

**THE MISSOURI CONFERENCE
OF THE UNITED METHODIST CHURCH**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED DECEMBER 31, 2003

**THE MISSOURI CONFERENCE
OF THE UNITED METHODIST CHURCH
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YEAR ENDED DECEMBER 31, 2003**

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INDEPENDENT AUDITORS' REPORT

Finance and Administration Team
Missouri Conference of the United Methodist Church
Columbia, Missouri

We have audited the statement of assets and net assets arising from cash transactions of the Missouri Conference of the United Methodist Church as of December 31, 2003 and the related statement of cash receipts, cash disbursements and changes in net assets for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit a division of the Missouri Conference, which statements reflect total assets of \$2,180,390 as of December 31, 2003, and total revenues of \$8,574,784 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the division, is based solely on the report of the other auditors.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the accompanying financial statements were prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, based on our audit and the report of other auditors, the aforementioned financial statements present fairly, in all material respects, the assets, and net assets of Missouri Conference of the United Methodist Church as of December 31, 2003 and its support, revenue, and expenses for the year then ended, on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial information identified in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Larson, Allen, Weishaar Co., LLP
LARSON, ALLEN, WEISHAIR & CO., LLP

St. Louis, Missouri
May 4, 2004

**MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF ASSETS AND NET ASSETS
ARISING FROM CASH TRANSACTIONS
DECEMBER 31, 2003**

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 5,246,837
Cash and Investments	479,600
Total Assets	<u>\$ 5,726,437</u>

NET ASSETS

UNRESTRICTED NET ASSETS

Board Designated Funds	\$ 4,396,858
Operating Fund	1,329,579
Total Net Assets	<u>\$ 5,726,437</u>

See accompanying Notes to Financial Statements.

**MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2003**

	Unrestricted		
	Board Designated Funds	Operating Fund	Total
CASH RECEIPTS			
Local Church Apportionments	\$ 13,429,056	\$ -	\$ 13,429,056
Special Giving	949,955	-	949,955
Vital Ministries (GOALS)	581,335	-	581,335
Sale of Former East Conference Building-Ballwin	439,982	-	439,982
Health Insurance Deficit Fund	328,121	-	328,121
Annual Conference Sessions Registration/Other	148,846	-	148,846
Investment Income	144,702	-	144,702
Spring '03 Tornado Relief Donations	86,462	-	86,462
Conference Council Youth Ministries (CCYM)	86,161	-	86,161
Mozambique Initiative Operations	64,994	-	64,994
Health Insurance Fund-Office Support	62,653	-	62,653
Episcopal Office Funding (Area Fund)	62,097	-	62,097
Interest Income	12,697	49,069	61,766
Missouri Board of Pensions-CF&A Support	60,000	-	60,000
Bishop's Society (Leadership & Partnership)	52,784	-	52,784
Church Development-MVR	50,000	-	50,000
Disaster Fund	50,000	-	50,000
Rent	49,674	-	49,674
Heartland Network Receipts	45,977	-	45,977
Financial Development Office (UM Foundation Grant)	45,000	-	45,000
Income on Investment (Foundation)-Ballwin Building	39,618	-	39,618
Columbia Office Rents	38,463	-	38,463
Ministerial Pension Support (MPP)	25,426	-	25,426
2003 Annual Conference Sessions Offerings	23,666	-	23,666
Bishop's Ordinands Trip (Greece & Turkey)	21,355	-	21,355
Medical/Dental Insurance Premiums	18,777	-	18,777
Modified Health & Pension Billing-GBOP Grant	16,055	-	16,055
Pension Fund (UM Publishing House)	15,206	-	15,206
Youth Council Events/Workcamps	14,563	-	14,563
Board of Trustees-Closed Churches	12,815	-	12,815
Camp Development	12,402	-	12,402
Ministerial Education Fund	12,067	-	12,067
Ministerial Pension	6,763	-	6,763
Other	81,807	10,427	92,234
Total Cash Receipts	17,089,479	59,496	17,148,975

See accompanying Notes to Financial Statements.

**MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGES IN NET ASSETS (CONTINUED)
YEAR ENDED DECEMBER 31, 2003**

	<u>Unrestricted</u>		
	<u>Board Designated Funds</u>	<u>Operating Fund</u>	<u>Total</u>
CASH DISBURSEMENTS			
Various-Designated Funds	8,507,124	-	8,507,124
Apportionments Funds	6,498,972	-	6,498,972
Special Giving	319,019	-	319,019
Vital Ministries (GOALS)	237,682	-	237,682
Congregational Development-Program Fund	217,234	-	217,234
Epworth Camp	196,368	-	196,368
Building Occupancy Lease	116,465	-	116,465
Church Development-MVR Fund	96,667	-	96,667
Operating Fund	-	37,981	37,981
Mozambique Wells Fund	24,518	-	24,518
Conference Office Equipment Reserve	4,530	-	4,530
Transfers to Missouri Conference	3,317	-	3,317
Other	204,667	-	204,667
Total Cash Disbursements	<u>16,426,563</u>	<u>37,981</u>	<u>16,464,544</u>
EXCESS OF CASH RECEIPTS OVER CASH DISBURSEMENTS	662,916	21,515	684,431
NET ASSETS-BEGINNING	3,747,756	1,294,250	5,042,006
TRANSFERS	<u>(13,814)</u>	<u>13,814</u>	<u>-</u>
NET ASSETS - END OF YEAR	<u>\$ 4,396,858</u>	<u>\$ 1,329,579</u>	<u>\$ 5,726,437</u>

See accompanying Notes to Financial Statements.

**MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 1 GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Missouri Conference of the United Methodist Church (the Conference) was developed to maintain and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures, and management services for the annual conference. According to the Discipline of the United Methodist Church, the Conference is required to include specific items of the General Church in its budget. Other budget items may originate from within the Conference. When the total budget is adopted by the Conference, it is apportioned to the local churches on a decimal basis and funds are remitted to the Conference Treasurer for the purpose of distribution.

Basis of Accounting

It is the policy of the Conference to present its financial statements on the cash basis of accounting. Consequently, revenues are recognized when received rather than when earned and expenses are recognized when paid rather than when incurred.

Fund Accounting

To insure observance of the board's limitations and designations placed on the use of revenue collected by the Conference, the accounts of the Conference are maintained in accordance with the principles of fund accounting. This is the procedure by which revenues collected are classified for accounting and reporting purposes into funds established according to their nature and purpose; although separate accounts are maintained for each fund, all funds have been combined in the accompanying financial statements, except for the operating fund.

Board Designated Funds

Substantially all money received by the Conference is designated by the Board for a specific purpose. Money received for operations is designated. It is the policy of the Conference to transfer interest earned on Board designated funds to the operating fund.

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

NOTE 1 GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Missouri Conference of the United Methodist Church considers all highly liquid debt instruments purchased with an original maturity of one year or less to be cash equivalents.

Classes of Net Assets

The financial statement report amounts separately by class of net assets:

- a) Unrestricted amounts are those currently available at the discretion of the board for use in the organization's activities.
- b) Temporarily restricted amounts are those which are restricted by donors for specific operating purposes.
- c) Permanently restricted amounts are those restricted by donors in perpetuity as endowments or irrevocable trusts.

NOTE 2 FEDERAL INCOME TAX

The Conference is exempt from federal income tax under Section 501(c) 3 of the Internal Revenue code.

NOTE 3 INVESTMENTS

The Conference has adopted SFAS No. 124, Accounting for Certain Investments Held by Not-for-Profit Organizations. Under SFAS No. 124, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

The Conference's one investment at December 31, 2003 is held with Missouri United Methodist Foundation, a related organization. The Foundation serves as the investment manager for United Methodist Churches across the state of Missouri. This pooled investment fund has underlying assets of various mutual funds which are allocated to stock, bond, and real estate funds as well as cash. The carrying and fair market value as reported on the Consolidated Statement of Net Assets and Assets Arising from Cash Transactions at December 31, 2003 is \$479,600.

NOTE 4 RELATED PARTY TRANSACTIONS

Substantially all cash receipts of the Conference are with organizations affiliated with the United Methodist Church.

**MISSOURI CONFERENCE OF THE UNITED METHODIST CHURCH
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

NOTE 5 CONCENTRATION OF CREDIT RISK

The Conference's cash and cash equivalents are placed with high credit quality financial institutions. The balances are in excess of the Federal Deposit Insurance Corporation (FDIC) insurance limit.

NOTE 6 LEASE COMMITMENTS

In June, 2000, the Conference entered into a lease for administrative facilities at the rate of \$8,959 per month plus tax and insurance for 60 months, with annual adjustments based on the U.S. Consumer Price Index for All Urban Consumers. The first adjustment was effective January 1, 2002, with an annual cap of four percent. The lease expires on May 31, 2005 and is renewable for an additional 60 months. Rent expense for the year ended December 31, 2003 was \$116,465.

Future minimum rental payments are as follows:

Year	Amount
2004	\$ 113,775
2005	49,303
Total	\$ 163,078

NOTE 7 RETIREMENT PLANS

The Board of Pensions administers the retirement plans for the Missouri Conference of the United Methodist Church. The employees of the Conference may be eligible for participation in three different plans: the defined benefit plan for ministers who were eligible on or before 1982; the defined contribution plan for ministers, and the defined contribution plan for all employees of the Conference. The plans are administered by the General Board of Pensions of the United Methodist Church. Total costs of the defined benefit plan for 2003 was \$1,013,245 for Missouri East Conference and \$1,384,487 for Missouri West which included amortization of past service cost over thirty years. The Conference contributed 3 percent in 2003 and 4 percent in 2002 of the eligible compensation to the defined contribution plan for ministers. The defined contribution plan for all employees is a salary deferral and voluntary contribution plan for employees. The Conference did not contribute to the defined contribution plan for all employees. The General Board of Pensions does not calculate and disclose the actuarial present value of the vested and nonvested benefits of the defined benefit plan. The Conference was unable to obtain the actuarial value of vested benefits of the pension fund as of December 31, 2003 and 2002.

NOTE 8 COMMITMENTS AND CONTINGENCIES

During the course of ordinary operations, the Conference is subject to various lawsuits. The Conference's insurance carrier and attorneys are vigorously contesting all claims. The Conference believes that the single lawsuit outstanding at December 31, 2003 will have no material impact on the finances of the Conference.