

**NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2015 AND 2014

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES

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Independent Auditor's Report

To the Council on Finance and Administration
North Carolina Conference, Southeastern
Jurisdiction, of The United Methodist Church, Inc.
Garner, North Carolina

We have audited the accompanying consolidated financial statements of North Carolina Conference, Southeastern Jurisdiction, of The United Methodist Church, Inc. and affiliates (the "Conference") (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2015 and 2014, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



To the Council on Finance and Administration
North Carolina Conference, Southeastern
Jurisdiction, of The United Methodist Church, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of North Carolina Conference, Southeastern Jurisdiction, of The United Methodist Church, Inc. and affiliates as of December 31, 2015 and 2014, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules on pages 28 - 30 are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Crosslin + Associates, PLLC

Nashville, Tennessee
May 26, 2016

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2015	2014
Cash and cash equivalents	\$ 7,382,406	\$ 4,717,982
Accounts receivable	2,740,448	2,900,481
Contributions receivable	2,455,661	1,508,816
Agency receivables	120,140	-
Investments	113,548,673	118,375,551
Mortgage loans receivable from local churches, less allowance for loan losses of \$589,169 and \$600,000 at December 31, 2015 and 2014	2,825,077	3,017,199
Other assets	639,687	810,322
Property and equipment, net	6,392,445	7,013,755
Total assets	\$ 136,104,537	\$ 138,344,106

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable and accrued expenses	\$ 3,291,248	\$ 3,221,462
Agency payables	-	235,449
Accumulated postretirement benefit obligation	31,772,319	30,473,732
Total liabilities	35,063,567	33,930,643
Net assets:		
Unrestricted:		
Designated, next year's approved budget	13,434,373	13,191,573
Designated, postretirement benefit budget	14,673,406	14,673,406
Designated, board restricted endowment	1,000,000	1,000,000
Undesignated	62,355,978	65,910,388
Temporarily restricted	9,368,594	9,432,707
Permanently restricted	208,619	205,389
Total net assets	101,040,970	104,413,463
Total liabilities and net assets	\$ 136,104,537	\$ 138,344,106

See notes to consolidated financial statements.

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Apportionments	\$ 16,408,449	\$ -	\$ -	\$ 16,408,449
Other church remittances	131,564	-	-	131,564
Contributions	1,470,387	3,523,725	3,230	4,997,342
Insurance premiums	8,411,641	-	-	8,411,641
Registration fees	443,109	-	-	443,109
Investment income, net	4,107,681	190,556	-	4,298,237
Pension plan funding	5,938,588	-	-	5,938,588
Grants	-	1,871,888	-	1,871,888
Other	2,315,221	-	-	2,315,221
Total revenues, gains, and other support	<u>39,226,640</u>	<u>5,586,169</u>	<u>3,230</u>	<u>44,816,039</u>
Net assets released from donor restrictions	<u>5,395,513</u>	<u>(5,395,513)</u>	<u>-</u>	<u>-</u>
Expenses and distributions:				
Program:				
Benefit and welfare	14,626,750	-	-	14,626,750
Benevolent funds	10,544	-	-	10,544
Board of Missions	287,988	-	-	287,988
Christian formation	3,426,859	-	-	3,426,859
Disaster response and recovery	671,099	-	-	671,099
District missions	820,432	-	-	820,432
General church disbursements	3,406,703	-	-	3,406,703
ZOE Ministry	3,472,057	-	-	3,472,057
Outreach Ministry	855,775	-	-	855,775
Leadership	465,235	-	-	465,235
Stewardship	261,800	-	-	261,800
Other	199,296	-	-	199,296
Administrative:				
Stewardship	3,288,152	-	-	3,288,152
District superintendent offices	2,813,217	-	-	2,813,217
Property Management	667,628	-	-	667,628
Leadership	911,724	-	-	911,724
Other	114,453	-	-	114,453
Total expenses and distributions	<u>36,299,712</u>	<u>-</u>	<u>-</u>	<u>36,299,712</u>
Change in net assets from operating activities	8,322,441	190,656	3,230	8,516,327
Nonoperating:				
Unrealized depreciation on investments	(5,826,727)	(254,769)	-	(6,081,496)
Postretirement changes other than net periodic postretirement cost	<u>(5,807,324)</u>	<u>-</u>	<u>-</u>	<u>(5,807,324)</u>
Change in net assets	<u>(3,311,610)</u>	<u>(64,113)</u>	<u>3,230</u>	<u>(3,372,493)</u>
Net assets at beginning of year	<u>94,775,367</u>	<u>9,432,707</u>	<u>205,389</u>	<u>104,413,463</u>
Net assets at end of year	<u>\$ 91,463,757</u>	<u>\$ 9,368,594</u>	<u>\$ 208,619</u>	<u>\$ 101,040,970</u>

See notes to consolidated financial statements.

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues, gains and other support:				
Apportionments	\$ 16,209,824	\$ -	\$ -	\$ 16,209,824
Other church remittances	132,258	-	-	132,258
Contributions	1,202,248	2,663,974	205,389	4,071,611
Insurance premiums	8,249,700	-	-	8,249,700
Registration fees	437,224	-	-	437,224
Investment income, net	2,247,859	39,002	-	2,286,861
Pension plan funding	5,981,800	-	-	5,981,800
Grants	-	2,233,945	-	2,233,945
Other	2,547,765	-	-	2,547,765
Total revenues, gains, and other support	<u>37,008,678</u>	<u>4,936,921</u>	<u>205,389</u>	<u>42,150,988</u>
Net assets released from donor restrictions	<u>4,420,181</u>	<u>(4,420,181)</u>	<u>-</u>	<u>-</u>
Expenses and distributions:				
Program:				
Benefit and welfare	11,670,653	-	-	11,670,653
Benevolent funds	7,863	-	-	7,863
Board of Missions	290,719	-	-	290,719
Christian formation	3,412,101	-	-	3,412,101
Disaster response and recovery	784,712	-	-	784,712
District missions	796,203	-	-	796,203
General church disbursements	3,422,198	-	-	3,422,198
ZOE Ministry	2,915,896	-	-	2,915,896
Outreach Ministry	783,505	-	-	783,505
Leadership	415,694	-	-	415,694
Stewardship	200,905	-	-	200,905
Other	480,399	-	-	480,399
Administrative:				
Stewardship	2,942,031	-	-	2,942,031
District superintendent offices	2,614,894	-	-	2,614,894
Property Management	694,520	-	-	694,520
Leadership	882,849	-	-	882,849
Other	154,321	-	-	154,321
Total expenses and distributions	<u>32,469,463</u>	<u>-</u>	<u>-</u>	<u>32,469,463</u>
Change in net assets from operating activities	8,959,396	516,740	205,389	9,681,525
Nonoperating:				
Unrealized appreciation on investments	3,004,321	101,953	-	3,106,274
Postretirement changes other than net periodic postretirement cost	<u>(10,967,650)</u>	<u>-</u>	<u>-</u>	<u>(10,967,650)</u>
Change in net assets	996,067	618,693	205,389	1,820,149
Net assets at beginning of year	<u>93,779,300</u>	<u>8,814,014</u>	<u>-</u>	<u>102,593,314</u>
Net assets at end of year	<u>\$ 94,775,367</u>	<u>\$ 9,432,707</u>	<u>\$ 205,389</u>	<u>\$ 104,413,463</u>

See notes to consolidated financial statements.

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2015	2014
Cash flows from operating activities:		
(Decreases) increase in net assets	\$ (3,372,493)	\$ 1,820,149
Adjustments to reconcile (decrease) increase in net assets to net cash provided by operating activities:		
Depreciation	339,492	363,415
Change in allowance for loan losses	(10,831)	-
Unrealized depreciation (appreciation) of investments	6,081,496	(3,106,274)
Net realized gain on sale of investments	(3,064,409)	(1,226,971)
Loss on disposal of property and equipment	384,111	-
Changes in assets and liabilities:		
Decrease in accounts receivable	160,033	533,979
Increase in agency receivables	(120,140)	-
Increase in contributions receivable	(946,845)	(398,729)
Decrease (increase) in other assets	170,635	(308,911)
Increase (decrease) in accounts payable and accrued expenses	69,786	(517,970)
Decrease in agency payables	(235,449)	(302,037)
Increase in accumulated postretirement benefit liability	1,298,587	5,599,869
Net cash provided by operating activities	753,973	2,456,520
Cash flows from investing activities:		
Purchases of investments with United Methodist Foundation	(2,565,311)	(3,675,246)
Proceeds from sales of investments with United Methodist Foundation	3,820,357	1,637,938
Purchases of other investments	(9,714,705)	(11,345,273)
Proceeds from sales of other investments	10,269,450	11,446,542
Mortgage loans originated	(891,251)	(788,666)
Principal payments received on mortgage loans	1,094,204	833,557
Acquisition of property and equipment	(102,293)	(642,428)
Net cash provided by (used in) investing activities	1,910,451	(2,533,576)
Net increase (decrease) in cash and cash equivalents	2,664,424	(77,056)
Cash and cash equivalents at beginning of year	4,717,982	4,795,038
Cash and cash equivalents at end of year	\$ 7,382,406	\$ 4,717,982

See notes to consolidated financial statements.

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION, OF
THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

The North Carolina Conference, Southeastern Jurisdiction, of The United Methodist Church, Inc. and affiliates (the “Conference”) are incorporated in the State of North Carolina and together constitute the fundamental body of The United Methodist Church in Eastern North Carolina, which under Episcopal leadership provides the mechanism for admitting and ordaining clergy, appointing itinerant pastors to churches, and supplying them with mutual support. The Conference is composed of ministerial and lay members and other individuals as required in *The Book of Discipline of The United Methodist Church*, which defines the programs and responsibilities of the Church as a whole.

A summary of the Conference’s significant accounting policies follows:

Principles of Consolidation

The Conference’s consolidated financial statements include the accounts of the 8 District Superintendent offices of the Conference, the Board of Missions, North Carolina Annual Conference, Southeastern Jurisdiction of The United Methodist Church, Inc. (d/b/a Board of Missions, Inc.), The Board of Trustees of the North Carolina Annual Conference, Southeastern Jurisdiction, of The United Methodist Church, Inc. (d/b/a Board of Trustees, Inc.) and ZOE Ministry (“ZOE”). Under generally accepted accounting principles, the Conference demonstrates control and economic interest in these entities, and therefore, the Conference financial statements are presented on a consolidated basis. All significant intercompany accounts and transactions have been eliminated in the consolidation.

Basis of Presentation

In preparing its financial statements, the Conference classifies net assets and revenues, expenses, gains, and losses based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Conference and changes therein are classified and reported as follows:

Unrestricted net assets - Net assets that are not subject to donor-imposed stipulations.

Designated, next year’s approved budget, unrestricted net assets - Net assets that have been obtained through donor funding and apportionments to be spent in the subsequent year by internal designation.

Designated, postretirement benefits plan, unrestricted net assets - Net assets that have been internally designated for purposes of future obligations related to the post retirement benefits plan.

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DECEMBER 31, 2015 AND 2014

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Temporarily restricted net assets - Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Conference and/or by the passage of time.

Permanently restricted net assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Conference.

Estimates

In preparing its consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the consolidated statements of financial position and the reported amounts of revenues and expenses in the consolidated statements of activities for the reporting period. Actual results could differ from those estimates.

Revenue and Support

The principal source of revenue and support is apportionments received from the local churches. Apportionments are the recommended levels of support assigned to local churches and expire at the end of each calendar year. Local churches do not have any commitment on any underpayment of their apportionments.

Cash and Cash Equivalents

The Conference deposits its cash in large commercial financial institutions. At times, such balances may exceed the Federal depository insurance limits but the Conference believes such amounts do not represent a significant credit risk. Cash equivalents include certificates of deposit with an original maturity date of three months or less.

Accounts Receivable

Since a significant dollar amount of member church support is received close to the Conference's year-end, the Conference provides the member churches with a cut-off date subsequent to year-end in order for churches to fulfill their annual apportionments. Thus, the Conference recognizes accounts receivable at the dollar amount of apportionments received by the cut-off date related to the prior year.

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DECEMBER 31, 2015 AND 2014

A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Mortgage Loans Receivable

Mortgage loans receivable are stated at the amount of unpaid principal less an allowance for loan losses. The allowance for loan losses is established through a provision for loan losses charged to operations. The allowance is an amount that management believes will be adequate to absorb losses on existing loans, including any accrued interest that may become uncollectible based on evaluations of the collectability of loans and prior loan loss experience. In certain instances, the terms of loans in the portfolio may be modified at the request of the borrower by deferring scheduled interest payments until a later date. Loans that are modified are placed on non-accrual status. The evaluations undertaken by management to establish the allowance take into account such factors as changes in the nature and volume of loan portfolio, review of specific loan performance, overall portfolio quality, and current economic conditions that may affect the borrowers' ability to pay. While management uses the best information available to make evaluations, future adjustments may be necessary, if economic or other conditions differ substantially from the assumptions used. Loans are charged off against the allowance when management believes that collectability is unlikely.

Contributions

ZOE reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions receivable are recorded at their estimated fair value and reflect discounts for payment terms greater than one year, if applicable. Contributions receivable are considered to be either conditional or unconditional promises to give. A conditional contribution is one which depends on the occurrence of some specified uncertain future event to become binding on the donor. Conditional contributions are not recorded as revenue until the condition is met, at which time they become unconditional. Unconditional contributions are recorded as revenue at the time verifiable evidence of the promise to give is received. ZOE has determined that all contributions received in 2015 and 2014 are unconditional promises to give.

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A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Fair Value of Financial Instruments

The carrying value of cash equivalents and mortgage loans receivable from local churches approximates fair value. Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value, with fair value measured as described in Note I. Changes in fair value of investments, including both realized and unrealized gains and losses, are included in the accompanying consolidated statements of activities. In determining realized gains and losses, the cost of investments is determined using the specific-identification method.

Property and Equipment

Purchased land, buildings and equipment have been recorded at cost, less accumulated depreciation, since 1983. Prior to 1983, if historical costs were unavailable, estimated historical costs were used. Church properties assumed by the Conference, as well as land donated to the Conference, are initially recorded at their estimated fair value at the time of receipt.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	30 - 40
Improvements to buildings	10 - 40
Improvements to land	10 - 40
Furniture and equipment	5 - 15

Impairment of Long-lived Assets

The Conference reviews its long-lived assets, including equipment and buildings, for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be fully recoverable. To determine the recoverability of its long-lived assets, the Conference evaluates the probability that future estimated undiscounted net cash flows will be less than the carrying amount of the assets. If such estimated cash flows are less than the carrying amount of the long-lived assets, then such assets are written down to their fair value. There has been no impairment of long-lived assets during 2015 or 2014.

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A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Mission Endowment Fund

The Conference established an endowment fund known as the North Carolina Annual Conference Mission Endowment (the “Endowment”) with which funds will be held by the United Methodist Foundation, Inc. and affiliate. The Conference board of trustees designated \$1,000,000 to the Endowment for the purpose of supporting transformational mission opportunities primarily in eastern North Carolina. The Endowment also includes donor-restricted funds which have been classified as permanently restricted with which earnings are temporarily restricted until spent for its intended use. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

ZOE Ministry Endowment Fund

ZOE established an endowment fund known as the ZOE Ministry Endowment Fund (the “Endowment”) with which funds will be held by the United Methodist Foundation, Inc. and affiliate. The Endowment includes donor-restricted funds which have been classified as permanently restricted with which earnings are unrestricted.

Postretirement Benefits Other than Pensions

The Conference recognizes net periodic postretirement cost and accumulation of such costs as plan participants render the services necessary to earn their postretirement benefits. Plan participants include clergy members and lay staff of the Annual Conference who meet eligibility guidelines for each postretirement plan. The postretirement benefits plan is an unfunded plan that provides medical, dental, and life insurance benefits.

The Conference uses an actuary to determine the estimated accumulated postretirement benefit obligation. A change in plan provisions and/or the actuarial assumptions used could significantly change the amount of the accumulated postretirement benefit liability reported in the accompanying consolidated financial statements.

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A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Other Accounting Policies

The expenses for each year are financed principally by funds received from revenue from unrestricted apportionments of the previous year. Accordingly, the revenue from apportionments shown in the accompanying consolidated statements of activities will be available for operations budgeted for the ensuing year.

Insurance Premiums

The Conference administers a self-funded insurance program under which health benefits are provided for clergy and selected lay employees of the Conference. Insurance premium revenue and related expenses are recorded in the period for which the premium relates. The Conference accrues for claim expenses which have been incurred but not reported at year-end on an estimated basis.

Program Expenses

Benefit and Welfare - Funding is provided for pension, health insurance, disability and other benefit plans for clergy and lay employees. In addition, funding is provided for grant programs for benefit and welfare assistance for both clergy and laity within the Conference.

Benevolent Funds - Funding is provided for Conference Advance Specials as well as General Advance Specials through church offerings and donations.

Board of Missions, Inc. - The Board of Missions, Inc. (or "BOMI") can assist churches in accessing low interest loans in order to build new structures and refurbish existing structures. With Conference contractors, BOMI can connect churches with construction expertise and facilitate construction partnerships with The Duke Endowment Rural Church Division and other local resources.

Christian Formation - Conference programs which fall under the work of the Christian Formation Team and serve to form and nurture disciples of Jesus Christ. These programs include, but are not limited to, evangelism, education, financial discipleship, worship, youth and children's ministry and emerging church support.

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A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING
POLICIES - Continued

Disaster Response and Recovery - Funding is provided for disaster response and recovery efforts in and out of the Conference.

District Missions - Funding is used for the operations of and programs conducted by the eight District Superintendent offices within the Conference.

General Church Distributions - Payments are made to the General Church for funding received from local churches for General Church apportionments and advance specials.

Leadership - Conference programs which fall under the work of the Leadership Team and serve to equip leaders who implement the Vision of the Conference. These programs include, but are not limited to, multicultural ministry, lay ministry, and effective ministry training.

Other - Program expenses are recorded for various programs of the Conference including, but not limited to, local church webhosting, NC Conference Historical Society, clergy counseling, and scholarship funds.

Outreach Ministry - Conference programs which fall under the work of the Outreach Ministry Team and serve to carry forth ministry that transforms the world. Funding is provided for Methodist Home for Children, Methodist Retirement Homes, refugee and immigration, and Disciple Bible Outreach, as well as others.

Stewardship - Conference programs which fall under the work of the Stewardship Team and serve to empower ministry. This includes funding for equitable compensation and connectional ministries grants.

ZOE Ministry ("ZOE") - This ministry was established to provide a three-year empowerment program for orphan children in Africa and other poverty-stricken countries. This empowerment program teaches children essential life skills, how to grow their own food, start small business, and grow in their faith. ZOE is currently active in seven countries (Rwanda, Kenya, Zimbabwe, Malawi, Liberia, India and Guatemala).

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A. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Income Taxes

The Conference is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Management evaluated the Conference's tax positions and concluded that the Conference had taken no uncertain tax positions that require adjustment to the consolidated financial statements to comply with the provisions of the Income Taxes Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC").

Reclassifications

Certain reclassifications have been made to the 2014 amounts in order to conform with the 2015 presentation.

B. INVESTMENTS

Investments at December 31, 2015 and 2014, including the Conference's pooled funds held by the United Methodist Foundation, Inc. (the "Foundation"), the General Board of Pension and Health Benefits of The United Methodist Church, Inc. ("GBOPHB") and The United Methodist Church Foundation are as follows:

	<u>2015</u>	<u>2014</u>
Certificates of deposit	\$ 2,228,770	\$ 2,231,644
Investment in pooled funds:		
United Methodist Foundation	89,252,175	93,059,835
GBOPHB	20,257,394	21,188,737
The United Methodist Church Foundation	<u>1,810,334</u>	<u>1,895,335</u>
	<u>\$113,548,673</u>	<u>\$118,375,551</u>

The Conference's investments held with the Foundation represent approximately 59% and 61% of the total pooled investments at the Foundation at December 31, 2015 and 2014, respectively. Investment and administrative fees charged by the Foundation to the Conference related to these investments was \$840,154 and \$770,962 for the years ended December 31, 2015 and 2014, respectively.

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B. INVESTMENTS - Continued

Market Risk

Market risk arises primarily from changes in the market value of financial instruments. Theoretically, the Conference's exposure is equal to the notional value of contracts purchased and unlimited on such contracts sold short.

Exposure to market risk is influenced by a number of factors, including the relationships between financial instruments, and the volatility and liquidity in the markets in which the financial instruments are traded. In many cases, the use of financial instruments serves to modify or offset market risk associated with other transactions and, accordingly, serves to decrease the Conference's overall exposure to market risk. The Conference attempts to control its exposure to market risk through various analytical monitoring techniques.

Concentrations of Credit Risk

The Conference's investment portfolio is impacted by various trading and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Conference may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument.

In the normal course of business, the Foundation and the other entities affiliated with The United Methodist Church enter into contracts and agreements with certain service providers, such as clearing and custody agents, trustees and administrators that contain a variety of representations and warranties and which provide general indemnifications and guarantees against specified potential losses in connection with their activities as an agent of, or providing services to, the investor. The maximum exposure under these agreements is unknown, as this may involve future claims that could be made against the investor and have not yet occurred. The Conference expects the risk of any future obligation under these arrangements to be remote and has not recorded any contingent liability in the consolidated financial statements for these indemnifications related to its investments held with the Foundation or other entities affiliated with The United Methodist Church.

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B. INVESTMENTS - Continued

Total investment (loss) return is comprised of the following for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Investment income (net of investment and administrative fees of \$840,154 and \$770,962 in 2015 and 2014, respectively)	\$ 1,233,828	\$1,059,890
Net realized gain on investments	3,064,409	1,226,971
Unrealized (loss) gain on investments	<u>(6,081,496)</u>	<u>3,106,274</u>
	<u>\$(1,783,259)</u>	<u>\$5,393,135</u>

C. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2015 and 2014, is comprised of the following:

	<u>2015</u>	<u>2014</u>
Land and land improvements	\$ 1,297,982	\$ 1,638,827
Buildings and building improvements	6,016,532	6,085,877
Furniture and equipment	<u>1,543,952</u>	<u>1,500,652</u>
	8,858,466	9,225,356
Less accumulated depreciation	<u>(2,466,021)</u>	<u>(2,211,601)</u>
	<u>\$ 6,392,445</u>	<u>\$ 7,013,755</u>

D. PENSION

In 1981, the Conference began participating in multiemployer pension and benefit plans provided by the General Board of Pension and Health Benefits (“GBOPHB”). Six pension and benefit plans provided benefits for clergy and lay staff as follows for all service after December 31, 1981.

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D. PENSION - Continued

The Ministerial Pension Plan (“MPP”) provided retirement benefits for bishops of The United Methodist Church (“UMC”) elected by a Jurisdictional Conference, clergy members of an Annual Conference and local pastors of the Annual Conference under Episcopal appointment or those eligible for appointment to a charge through December 31, 2006. The MPP was a defined contribution plan and contributions were based on 12% of a participant’s plan compensation. The MPP was frozen as of December 31, 2006 (except for bishops for whom the plan was frozen as of August 31, 2008). The MPP was replaced by the Clergy Retirement Security Program (“CRSP”) beginning January 1, 2007. The CRSP has both defined benefit and defined contribution components. The defined benefit component of the CRSP is a multiemployer plan through the GBOPHB. The annual contributions for the years ended December 31, 2015 and 2014 were \$2,575,961 and \$2,477,099, respectively, and represent the contributions for all plan participants including those from local churches, the Annual Conference and participating extension ministries. The defined benefit component of the plan is billed to local churches for participants at 10.4% of plan compensation. The defined contribution component of the CRSP is based on 3% of plan compensation and is billed to local churches for plan participants. Under the CRSP, the expense for 2015 and 2014 totaled \$270,683 and \$266,271 for the defined benefit and \$92,280 and \$90,775 for the defined contribution components, respectively, for plan participants for whom the salary-paying unit is the Annual Conference.

Supplements to the MPP and the CRSP also provide defined benefits in accordance with their predecessor plan, the Ministers Reserve Pension Fund (subsequently named Supplement One to the MPP and Supplement One to the CRSP). All plan participants, as of December 31, 1981, entitled to receive benefits through Supplement One to MPP or CRSP will receive upon retirement a monthly benefit, disability, surviving spouse and surviving children benefits. Benefits are based on years of service and an approved pension rate per year of service. The pension rate is based on a percent of the Conference average salary. Benefits are subject to certain reductions if the participant retires before reaching the age of 65. This plan is a multi-employer plan whose cost is shared by all plan sponsors within the plan (plan sponsors include annual conferences and general boards and agencies within the United Methodist Conference).

As a multi-employer plan, the portion of the liability attributed to the service years for plan participants within the North Carolina Conference is not recognized by the Conference. The Conference voluntarily agreed to fund the prior service liability for service years prior to 1982 and approves this payment annually by Annual Conference approval of the recommendation of the Conference Board of Pension.

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D. PENSION - Continued

The contributions to the plan for the prior service liability were \$3,706,030 and \$3,323,866 for 2015 and 2014, respectively, and are recognized in the Statements of Activities. The amount paid to fund the unfunded prior service liability is determined annually by the GBOPHB. Funding for these prior service liability contributions for the Supplement One to the CRSP are raised through a special apportionment as part of a funding plan approved by the 1991 session of the North Carolina Annual Conference.

The Cumulative Pension and Benefit Fund (“CPBF”) provided retirement benefits for lay staff of the Annual Conference through December 31, 2006. The CPBF was a defined contribution plan and was based on 12% of plan compensation. The CPBF was replaced beginning January 1, 2007 for lay staff of the Annual Conference with the United Methodist Personal Investment Plan (“UMPIP”). Like the CPBF, the UMPIP is a defined contribution plan and is based on 12% of plan compensation. The expenses for the UMPIP for 2015 and 2014 were \$262,132 and \$239,191, respectively. Eligibility for the CPBF and UMPIP is defined as lay staff working 20 or more hours per week who have been employed for longer than one year.

The Comprehensive Protection Plan (“CPP”) provides death, disability and educational benefits for all individuals eligible to participate in the CRSP (clergy members actively serving under Episcopal appointment). The UM Life Options (“UM Life”) provides death and disability benefits for lay staff under active employment who participate in the UMPIP. The expense for these two plans was \$90,255 and \$85,025 for 2015 and 2014, respectively.

Beginning January 1, 2014, part-time clergy pension benefits were discontinued under the CRSP program and replaced with benefits through UMPIP. The UMPIP is a defined contribution plan and benefits for part-time clergy are based on 11.8% of plan compensation. The UMPIP expenses for part-time clergy were \$10,243 and \$8,343 for 2015 and 2014, respectively.

The Conference has an unfunded postretirement benefits plan that provides medical, dental, and life insurance benefits to current and future Conference retirees participating in the pension plans summarized in Note D. Benefits under the plan are based primarily on the participants’ official title while employed by the Conference, the participants’ age, and the participants’ length of service. The Conference uses December 31 as its measurement date for the plan.

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E. POSTRETIREMENT BENEFITS OTHER THAN PENSION

The following table provides a reconciliation of the changes in the postretirement benefit plan's accumulated postretirement benefit obligation for the years ended December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Reconciliation of accumulated postretirement benefit obligation:		
Accumulated postretirement benefit obligation, beginning	\$ 30,473,732	\$ 24,873,863
Service cost for benefits earned during the year	651,731	361,367
Interest cost on accumulated postretirement benefit obligation	1,189,690	1,161,860
Actuarial gain	1,487,211	6,054,589
Benefit payments	(2,204,602)	(2,235,955)
Plan participant contributions required (Retirees)	<u>174,557</u>	<u>258,008</u>
Accumulated postretirement benefit obligation, ending	<u>31,772,319</u>	<u>30,473,732</u>
Reconciliation of fair value of plan assets:		
Fair value of plan assets, beginning	-	-
Benefit payments	(2,204,602)	(2,235,955)
Employer contributions (Conference)	2,030,045	1,977,947
Plan participant contributions (Retirees)	<u>174,557</u>	<u>258,008</u>
Fair value of plan assets, ending	<u>-</u>	<u>-</u>
Unfunded status, accumulated postretirement benefit obligation in excess of plan assets	<u>\$(31,772,319)</u>	<u>\$(30,473,732)</u>

During 2015, the Conference's accumulated postretirement benefit obligation increased approximately \$1.3 million. This change resulted from an assumed 3.0% cost of living adjustment added to all future years offset by a higher discount rate used in the actuarial valuation.

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E. POSTRETIREMENT BENEFITS OTHER THAN PENSION - Continued

The components of the net periodic postretirement cost charged to benefit and welfare expense for the years ended December 31, 2015 and 2014, consisted of the following:

	<u>2015</u>	<u>2014</u>
Service cost for benefits earned during the year	\$ 651,731	\$ 361,367
Interest cost on projected benefit obligation	1,189,690	1,161,860
Amortization of prior service credit	(4,939,774)	(5,411,403)
Amortization of net loss	<u>619,661</u>	<u>498,342</u>
	<u>\$(2,478,692)</u>	<u>\$(3,389,834)</u>

Amounts recognized in postretirement changes other than net periodic postretirement cost:

	<u>2015</u>	<u>2014</u>
Prior Service Credit for the period	\$ -	\$ 3,593,814
Amortization of prior service credit	4,939,774	5,411,403
Actuarial losses	1,487,211	2,460,775
Amortization of unrecognized prior service cost	-	-
Amortization of net loss	<u>(619,661)</u>	<u>(498,342)</u>
	<u>\$ 5,807,324</u>	<u>\$ 10,967,650</u>

Amounts recognized in unrestricted net assets, but not yet recognized as components of net periodic postretirement cost at December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Unrecognized actuarial losses	\$ 11,078,199	\$ 10,210,650
Unamortized prior service credit	<u>(25,268,601)</u>	<u>(30,208,375)</u>
	<u>\$(14,190,402)</u>	<u>\$(19,997,725)</u>

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E. POSTRETIREMENT BENEFITS OTHER THAN PENSION - Continued

Amounts in unrestricted net assets expected to be recognized as components of net periodic postretirement cost for the upcoming year as of December 31, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Amortization of unrecognized prior service credit	\$(4,939,777)	(4,939,774)
Expected amortization of net loss	<u>739,099</u>	<u>619,661</u>
	<u><u>\$(4,200,678)</u></u>	<u><u>\$(4,320,113)</u></u>

Weighted-average assumptions used to determine benefit obligations and net periodic postretirement benefit cost for years ended December 31 are:

	<u>2015</u>	<u>2014</u>
Discount rate	4.50%	4.00%
Expected return on plan assets (unfunded)	N/A	N/A

The health care trend rate was assumed to be 7.5% for 2015. For 2016, the trend of health care costs used to determine the benefit obligation and net periodic postretirement benefit cost is an annual trend rate of 7.37% with such rates declining gradually to 5.0%.

Assumed health care rates have a significant effect on the amounts reported for the plan. A one percent change in assumed health care costs trend rates would have the following effect:

	<u>1% Increase</u>	<u>1% Decrease</u>
Effect on total service and interest cost components for fiscal year ending 12/31/15	\$138,934	\$(390,606)
Effect on the accumulated postretirement benefit obligation for 12/31/15	4,293,880	(3,521,910)

The Conference is on an unfunded basis regarding the plan; therefore, there are no assets in the plan. However, \$14,673,406 has been internally designated, which is held by a related party, for purposes of future obligations related to the plan at both December 31, 2015 and 2014.

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E. POSTRETIREMENT BENEFITS OTHER THAN PENSION - Continued

The benefits expected to be paid by the Conference contributions of the same amount in each of the next five fiscal years and in the aggregate for the five fiscal years thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2016	\$ 1,604,807
2017	1,631,263
2018	1,664,157
2019	1,707,652
2020	1,748,827
2021 - 2025	<u>9,266,717</u>
	<u>\$17,623,423</u>

F. RELATED PARTY TRANSACTIONS

United Methodist Foundation, Inc. and affiliate (the "Foundation") was established primarily as an investment pool available for organizations, churches and agencies related to the North Carolina Conference, Southeastern Jurisdiction, of The United Methodist Church, Inc. The Conference and the Foundation share certain common board representation.

The Foundation entered into an operating lease with the Conference for office space in the Conference's building. The lease expired in July 2015 and was renewed for one year. The new lease is set to expire in July 2016. For the years ended December 31, 2015 and 2014, the Conference recognized rental income related to this lease of \$44,685 and \$42,554, respectively, in other revenues in the consolidated statements of activities.

Certain accounting functions are performed by the Conference on behalf of the Foundation. The revenue associated with these accounting functions is not material, and as a result, is not recognized in the accompanying consolidated financial statements. As discussed in Note B, the Conference has significant amounts of investments held with the Foundation and other entities affiliated with The United Methodist Church.

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G. RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2015 and 2014, are available for the following purposes:

	<u>2015</u>	<u>2014</u>
Establishment of new churches	\$1,773,130	\$1,860,847
ZOE Ministry	3,613,443	2,432,719
Other	<u>3,982,021</u>	<u>5,139,141</u>
	<u>\$9,368,594</u>	<u>\$9,432,707</u>

Permanently restricted net assets at December 31, 2015 and 2014 consist of the following:

Mission Endowment Fund	\$ 133,619	\$ 130,389
ZOE Ministry Endowment Fund	<u>75,000</u>	<u>75,000</u>
	<u>\$ 208,619</u>	<u>\$ 205,389</u>

H. NET ASSETS RELEASED FROM RESTRICTIONS

During the years ended December 31, 2015 and 2014, net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors as follows:

	<u>2015</u>	<u>2014</u>
Disaster relief and preparedness	\$ 878,061	\$ 765,661
Establishment of new churches	120,025	173,465
Duke Endowment retiree benefit supplement	796,054	809,690
ZOE Ministry	2,000,547	1,701,613
Other	<u>1,600,826</u>	<u>969,752</u>
	<u>\$5,395,513</u>	<u>\$4,420,181</u>

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I. FAIR VALUE MEASUREMENTS

Guidance provided by the FASB 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 at the measurement date. The Conference utilizes valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs. Assets and liabilities recorded at fair value are categorized within the fair value hierarchy based upon the level of judgment associated with the inputs used to measure their value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). Inputs are broadly defined as assumptions market participants would use in pricing an asset or liability. The three levels of the fair value hierarchy are described below:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Listed equities would be an example of the type of investments included in Level 1. As required by the guidance provided by the FASB, the Conference does not adjust the quoted price for these investments, even in situations where the Conference holds a large position and a sale could reasonably impact the quoted price.

Level 2 - Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly; and fair value is determined through the use of models or other valuation methodologies. Investments within this category would generally include corporate bonds and loans, less liquid and restricted equity securities and certain over-the-counter derivatives. A significant adjustment to a Level 2 input could result in the Level 2 measurement becoming a Level 3 measurement.

Level 3 - Inputs are unobservable for the asset or liability and include situations where there is little, if any, market activity for the asset or liability. The inputs into the determination of fair value are based upon the best information in the circumstances and may require significant management judgment or estimation. Investments within this category would generally include equity and debt positions in private companies and general and limited partnership interests in corporate private equity and real estate funds, debt funds, certain funds of hedge funds and distressed debt. The Conference does not have any Level 3 financial instruments as of December 31, 2015 or 2014.

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I. FAIR VALUE MEASUREMENTS- Continued

The tables below present the balances of financial assets measured at fair value on a recurring basis by level at December 31, 2015 and 2014.

	December 31, 2015			
	<u>Total</u>	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Financial assets				
Investments in pooled funds:				
United Methodist Foundation	\$ 89,252,175	\$ -	\$ 89,252,175	\$ -
GBOPHB	20,257,394	-	20,257,394	-
The United Methodist Church Foundation	<u>1,810,334</u>	<u>-</u>	<u>1,810,334</u>	<u>-</u>
Total financial assets	<u>\$111,319,903</u>	<u>\$ -</u>	<u>\$111,319,903</u>	<u>\$ -</u>

	December 31, 2014			
	<u>Total</u>	Quoted Prices in Active Markets for identical Assets (Level 1)	Significant Other Observable inputs (Level 2)	Significant Unobservable inputs (Level 3)
Financial assets				
Investments in pooled funds:				
United Methodist Foundation	\$ 93,059,835	\$ -	\$ 93,059,835	\$ -
GBOPHB	21,188,737	-	21,188,737	-
The United Methodist Church Foundation	<u>1,895,335</u>	<u>-</u>	<u>1,895,335</u>	<u>-</u>
Total financial assets	<u>\$116,143,907</u>	<u>\$ -</u>	<u>\$116,143,907</u>	<u>\$ -</u>

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I. FAIR VALUE MEASUREMENTS - Continued

The following presents further information regarding the composition of the Conference's investments at December 31, 2015 and 2014:

<u>Investments at December 31, 2015</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period (in Days)</u>
United Methodist Foundation (a)	\$89,252,175	\$ -	Quarterly	0
General Board of Pension and Health Benefits (b)	20,257,394	-	Monthly	15
The United Methodist Church Foundation (c)	1,810,334	-	Monthly	15
<u>Investments at December 31, 2014</u>	<u>Fair Value</u>	<u>Unfunded Commitment</u>	<u>Redemption Frequency (if Currently Eligible)</u>	<u>Redemption Notice Period (in Days)</u>
United Methodist Foundation (a)	\$93,059,835	\$ -	Quarterly	0
General Board of Pension and Health Benefits (b)	21,188,737	-	Monthly	15
The United Methodist Church Foundation (c)	1,895,335	-	Monthly	15

(a) The Foundation provides a management-investment pool for long-term and permanent funds of the Conference and local churches, institutions, and ministries of the Church. The Foundation provides two investment alternatives for its unit holders. One option is the Balanced Fund, which utilizes an investment allocation of 65% equities and 35% fixed income securities. The second option is a Fixed Income Fund, which utilizes an investment allocation strategy of 95% fixed income securities and 5% equities. Equity instruments held by the Foundation include large cap domestic equities, mid/small cap domestic equities, and international equities. Fixed income instruments held by the Foundation include short-term, intermediate-term, and high-yield domestic fixed income assets. The Foundation invests all funds according to the Social Principles of the United Methodist Church as described in The Book of Discipline and the Statement of Investment Guidelines published by the denomination's General Council on Finance and Administration. The fair values of investments held by the Foundation have been estimated using the net asset value per share of the investments.

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I. FAIR VALUE MEASUREMENTS - Continued

- (b) The GBOPHB selects and manages investments in a manner that is consistent with a methodology termed “socially responsible investing,” an investment strategy dedicated to attaining market rates of return, while upholding the social values of the organization administering the investment program. The Conference holds investments in five different types of funds managed by the GBOPHB. These funds enable the Conference to earn current income while preserving capital by investing in a broad mix of equity and fixed income securities. The fair values of investments in this category have been estimated using the net asset value per share of the investments.
- (c) The United Methodist Church Foundation includes investments in small cap equities, large cap equities, and international equities. The United Methodist Church Foundation selects and manages investments in a manner that is consistent with a methodology termed “socially responsible investing,” an investment strategy dedicated to attaining market rates of return, while upholding the social values of the organization administering the investment program. The fair values of investments in this category have been estimated using the net asset value per share of the investments, an investment strategy dedicated to attaining market rates of return, while upholding the social values of the organization administering the investment program. The fair values of investments in this category have been estimated using the net asset value per share of the investments.

J. SUBSEQUENT EVENTS

The Conference has evaluated its subsequent events (events occurring after December 31, 2015) through May 26, 2016, which represents the date the consolidated financial statements were available to be issued and has determined that there are no subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

NORTH CAROLINA CONFERENCE,
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CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
DECEMBER 31, 2015

	Conference	District Superintendent Offices	Board of Missions, Inc.	Board of Trustees, Inc.	ZOE Ministry	Eliminations	Total
ASSETS							
Cash and cash equivalents	\$ 4,204,935	\$ 492,284	\$ 670,039	\$ 809,549	\$ 1,205,599	\$ -	\$ 7,382,406
Accounts receivable	2,292,175	1,228	-	446,845	200	-	2,740,448
Contributions receivable	7,286	-	-	-	2,448,375	-	2,455,661
Investments	104,365,775	3,088,501	142,299	5,652,809	299,289	-	113,548,673
Mortgage loans receivable, less allowance for doubtful loans of \$589,169	-	-	2,825,077	-	-	-	2,825,077
Agency receivables	120,140	-	-	-	-	-	120,140
Interfund receivable	8,086,705	-	361,128	-	-	(8,447,833)	-
Other assets	335,122	9,963	-	291,547	3,055	-	639,687
Property and equipment, net	1,184	114,697	572,052	5,703,549	963	-	6,392,445
Total assets	\$ 119,413,322	\$ 3,706,673	\$ 4,570,595	\$ 12,904,299	\$ 3,957,481	\$ (8,447,833)	\$ 136,104,537
LIABILITIES AND NET ASSETS							
Liabilities:							
Accounts payable and accrued expenses	\$ 3,223,727	\$ 9,017	\$ -	\$ 42,683	\$ 15,821	\$ -	\$ 3,291,248
Agency payables	-	-	-	-	-	-	-
Interfund payable	-	5,977,871	-	2,469,962	-	(8,447,833)	-
Accumulated postretirement benefit obligation	31,772,319	-	-	-	-	-	31,772,319
Total liabilities	34,996,046	5,986,888	-	2,512,645	15,821	(8,447,833)	35,063,567
Net Assets:							
Unrestricted:							
Designated, next year's approved budget	13,434,373	-	-	-	-	-	13,434,373
Designated, postretirement benefit plan	14,673,406	-	-	-	-	-	14,673,406
Designated, board restricted endowment	1,000,000	-	-	-	-	-	1,000,000
Undesignated	50,870,961	(3,730,449)	4,570,595	10,391,654	253,217	-	62,355,978
Temporarily restricted	4,304,917	1,450,234	-	-	3,613,443	-	9,368,594
Permanently restricted	133,619	-	-	-	75,000	-	208,619
Total net assets	84,417,276	(2,280,215)	4,570,595	10,391,654	3,941,660	-	101,040,970
Total liabilities and net assets	\$ 119,413,322	\$ 3,706,673	\$ 4,570,595	\$ 12,904,299	\$ 3,957,481	\$ (8,447,833)	\$ 136,104,537

See independent auditor's report.

NORTH CAROLINA CONFERENCE,
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OF THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
SCHEDULE OF FINANCIAL POSITION DETAIL,
SUMMARY OF INVESTMENTS, CONFERENCE
DECEMBER 31, 2015

	Fair Value
Academy for Leadership Excellence: Investment in United Methodist Foundation, Inc.	\$ 19,096
Blackburn Scholarship Fund: Investment in United Methodist Foundation, Inc.	225,676
Central Funds: Investment in United Methodist Foundation, Inc. Certificates of deposit Investment in United Methodist Development Fund	23,567,893 697,680 1,077,806 25,343,379
Christian Advocate (Finch) Fund: Investment in United Methodist Foundation, Inc.	14,259
Christian Advocate Fund: Investment in United Methodist Foundation, Inc.	312,205
Church Extension, SFT Funds: Investment in United Methodist Foundation, Inc.	346,740
Church Redevelopment Endowment, SFT Funds: Investment in United Methodist Foundation, Inc.	174,822
Church Salary Endowment: Investment in United Methodist Foundation, Inc.	444,767
Conference Board of Pension: Investment in United Methodist Foundation, Inc. General Board of Pension and Health Benefit Accounts	25,384 20,257,393 20,282,777
Congregational Development Fund, Inc.: Money Market Fund	347,324
Howard M. McLamb Ministerial Scholarship Fund: Investment in United Methodist Foundation, Inc.	95,878
Insurance: Investment in United Methodist Foundation, Inc.	10,402,812
John Wesley Endowment/New Church Development: Investment in United Methodist Foundation, Inc.	331,633
Medical Grant Fund: Investment in United Methodist Foundation, Inc.	527,717
Ministers' Transition Fund: Investment in United Methodist Foundation, Inc.	21,041,024
Native American Awareness: Investment in United Methodist Foundation	87,122
NC Conference Campus Ministry: Investment in United Methodist Foundation, Inc.	50,490
NC Conference Historical Society: Investment in United Methodist Development Fund, Inc. Investment in United Methodist Foundation, Inc.	1,008 2,051 3,059
NC State Commission on Campus Ministry: Investment in United Methodist Foundation, Inc.	13,908
Retiree Welfare Benefits Liability: Investment in United Methodist Foundation, Inc. Investment in National United Methodist Foundation	20,360,204 1,810,335 22,170,539
Seminary Debt Repayment Plan: Investment in United Methodist Foundation, Inc.	969,686
Southeastern Jurisdiction Association - Communicators: Investment in United Methodist Foundation, Inc.	7,317
UMC Mission Endowment: Investment in United Methodist Foundation, Inc.	1,153,545
	\$ 104,365,775

See independent auditor's report.

NORTH CAROLINA CONFERENCE,
SOUTHEASTERN JURISDICTION OF
OF THE UNITED METHODIST CHURCH, INC. AND AFFILIATES
SCHEDULE OF CENTRAL FUND ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

Changes attributed to contingency reserve:

Revenues:

Interest on investments	\$ 53,168
Interest on Methodist Foundation	359,127
Net reclaim from prior year	370,381
Post audit receipts	21,788
	804,464

Expenses:

Current year budget supplements	758,078
Current year non-budget supplements	1,040,427
Subsequent year budget supplements	773,790
Subsequent year non-budget supplements	22,750
Interest paid	58,050
Audit adjustments (reclaimed)	(79,190)
	2,573,905

Decrease in net assets	(1,769,441)
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Change in accumulated realized and unrealized losses	(603,915)
Net assets at beginning of year, including losses	9,550,501
Net assets at end of year, including losses	\$ 7,177,145

See independent auditor's report.