

**FIRST UNITED METHODIST CHURCH
OF FORT WORTH**

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009

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INDEPENDENT AUDITOR'S REPORT

To the Finance Committee
First United Methodist Church of Fort Worth
Fort Worth, Texas

We have audited the accompanying consolidated statements of financial position of First United Methodist Church of Fort Worth (the Church) as of December 31, 2009 and 2008 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Church's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of First United Methodist Church of Fort Worth as of December 31, 2009 and 2008 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Fort Worth, Texas
June 28, 2010

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2009 AND 2008**

	2009	2008
ASSETS		
Cash and cash equivalents	\$ 1,597,802	\$ 1,955,860
Accounts receivable	42,038	55,271
Prepaid expenses	32,120	36,761
Property and equipment, net	9,706,076	10,016,475
Restricted cash	277,841	-
Beneficial interest in perpetual trusts	1,013,271	898,497
	TOTAL ASSETS	TOTAL ASSETS
	\$ 12,669,148	\$ 12,962,864
LIABILITIES AND NET ASSETS		
Accounts payable and accrued expenses	\$ 201,532	\$ 249,055
Funds held for others	72,576	66,343
Deferred income	1,500	10,500
	Total liabilities	Total liabilities
	275,608	325,898
NET ASSETS		
Unrestricted		
Undesignated	9,744,010	10,090,092
Designated	131,142	244,880
	9,875,152	10,334,972
Temporarily restricted	2,415,321	2,198,927
Permanently restricted	103,067	103,067
	Total net assets	Total net assets
	12,393,540	12,636,966
TOTAL LIABILITIES AND NET ASSETS	\$ 12,669,148	\$ 12,962,864

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009			Total
	Unrestricted	Temporarily Restricted	Permanently Restricted	
REVENUES AND OTHER SUPPORT				
Contributions	\$ 3,893,786	\$ 1,312,807	\$ -	\$ 5,206,593
Program fees	559,761	-	-	559,761
Net unrealized and realized gain (loss)	-	122,260	-	122,260
Interest income	585	-	-	585
Other revenue	320,760	-	-	320,760
Net assets released from restrictions				
Satisfaction of program restrictions	869,787	(869,787)	-	-
Satisfaction of time restrictions	270,692	(270,692)	-	-
Satisfaction of property acquisition and debt restrictions	78,194	(78,194)	-	-
Total revenues and other support	5,993,565	216,394	-	6,209,959
EXPENSES				
Program services	4,994,375	-	-	4,994,375
General and administrative	892,386	-	-	892,386
Depreciation	566,624	-	-	566,624
Total expenses	6,453,385	-	-	6,453,385
Change in net assets	(459,820)	216,394	-	(243,426)
Net assets at beginning of year, as restated	10,334,972	2,198,927	103,067	12,636,966
Adoption of FSP FAS 117-1 conversion	-	-	-	-
Net assets at beginning of year, adjusted	10,334,972	2,198,927	103,067	12,636,966
Net assets at end of year	\$ 9,875,152	\$ 2,415,321	\$ 103,067	\$ 12,393,540

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

2008

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
\$ 4,546,357	\$ 1,456,656	\$ -	\$ 6,003,013
516,285	-	-	516,285
-	(244,035)	-	(244,035)
1,170	-	-	1,170
270,530	-	-	270,530
1,087,411	(1,087,411)	-	-
268,807	(268,807)	-	-
41,790	(41,790)	-	-
<u>6,732,350</u>	<u>(185,387)</u>	<u>-</u>	<u>6,546,963</u>
5,263,996	-	-	5,263,996
948,127	-	-	948,127
574,551	-	-	574,551
<u>6,786,674</u>	<u>-</u>	<u>-</u>	<u>6,786,674</u>
(54,324)	(185,387)	-	(239,711)
<u>10,389,296</u>	<u>2,287,721</u>	<u>199,660</u>	<u>12,876,677</u>
<u>-</u>	<u>96,593</u>	<u>(96,593)</u>	<u>-</u>
<u>10,389,296</u>	<u>2,384,314</u>	<u>103,067</u>	<u>12,876,677</u>
<u>\$ 10,334,972</u>	<u>\$ 2,198,927</u>	<u>\$ 103,067</u>	<u>\$ 12,636,966</u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	<u>2009</u>	<u>2008</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (243,426)	\$ (239,711)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	566,624	574,551
Net unrealized and realized loss (gain)	(122,260)	244,035
Fees paid from perpetual trust	7,486	-
Changes in operating assets and liabilities		
Accounts receivable	13,233	(12,690)
Prepaid expenses	4,641	19,033
Accounts payable and accrued liabilities	(47,523)	(165,368)
Funds held for others	6,233	(26,138)
Deferred income	(9,000)	10,500
Contributions restricted/designated for property acquisition and debt retirement	<u>(308,128)</u>	<u>(7,484)</u>
Net cash provided by (used in) operating activities	<u>(132,120)</u>	<u>396,728</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of assets restricted to investment in property and equipment	(277,841)	-
Additions to property and equipment	<u>(256,225)</u>	<u>(430,846)</u>
Net cash used in investing activities	(534,066)	(430,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Cash received for property acquisition and debt retirement	308,128	7,484
Payment on note payable	<u>-</u>	<u>(7,147)</u>
Net cash provided by financing activities	308,128	337
Net change in cash and cash equivalents	<u>(358,058)</u>	<u>(33,781)</u>
Cash and cash equivalents, beginning of year	<u>1,955,860</u>	<u>1,989,641</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,597,802</u></u>	<u><u>\$ 1,955,860</u></u>

The Notes to Consolidated Financial Statements are an integral part of these consolidated financial statements.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

Nature of Activities

First United Methodist Church of Fort Worth (the Church), a Texas non-profit corporation, serves various charitable, educational, religious and/or missionary undertakings. The majority of the Church's revenues and support are contributed by its members who reside in the Fort Worth area.

Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Church and its Ministries. All significant intercompany transactions have been eliminated in consolidation.

Management Estimates and Assumptions

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that are used.

Cash Equivalents

The Church considers all highly liquid financial instruments purchased with a maturity of three months or less to be cash equivalents. Restricted cash is limited to use in the repair and expansion of the organ in the sanctuary.

Allowance for Doubtful Accounts

The Church uses the allowance method of accounting for possible uncollectible receivables. The Church provides an allowance for doubtful accounts based on prior experience, reviews of individual accounts, historical losses, existing economic conditions and management's evaluation of other pertinent factors. Accounts deemed to be uncollectible are charged to the allowance. Based on this assessment no allowance was needed at December 31, 2009 and 2008.

Property and Equipment

Property and equipment are stated at values as appraised on December 31, 1942, together with subsequent purchased additions at cost. Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Property and Equipment – Continued

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Church reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Church reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

<u>Asset Type</u>	<u>Estimated Life</u>
Buildings and improvements	7 - 40 years
Furniture and fixtures	5 -10 years
Vehicles	3 years

Maintenance, repairs and minor replacements are charged to expense as incurred; major replacements and betterments are capitalized. The cost of assets sold or retired and the related accumulated depreciation are removed from the accounts at the time of disposition and any resulting gain or loss is reflected in the statement of activities.

Impairment of Long-Lived Assets

Management evaluates its long-lived assets for financial impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An impairment loss is recognized when the estimated undiscounted future cash flows from the assets are less than the carrying value of the assets. Assets to be disposed of are reported at the lower of their carrying amount or fair value, less cost to sell. Management is of the opinion that the carrying amount of its long-lived assets does not exceed their estimated recoverable amount.

Recognition of Donor Restrictions

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES – CONTINUED**

Revenue Recognition

The Church records contributions from donors as revenue when the gift is received or when the Church learns of the donor's intention to make a gift, which results in a receivable. Program fees are recorded in the period in which the program services are provided.

Federal Income Taxes

The Church is a nonprofit organization exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation; therefore, no provision for income taxes is included in the financial statements.

Effective January 1, 2009, the Church implemented new accounting guidance related to uncertain tax positions. Using that guidance, tax provisions initially need to be recognized in the financial statements when it is more-likely-than-not the position will not be sustained upon examination by the tax authorities.

As of December 31, 2009, the Church had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. All tax years remain subject to examination for federal tax purposes.

Donated Materials and Services

Donated materials are reflected as contributions at their estimated value at date of receipt. No amounts have been reflected in the statements for donated services inasmuch as no objective basis is available to measure the value of such services; however, a substantial number of members have donated significant amounts of their time to the Church's activities.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 1. NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Subsequent Events

The Church evaluated all events or transactions that occurred after December 31, 2009 through June 28, 2010, the date these financial statements were available to be issued. During this period, the Church did not have any material recognizable subsequent events.

NOTE 2. CONCENTRATIONS OF CREDIT RISK

Financial instruments which potentially subject the Church to concentrations of credit risk consist principally of cash. Cash consists of cash on hand and cash held with financial institutions. Total cash held with the bank, at times, may exceed federally insured limits. The Church has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

NOTE 3. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31:

	<u>2009</u>	<u>2008</u>
Land	\$ 4,090,066	\$ 4,090,066
Buildings and improvements	17,666,478	17,496,416
Furniture and fixtures	3,186,729	3,186,149
Vehicles	76,964	76,964
Construction in progress	<u>57,763</u>	<u>15,000</u>
	25,078,000	24,864,595
Less accumulated depreciation	<u>15,371,924</u>	<u>14,848,120</u>
	<u><u>\$ 9,706,076</u></u>	<u><u>\$ 10,016,475</u></u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4. BENEFICIAL INTEREST IN PERPETUAL TRUSTS

The beneficial interest in perpetual trusts represents the fair value of trusts established from the bequest of Saul B Sells known as the Helen F. Sells Charitable Trust and a 10% split interest in a trust established from the bequest of Sheila E. Allen. These assets are held in trust by banks as trustees of the trusts.

Inputs to valuation techniques used to measure fair value are prioritized in a fair value hierarchy. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 inputs) and the lowest priority to unobservable inputs (level 3 inputs). The three levels of the fair value of hierarchy are described below:

Level 1 inputs – Unadjusted, quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 inputs – Inputs (other than quoted market prices included within level 1) that are either directly or indirectly observable for the asset or liability through correlation with market data at the measurement date and fair value is determined through the use of models or other valuation techniques.

Level 3 inputs – Prices or valuations that require unobservable inputs that are both significant to the fair measurement and unobservable. Fair value for these investments are determined using valuation methodologies that consider a range of factors including but not limited to the nature of the investment, market conditions, current and projected operating performance and changes in operating characteristics of the investment.

A financial instrument's level within the fair value of hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Church's assets recorded at fair value are the beneficial interest in perpetual trusts and are valued based on information obtained from the trustees regarding the trust holdings and other pertinent information.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 4. BENEFICIAL INTEREST IN PERPETUAL TRUSTS – CONTINUED

The table below summarizes the beneficial interest in perpetual trusts by level at December 31, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in perpetual trusts	\$ -	\$ 1,013,271	\$ -	\$ 1,013,271
	<u>\$ -</u>	<u>\$ 1,013,271</u>	<u>\$ -</u>	<u>\$ 1,013,271</u>

The table below summarizes the beneficial interest in perpetual trusts by level at December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Beneficial interest in perpetual trusts	\$ -	\$ 898,497	\$ -	\$ 898,497
	<u>\$ -</u>	<u>\$ 898,497</u>	<u>\$ -</u>	<u>\$ 898,497</u>

The valuation methods used by the Church have been consistently applied during the year.

NOTE 5. RELATED PARTY

The First Methodist Church of Fort Worth Foundation, Inc. (the Foundation) is organized to receive and preserve gifts and bequests which are intended to benefit the Church and to support and assist in carrying out the purposes and programs of the Church.

The Church has determined not to include the net assets and operating results of the Foundation in these financial statements as control of the Foundation does not exist through a majority voting interest. A summary of financial data of the Foundation at December 31, 2009 and 2008 follows:

	<u>2009</u>	<u>2008</u>
Total assets	\$ 36,436,131	\$ 30,743,340
Total liabilities	<u>201,638</u>	<u>203,317</u>
Net assets	<u>\$ 36,234,493</u>	<u>\$ 30,540,023</u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 5. RELATED PARTY – CONTINUED

Contributions Received from the Foundation

The Church received contributions from the Foundation as follows:

	<u>2009</u>	<u>2008</u>
Unrestricted cash contributions	\$ 400,000	\$ 400,000
Restricted/designated cash contributions	<u>554,875</u>	<u>694,429</u>
	<u>\$ 954,875</u>	<u>\$ 1,094,429</u>

Contributions to the Foundation

The Foundation receives contributions from the Church as contributions restricted for a previous capital campaign are collected by the Church. Such amounts received by the Foundation are used to service Foundation indebtedness. Contributions to the Foundation approximated \$650 and \$21,000 for the years ended December 31, 2009 and 2008, respectively.

NOTE 6. UNRESTRICTED DESIGNATED NET ASSETS

The unrestricted designated net assets are Board designated amounts to be used for various program services and property improvements in future years.

NOTE 7. RESTRICTIONS ON NET ASSETS

Temporarily restricted net assets relate to funds contributed to the Church for future program expenses and property acquisitions:

	<u>2009</u>	<u>2008</u>
Property acquisitions	\$ 335,863	\$ 56,278
Program expenses	942,623	1,068,777
Advance pledges	226,631	278,442
Beneficial interest in trust	<u>910,204</u>	<u>795,430</u>
	<u>\$ 2,415,321</u>	<u>\$ 2,198,927</u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 7. RESTRICTIONS ON NET ASSETS – CONTINUED

Permanently restricted net assets at December 31, 2009 and 2008, consist of the following:

	2009	2008
Beneficial interest in perpetual trust	\$ 103,067	\$ 103,067
	\$ 103,067	\$ 103,067

The income from the permanently restricted net assets may be used to support specific program services.

NOTE 8. ADOPTION OF THE STATE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT

The Board of Trustees of the Church has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The State and the Church have both adopted UPMIFA. As a result of this interpretation, the Church classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

A reconciliation of the endowment funds beginning and ending balances for the year ended December 31, 2009 is as follows:

	Unrestricted Net Assets	Temp Rest. Net Assets	Perm Rest. Net Assets	Total Net Assets
Donor-restricted Board designated	\$ -	\$ 64,796	\$ 103,067	\$ 167,863
Total Funds	\$ -	\$ 64,796	\$ 103,067	\$ 167,863

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8. ADOPTION OF THE STATE UNIFORM PRUDENT MANAGEMENT OF
INSTITUTIONAL FUNDS ACT – CONTINUED**

A reconciliation of the endowment funds beginning and ending balances for the year ended December 31, 2008 is as follows:

	<u>Unrestricted Net Assets</u>	<u>Temp Rest. Net Assets</u>	<u>Perm Rest. Net Assets</u>	<u>Total Net Assets</u>
Donor-restricted Board designated	\$ -	\$ 42,663	\$ 103,067	\$ 145,730
	-	-	-	-
Total Funds	<u>\$ -</u>	<u>\$ 42,663</u>	<u>\$ 103,067</u>	<u>\$ 145,730</u>

Changes in endowment net assets for the fiscal year ended December 31, 2009:

	<u>Unrestricted Net Assets</u>	<u>Temp Rest. Net Assets</u>	<u>Perm Rest. Net Assets</u>	<u>Total Net Assets</u>
Endowment net assets, beginning of year	\$ -	\$ 42,663	\$ 103,067	\$ 145,730
Interest and dividends	-	-	-	-
Net appreciation (realized and unrealized)	-	22,133	-	22,133
Total investment return	-	22,133	-	22,133
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 64,796</u>	<u>\$ 103,067</u>	<u>\$ 167,863</u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8. ADOPTION OF THE STATE UNIFORM PRUDENT MANAGEMENT OF
INSTITUTIONAL FUNDS ACT – CONTINUED**

Changes in endowment net assets for the fiscal year ended December 31, 2008:

	<u>Unrestricted Net Assets</u>	<u>Temp Rest. Net Assets</u>	<u>Perm Rest. Net Assets</u>	<u>Total Net Assets</u>
Endowment net assets, beginning of year	\$ -	\$ -	\$ 199,660	\$ 199,660
Net asset reclassification based on change in law	-	96,593	(96,593)	-
Endowment net assets after reclassification	-	96,593	103,067	199,660
Interest and dividends	-	-	-	-
Net depreciation (realized and unrealized)	-	(53,930)	-	(53,930)
Total investment return	-	(53,930)	-	(53,930)
Contributions	-	-	-	-
Appropriation of endowment assets for expenditure	-	-	-	-
Transfers to remove board-designated endowment funds	-	-	-	-
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 42,663</u>	<u>\$ 103,067</u>	<u>\$ 145,730</u>

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

**NOTE 8. ADOPTION OF THE STATE UNIFORM PRUDENT MANAGEMENT OF
INSTITUTIONAL FUNDS ACT – CONTINUED**

Investment Policy

The investments are owned and held by a trustee where all investment decisions are made. The trustee is responsible for all investment decisions, managing the trust and determining the strategy to achieve objectives per the provisions of the trust document. The church has a beneficial interest in the assets held by the trustee.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Church to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. The Church's endowment did not have a deficiency as of December 31, 2009 and 2008.

NOTE 9. RETIREMENT PLANS

The Church participates in two retirement plans of the General Board of Pensions of the United Methodist Church. A defined benefit plan is available only to clergy, and the church contributes toward this plan amounts determined by the Central Texas Conference of the United Methodist Church. A defined contribution plan is available to both clergy and lay employees. For lay employees, the church contributed 6% of participating employee's compensation for 2009 and 8% for 2008. For clergy, the church contributed 3% of participating clergy person's compensation for both years. For the years ended December 31, 2009 and 2008, pension expense was \$136,845 and \$146,217, respectively.

NOTE 10. COMMITMENTS AND CONTINGENCIES

The Church leases equipment under operating leases with terms of 2 to 5 years as of December 31, 2009. Rent expense of \$36,550 and \$31,059 has been recognized for the years ended December 31, 2009 and 2008, respectively.

On October 6, 2004 the Church leased 170 striped parking spaces, owned by the Church, for a term of 36 months commencing on April 1, 2005 to a third party. The lease was renewed on April 1, 2008 for an additional 36 months.

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

NOTE 10. COMMITMENTS AND CONTINGENCIES – CONTINUED

Future minimum lease payments and receipts on operating leases are as follows:

	<u>Rental Payments</u>	<u>Rentals to be Received</u>
2010	\$ 30,240	\$ 126,000
2011	27,957	31,500
2012	7,984	-
	<u>\$ 66,181</u>	<u>\$ 157,500</u>

On September 3, 2009 the Church entered into a contract for \$1,850,000 to repair and expand the organ in the sanctuary on or before thirty-six (36) months after the date of the agreement. The initial payment of \$277,500 will be held in escrow until the date it is paid to the Organbuilder at the time the final payment is made, with all accrued interest thereon.

Future progress payments on the organ project are as follows:

	<u>Future Payments</u>
Payment 1: Five percent (5%) of the Contract Price when pipes for the Project are ordered	\$ 92,500
Payment 2: Five percent (5%) of the Contract Price when chest parts and mechanisms are ordered	92,500
Payment 3: Fifteen percent (15%) of the Contract Price when pipe work is complete and delivered to the premises of Organbuilder	277,500
Payment 4: Fifteen percent (15%) of the Contract Price when the mechanisms are complete and delivered to the premises of Organbuilder	277,500
Payment 5: Twenty percent (20%) of the Contract Price when the Project is delivered to the premises of Purchaser	370,000
Final Payment: Upon acceptance of the Project by Purchaser, Purchaser shall make the Final Payment, consisting of twenty-five percent (25%) of the Contract Price	<u>462,500</u>
Future Payments	1,572,500
Release initial payment held in escrow by Purchaser, fifteen percent (15%) of the Contract Price, plus accrued interest, at the same time as Final Payment	<u>277,500</u>
Total Payments	<u>\$ 1,850,000</u>

SUPPLEMENTARY INFORMATION

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
COMBINING STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009**

	Fund Type						Total
	Budget	Designated	Temporarily Restricted	Permanently Restricted	Weekday	Mission	
ASSETS							
Cash and cash equivalents	\$ 84,505	\$ 113,273	\$1,139,187	\$ -	\$ 87,712	\$ 450,966	\$ 1,875,643
Accounts receivable	22,173	15,000	4,865	-	-	-	42,038
Prepaid expenses	29,251	2,869	-	-	-	-	32,120
Property and equipment	9,706,076	-	-	-	-	-	9,706,076
Beneficial interest in perpetual trusts	-	-	845,408	167,863	-	-	1,013,271
Total assets	\$ 9,842,005	\$ 131,142	\$1,989,460	\$ 167,863	\$ 87,712	\$ 450,966	\$ 12,669,148
LIABILITIES AND NET ASSETS							
Accounts payable and accrued liabilities	\$ 183,149	\$ -	\$ 17,928	\$ -	\$ 1,058	\$ (603)	\$ 201,532
Funds held for others	-	-	72,576	-	-	-	72,576
Deferred revenue	1,500	-	-	-	-	-	1,500
Total liabilities	184,649	-	90,504	-	1,058	(603)	275,608
NET ASSETS							
Unrestricted							
Undesignated	9,657,356	-	-	-	86,654	-	9,744,010
Designated	-	131,142	-	-	-	-	131,142
	<u>9,657,356</u>	<u>131,142</u>	<u>-</u>	<u>-</u>	<u>86,654</u>	<u>-</u>	<u>9,875,152</u>
Temporarily restricted	-	-	1,898,956	64,796	-	451,569	2,415,321
Permanently restricted	-	-	-	103,067	-	-	103,067
Total net assets	9,657,356	131,142	1,898,956	167,863	86,654	451,569	12,393,540
Total liabilities and net assets	\$ 9,842,005	\$ 131,142	\$1,989,460	\$ 167,863	\$ 87,712	\$ 450,966	\$ 12,669,148

**FIRST UNITED METHODIST CHURCH OF FORT WORTH
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2009**

	Fund Type							Total
	Budget	Designated	Temporarily Restricted	Permanently Restricted	Weekday	Mission	Reclass	
REVENUES AND OTHER SUPPORT								
Contributions	\$ 3,870,408	\$ 41,708	\$ 1,007,584	\$ -	\$ -	\$ 305,683	\$ (18,790)	\$ 5,206,593
Program fees	-	-	-	-	540,971	-	18,790	559,761
Release of Restricted / Designated Funds	501,198	(111,399)	(408,589)	-	18,790	-	-	-
Net unrealized and realized gain	-	-	100,127	22,133	-	-	-	122,260
Interest income	585	-	-	-	-	-	-	585
Other revenue	320,760	-	-	-	-	-	-	320,760
Total revenues and other support	<u>4,692,951</u>	<u>(69,691)</u>	<u>699,122</u>	<u>22,133</u>	<u>559,761</u>	<u>305,683</u>	<u>-</u>	<u>6,209,959</u>
EXPENSES								
Program services	3,609,759	44,047	462,285	-	530,025	348,259	-	4,994,375
General and administrative	892,386	-	-	-	-	-	-	892,386
Depreciation	566,624	-	-	-	-	-	-	566,624
Total expenses	<u>5,068,769</u>	<u>44,047</u>	<u>462,285</u>	<u>-</u>	<u>530,025</u>	<u>348,259</u>	<u>-</u>	<u>6,453,385</u>
Change in net assets	<u>(375,818)</u>	<u>(113,738)</u>	<u>236,837</u>	<u>22,133</u>	<u>29,736</u>	<u>(42,576)</u>	<u>-</u>	<u>(243,426)</u>
Net assets at beginning of year	<u>10,033,174</u>	<u>244,880</u>	<u>1,662,119</u>	<u>145,730</u>	<u>56,918</u>	<u>494,145</u>	<u>-</u>	<u>12,636,966</u>
Net assets at end of year	<u>\$ 9,657,356</u>	<u>\$ 131,142</u>	<u>\$ 1,898,956</u>	<u>\$ 167,863</u>	<u>\$ 86,654</u>	<u>\$ 451,569</u>	<u>\$ -</u>	<u>\$ 12,393,540</u>