
January 1, 2014	2,568,296,643	2,276,716,407	-	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 employee 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, 2015 and 2014.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2015	\$ 3,508,946,228	\$ 3,122,459,580	\$ -	Over 100% funded
January 1, 2014	3,345,449,791	3,018,305,126	-	Over 100% funded

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 10. 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 employee identification number of the plan is 43-0652616. The defined contribution is 3 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 \$1,309,836 and \$1,068,656 in 2015 and 2014, respectively, for the defined contribution portion of the CRSP. In 2015 and 2014, \$3,415,424 and \$3,327,963, respectively, was transferred from the Conference deposit account to cover the contribution.

	Total Plan Net Assets	Present Value of Accumulated Plan Benefits	Total Contributions	Funded Status
January 1, 2015	\$ 1,407,186,760	\$ 1,270,841,693	\$ 1,309,836	Over 100% funded
January 1, 2014	1,274,294,118	1,105,356,477	1,068,656	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 2015 and 2014, the Conference paid \$1,302,417 and \$1,064,786, 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 retires after December 31, 2019, will be ineligible to participate in the plan.

Significant balances, costs and assumptions are as follows:

	December 31	
	2015	2014
Accumulated postretirement benefit obligation	\$ (7,704,472)	\$ (7,549,473)
Fair value of plan assets	7,352,789	6,161,984
Unfunded postretirement benefit obligation	<u>\$ (351,683)</u>	<u>\$ (1,387,489)</u>

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Notes to Consolidated Financial Statements

Note 10. 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, 2015 and 2014:

- 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, 80 percent are assumed to be married at retirement, with males assumed to be three years older than females.
- 100 percent of eligible active participants are assumed to elect coverage at retirement.
- Post-age 64 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:

	2015	2014
Discount rate	3.60%	3.45%
Mortality table	RP 2014 Generational	RP 2000 Generational
Measurement date	December 31, 2015	December 31, 2014

In accordance with ASC Topic 715, Compensation—Retirement Benefits, the Conference has recognized the underfunded status of a defined benefit postretirement plan as a liability in the consolidated statements of financial position and has recognized changes in that funded status in the year in which the changes in unrestricted net assets occur. The plan's benefit obligations are measured as of December 31, 2015 and 2014.

The following are the plan's assets by category as of December 31, 2015 and 2014 (the measurement dates of the plan assets):

	2015	2014
Money market funds	\$ 331,995	\$ 440,360
Municipal bonds	50,475	-
Mutual funds	1,734,879	1,164,490
Equity securities	2,683,513	3,348,866
Pooled investments	2,551,927	1,208,268
	<u>\$ 7,352,789</u>	<u>\$ 6,161,984</u>

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 10. 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, 2015 and 2014, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	December 31, 2015			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed-income securities:				
Money market	\$ 331,995	\$ -	\$ -	\$ 331,995
Municipal bonds	50,475	-	-	50,475
Equity securities:				
Common stock:				
Consumer discretionary	474,148	-	-	474,148
Consumer staples	119,196	-	-	119,196
Energy	208,903	-	-	208,903
Financial	461,556	-	-	461,556
Health care	386,602	-	-	386,602
Industrial	218,988	-	-	218,988
Information technology	483,343	-	-	483,343
Materials	104,175	-	-	104,175
Telecommunications	177,736	-	-	177,736
Utilities	48,866	-	-	48,866
Mutual funds:				
Domestic stock mutual funds	239,619	-	-	239,619
International stock mutual funds	879,251	-	-	879,251
Fixed-income mutual funds	616,009	-	-	616,009
Pooled investments:				
Wespath	-	2,551,927	-	2,551,927
	<u>\$ 4,800,862</u>	<u>\$ 2,551,927</u>	<u>\$ -</u>	<u>\$ 7,352,789</u>

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Notes to Consolidated Financial Statements

Note 10. Pension, Postretirement Health Insurance and Optional Benefits (Continued)

	December 31, 2014			
	Level 1	Level 2	Level 3	Total
Investments:				
Fixed-income securities:				
Money market	\$ 440,360	\$ -	\$ -	\$ 440,360
Equity securities:				
Common stock:				
Consumer discretionary	580,849	-	-	580,849
Consumer staples	385,734	-	-	385,734
Energy	396,850	-	-	396,850
Financial	587,801	-	-	587,801
Health care	626,112	-	-	626,112
Industrial	142,334	-	-	142,334
Information technology	508,912	-	-	508,912
Materials	65,867	-	-	65,867
Telecommunications	54,407	-	-	54,407
Mutual funds:				
Domestic stock mutual funds	254,643	-	-	254,643
International stock mutual funds	456,813	-	-	456,813
Fixed-income mutual funds	453,034	-	-	453,034
Pooled investments:				
Wespath	-	1,208,268	-	1,208,268
	<u>\$ 4,953,716</u>	<u>\$ 1,208,268</u>	<u>\$ -</u>	<u>\$ 6,161,984</u>

Postretirement benefits cash flows: The benefits expected to be paid to participants over the next 10 years, as of December 31, 2015, are as follows:

Years ending December 31:	
2016	\$ 666,487
2017	660,979
2018	647,632
2019	628,473
2020	607,510
2021–2025	<u>2,634,734</u>
	<u>\$ 5,845,815</u>

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 optional benefits to clergy in local churches and Conference staff, which include dental, vision, life insurance, critical illness and accident insurance.

The Great Plains Annual Conference of The United Methodist Church

Notes to Consolidated Financial Statements

Note 11. 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 8). Trustees of KAUMF are elected by the Conference. The fair value of the investments held with KAUMF as of December 31, 2015 and 2014, was \$1,341,747 and \$1,358,553, respectively, of the investments presented in the consolidated financial statements.

Note 12. Endowments

Interpretation of relevant law: The Conference's endowments consist of funds permanently restricted by donors. 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 permanently restricted net assets (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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Notes to Consolidated Financial Statements

Note 12. Endowments (Continued)

Changes in endowment net assets for the years ended December 31, 2015 and 2014, are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, December 31, 2013	\$ 520,717	\$ 4,396,066	\$ 4,916,783
Contributions	2,397	4,408	6,805
Investment income, net of fees	24,733	-	24,733
Net appreciation (realized and unrealized)	10,853	-	10,853
Program expenditures	(26,277)	-	(26,277)
Endowment net assets, December 31, 2014	532,423	4,400,474	4,932,897
Contributions	-	413,312	413,312
Investment income, net of fees	11,252	-	11,252
Net depreciation (realized and unrealized)	(6,627)	-	(6,627)
Program expenditures	(13,345)	-	(13,345)
Endowment net assets, December 31, 2015	<u>\$ 523,703</u>	<u>\$ 4,813,786</u>	<u>\$ 5,337,489</u>

Note 13. Board-Designated Unrestricted Net Assets

Board-designated unrestricted net assets included as a component of unrestricted net assets on the consolidated statements of net position at December 31 are composed of the following:

	2015	2014
Purpose designations:		
Episcopal	\$ 513,644	\$ 426,242
Restricted reserve—pension	10,000,000	20,000,000
Restricted reserve—missional opportunity	3,000,000	3,000,000
Restricted reserve—New Church Development	5,000,000	-
Board of Pensions	11,244,370	9,838,630
Board of Trustees	8,611,988	8,989,475
Administration	87,937	68,931
Districts	142,115	138,193
Clergy excellence	286,562	262,119
Congregational excellence	150,377	148,681
Mercy and justice	295,126	290,144
Disaster response	1,728	5,722
New church development	3,377,172	2,682,668
Campus ministry	2,047,573	2,087,069
Camp	7,903,763	7,887,210
	<u>\$ 52,662,355</u>	<u>\$ 55,825,084</u>

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Notes to Consolidated Financial Statements

Note 14. Restricted Net Assets

Net assets temporarily restricted at December 31, 2015 and 2014, are as follows:

	2015	2014
Episcopal	\$ 25,191	\$ 33,641
Board of Pensions	1,840,477	1,932,785
Board of Trustees	199,423	201,811
Administrative	4,147	4,165
Bridges to the Future	388,272	570,710
Districts	750,866	686,468
Board of Ordained Ministry	719,254	856,683
Clergy excellence funds	28,398	36,183
Congregational excellence	21,538	44,563
Mercy and justice	365,231	309,262
Disaster response	602,744	666,707
New church development	302,238	265,172
Campus ministry	8,031	4,799
Camps	908,400	537,032
Total	\$ 6,164,210	\$ 6,149,981

Net assets permanently restricted at December 31, 2015 and 2014, are as follows:

	2015	2014
Board of Pensions	\$ 2,296,845	\$ 2,296,845
Board of Trustees	58,000	58,000
Districts	39,827	39,827
Board of Ordained Ministry	704,358	702,088
Congregational excellence	527,286	527,286
New church development	771,516	771,516
Camps	415,954	4,912
	\$ 4,813,786	\$ 4,400,474

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Notes to Consolidated Financial Statements

Note 15. 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, 2015 and 2014, as follows.

	2015	2014
Purpose restrictions:		
Episcopal	\$ 8,449	\$ 7,294
Board of Pensions	526,435	508,321
Board of Trustees	-	13,998
Bridges to the Future	186,333	1,004,807
Mission agencies	1,116,103	1,166,028
Districts	185,726	256,201
Board of Ordained Ministry	235,496	356,543
Clergy excellence	43,602	32,673
Congregational excellence	57,934	100,629
Mercy and justice	204,460	208,908
Disaster response	74,525	139,486
Campus ministry	22,707	21,111
Camps	255,293	267,378
	<u>\$ 2,917,063</u>	<u>\$ 4,083,377</u>

Note 16. Concentrations

There was a significant concentration in apportionment revenue from one church, which represented approximately 14 percent and 12 percent of the total apportionments received for the years ended December 31, 2015 and 2014, respectively.

Note 17. Subsequent Events

Management has evaluated subsequent events through June 24, 2016, the date the consolidated financial statements were available to be issued.

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**Bishop's Schedules of Activities
Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
Revenues and support:		
Episcopal funds—GCFA	\$ 91,400	\$ 90,000
Episcopal reimbursements—GCFA	4,885	9,450
Conference mission share support	75,158	68,847
General donations	-	250
Episcopal apartment use of investment	<u>14,825</u>	<u>13,485</u>
Total revenues and support	<u>186,268</u>	<u>182,032</u>
Expenses:		
Office:		
Staff salary	65,791	76,570
Staff payroll taxes	4,908	5,742
Staff pension and benefits	15,090	18,080
Office expense	9,647	9,447
Bishop's ministry fund	2,711	13,121
Connectional activities	4,764	5,533
Episcopal audit	1,750	-
Episcopal evaluation contract service	-	7,050
Staff travel	4,466	3,890
Episcopacy meeting expense	986	2,992
Miscellaneous expense	<u>2,020</u>	<u>495</u>
Total office	<u>112,133</u>	<u>142,920</u>
Residence:		
Utilities	7,436	9,460
Repairs	3,143	7,938
Grounds and pool maintenance	7,452	5,048
HOA/RE tax assessments	705	656
Insurance	1,264	1,182
Appliance/furniture purchase	-	1,983
Apartment rent	<u>15,700</u>	<u>15,460</u>
Total residence	<u>35,700</u>	<u>41,727</u>
Total expenses	<u>147,833</u>	<u>184,647</u>
Change in net assets	38,435	(2,615)
Net assets, beginning of year	<u>84,795</u>	<u>87,410</u>
Net assets, end of year	<u>\$ 123,230</u>	<u>\$ 84,795</u>

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The Great Plains Annual Conference of The United Methodist Church
Consolidating Statement of Financial Position
December 31, 2015

Assets	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Current assets:						
Cash and cash equivalents	\$ 2,614,901	\$ 483,505	\$ 370,300	\$ 1,103,828	\$ -	\$ 4,572,534
Receivables	2,142,746	20,000	1,200	41,737	(336,335)	1,869,348
Pledges receivable	-	-	-	138,993	-	138,993
Prepaid expenses	34,683	-	5,232	23,591	-	63,506
Total current assets	4,792,330	503,505	376,732	1,306,149	(336,335)	6,644,381
Investments	56,598,195	952,530	856,208	556,810	-	58,963,743
Pledges receivable	-	-	-	362,195	-	362,195
Property and equipment, net	5,693,404	1,551,581	1,463,157	7,403,209	-	16,111,351
Assets held for sale	-	3,090,373	-	-	-	3,090,373
Total assets	\$ 67,083,929	\$ 6,087,989	\$ 2,696,037	\$ 9,630,363	\$ (336,335)	\$ 85,162,043
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,225,651	\$ 7,278	\$ 6,390	\$ 90,728	\$ -	\$ 1,330,047
Accrued expenses	132,270	376	2,859	37,726	-	173,231
Due to other organizations	46,002	75,740	-	284,826	(336,335)	59,233
Current portion of long-term debt	4,000	104,660	38,013	2,586	-	149,269
Total current liabilities	1,407,923	188,054	47,262	395,876	(336,335)	1,702,780
Long-term debt, less current maturities	22,000	1,440,012	593,230	6,197	-	2,070,439
Accrued postretirement benefit obligation	351,683	-	-	-	-	351,683
Total liabilities	1,781,606	1,627,066	640,492	402,073	(336,335)	4,124,902
Net assets:						
Unrestricted	56,730,624	3,377,169	2,047,573	7,903,779	-	70,059,145
Temporarily restricted	4,945,363	302,238	6,032	906,557	-	6,164,210
Permanently restricted	3,626,316	771,516	-	415,954	-	4,813,786
Total net assets	65,302,323	4,450,923	2,055,605	9,226,290	-	81,037,141
Total liabilities and net assets	\$ 67,083,929	\$ 6,087,989	\$ 2,696,037	\$ 9,630,363	\$ (336,335)	\$ 85,162,043

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The Great Plains Annual Conference of The United Methodist Church

Consolidating Statement of Financial Position
December 31, 2014

Assets	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Current assets:						
Cash and cash equivalents	\$ 3,273,041	\$ 604,240	\$ 405,211	\$ 917,320	\$ -	\$ 5,199,812
Receivables	2,571,309	43	1,485	15,163	(319,947)	2,888,053
Prepaid expenses	272,038	-	-	4,000	-	276,038
Total current assets	6,116,388	604,283	406,696	936,483	(319,947)	7,743,903
Investments	60,337,411	1,068,694	874,812	544,464	-	62,825,381
Property and equipment, net	5,100,617	2,200,525	1,487,668	7,356,782	-	16,147,592
Assets held for sale	335,791	1,504,095	-	-	-	1,839,886
Total assets	\$ 71,890,207	\$ 5,377,597	\$ 2,769,176	\$ 8,839,729	\$ (319,947)	\$ 88,556,762
Liabilities and Net Assets						
Current liabilities:						
Accounts payable	\$ 1,546,311	\$ 3,183	\$ 11,227	\$ 86,278	\$ -	\$ 1,646,999
Accrued expenses	208,996	1,937	860	8,444	-	220,237
Due to other organizations	15,383	-	1,200	304,564	(319,947)	1,200
Current portion of long-term debt	4,000	102,467	36,396	2,560	-	145,363
Total current liabilities	1,774,690	107,587	49,683	401,786	(319,947)	2,013,799
Long-term debt, less current maturities	26,000	1,550,656	627,627	8,788	-	2,213,071
Accrued postretirement benefit obligation	1,387,489	-	-	-	-	1,387,489
Total liabilities	3,188,179	1,658,243	677,310	410,574	(319,947)	5,614,359
Net assets:						
Unrestricted	59,735,004	2,692,666	2,087,067	7,887,211	-	72,391,948
Temporarily restricted	5,342,978	285,172	4,799	537,032	-	6,149,981
Permanently restricted	3,624,046	771,516	-	4,912	-	4,400,474
Total net assets	68,702,028	3,719,354	2,091,866	8,429,155	-	82,942,403
Total liabilities and net assets	\$ 71,890,207	\$ 5,377,597	\$ 2,769,176	\$ 8,839,729	\$ (319,947)	\$ 88,556,762

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The Great Plains Annual Conference of The United Methodist Church

Consolidating Statement of Activities
Year Ended December 31, 2015

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Unrestricted net assets:						
Support, revenues and gains:						
Mission share revenue	\$ 13,383,756	\$ -	\$ 5,966	\$ 18,436	-	\$ 13,392,156
Investment income	522,989	5	97,206	386,950	-	1,007,150
Gifts and grants	3,957,224	46,278	-	-	-	4,003,502
Pension and health income	17,841,979	46,283	100,202	386,386	-	18,374,850
Total contributions						
Program services fees	451,430	-	244,628	1,042,261	-	1,738,319
Investment income (loss)	(1,928,754)	385	(10,321)	(1,038)	-	(1,847,728)
Gain on sale of assets	280,484	-	-	1,710	-	282,194
Other income	319,486	626,472	-	68,096	-	914,054
Total support, revenues and gains	16,964,645	973,140	289,507	1,486,417	-	19,723,709
Release of net asset restrictions:						
Satisfaction of purpose restriction	2,638,083	-	22,707	255,283	-	2,916,073
Intercompany revenue, net of intercompany expenses	-	805,425	461,846	638,427	(1,903,698)	-
Total support, revenues, gains and release of net asset restrictions	19,602,728	1,778,565	754,060	2,378,137	(1,903,698)	22,840,772
Expenses and losses:						
Program services:						
Episcopal office	4,139,951	-	-	-	-	4,139,951
Health expense	1,079,252	-	-	-	-	1,079,252
Chaplain expense	1,372,377	-	-	-	-	1,372,377
Chaplain support	1,079,252	-	-	-	-	1,079,252
Congregational excellence	2,220,000	906,797	727,869	1,995,939	-	5,850,605
Mercy and justice	2,358,086	-	-	1,198	-	2,359,284
Other conference ministries	2,754,971	-	-	84,927	-	2,839,898
Total program expenses	17,146,887	906,797	727,869	2,082,064	-	20,963,697
Supporting activities:						
Administrative	3,551,149	177,265	94,115	236,925	-	4,059,454
Fundraising	6,274	177,285	3,570	43,580	-	51,424
Total supporting activities	3,557,423	177,285	97,685	279,505	-	4,103,878
Total expenses	20,704,380	1,084,082	822,554	2,361,569	-	24,973,575
Intercompany expenses, net of intercompany revenue	1,893,689	1,084,082	822,554	2,361,569	(1,903,698)	-
Total expenses and losses	22,598,069	2,168,164	1,645,108	4,723,168	(1,903,698)	24,973,575
Change in unrestricted net assets	(3,004,380)	694,503	(39,494)	16,568	-	(2,332,803)
Net assets, beginning of year	59,735,004	2,682,686	2,087,087	7,882,211	-	72,391,948
Net assets, end of year	\$ 56,730,624	\$ 3,377,189	\$ 2,047,593	\$ 7,903,779	\$ -	\$ 70,059,145

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The Great Plains Annual Conference of The United Methodist Church

Consolidating Statement of Activities (Continued)
Year Ended December 31, 2015

	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Temporarily restricted net assets:						
Support, revenues and gains:						
Conference advance gifts	\$ 143,558	\$ -	\$ -	\$ -	\$ -	\$ 143,558
Special Sunday offerings	46,111	-	-	-	-	46,111
Gifts and grants	337,701	100,035	25,979	614,989	-	1,078,704
Investment income	1,108,000	-	-	-	-	1,108,000
Person and health income	503,509	-	-	-	-	503,509
District mission share	241,305	-	-	-	-	241,305
Total contributions	2,388,260	100,035	25,979	614,989	-	3,129,263
Investment income (loss)	(159,051)	(62,969)	(39)	7,229	-	(215,230)
Gain on sale of assets	12,729	-	-	4,500	-	4,500
Other income	2,241,763	37,066	25,940	626,818	-	2,931,527
Total support, revenues and gains	(2,639,853)	(22,707)	(13)	(255,293)	-	(2,917,863)
Satisfaction of purpose restriction	(397,895)	37,066	3,233	371,525	-	14,229
Change in temporarily restricted net assets	5,342,678	265,172	4,769	537,632	-	6,149,881
Net assets, beginning of year	\$ 4,945,383	\$ 302,238	\$ 8,032	\$ 908,557	\$ -	\$ 6,164,210
Net assets, end of year	\$ 2,270	\$ -	\$ -	\$ 411,042	\$ -	\$ 2,270
Permanently restricted net assets:						
Support, revenues and gains:						
Mission share revenue	2,270	-	-	411,042	-	413,312
Increase in permanently restricted net assets	2,270	-	-	411,042	-	413,312
Net assets, beginning of year	3,624,046	771,516	-	4,912	-	4,400,474
Net assets, end of year	\$ 3,626,316	\$ 771,516	\$ -	\$ 415,954	\$ -	\$ 4,813,786
Total change in net assets	(3,399,705)	731,669	(98,261)	799,135	-	(1,905,262)
Net assets, beginning of year	69,702,029	3,719,354	2,081,869	8,429,155	-	82,942,403
Net assets, end of year	\$ 66,302,323	\$ 4,450,923	\$ 2,083,605	\$ 9,228,290	\$ -	\$ 81,037,141

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The Great Plains Annual Conference of The United Methodist Church Consolidating Statement of Activities Year Ended December 31, 2014

Unrestricted net assets:	Great Plains Conference	New Church Development	Campus Ministry	Camps	Eliminations	Consolidated Totals
Supporting activities:						
Supernatural and gains:						
Mission share revenue	\$ 13,592,279	\$ -	\$ 4,971	\$ -	\$ -	\$ 13,592,279
Conference advance gifts	339,918	7,698	76,951	342,866	-	24,022
Gifts and grants	13,209,031	-	-	-	-	766,753
Person and health income	27,141,289	7,628	81,552	361,697	-	13,209,101
Total contributions						27,592,156
Program service fees	346,389	-	194,809	1,102,161	-	1,643,329
Investment income (loss)	3,488,666	(135)	38,927	2,183	-	3,529,931
Gain (loss) on sale of assets	(66,471)	(276,195)	1,100	-	-	(316,462)
Other income (loss)	20,663	-	167,300	-	-	187,963
Total support, revenues and gains	31,195,532	(224,355)	313,308	1,629,469	-	32,913,944
Release of net asset restrictions:						
Share of intercompany expenses	3,794,889	-	21,112	287,976	-	4,083,377
Intercompany revenue, net of intercompany expenses	750,768	-	461,578	656,305	(1,888,651)	-
Total support, revenues, gains and release of net asset restrictions	34,990,421	526,413	737,958	2,553,180	(1,888,651)	36,998,321
Expenses and losses:						
Program services:						
Episcopal office	4,177,522	-	-	-	-	4,177,522
Pension and health expense	11,639,692	-	-	-	-	11,639,692
Clergy excellence	1,188,474	-	-	-	-	1,188,474
Clergy care and wellness	1,255,511	757,628	650,443	1,926,046	-	4,639,630
Ministry assistance	2,286,860	-	-	-	-	2,286,860
Other conference ministries	3,820,817	-	2,460	107,500	-	3,930,927
Total program expenses	25,302,300	757,628	652,903	2,033,546	-	28,746,569
Supporting activities:						
Administrative	3,530,316	236,377	91,182	209,756	-	4,067,631
Fundraising	5,399	-	1,876	37,906	-	45,181
Total supporting activities	3,535,715	236,377	93,058	247,662	-	4,112,812
Total expenses	28,838,015	994,205	746,961	2,283,210	-	32,861,381
Intercompany expenses, net of intercompany revenue	1,895,851	-	-	-	(1,895,851)	-
Total expenses and losses	30,733,866	994,205	746,961	2,283,210	(1,895,851)	32,861,381
Change in unrestricted net assets	4,283,795	(467,792)	51,997	269,970	-	4,137,940
Net assets, beginning of year	55,451,239	3,159,458	2,035,070	7,617,241	-	68,254,008
Net assets, end of year	59,735,034	2,691,666	2,087,067	7,887,211	-	72,391,948

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