

# INDEPENDENT AUDITOR'S REPORT

THE AUDIT AND REVIEW COMMITTEE OF THE  
COUNCIL ON FINANCE AND ADMINISTRATION  
OF THE NEW ENGLAND ANNUAL CONFERENCE OF  
THE UNITED METHODIST CHURCH  
Lawrence, Massachusetts

We have audited the accompanying statements of net assets of the Trustees' Activities – Division of the New England Annual Conference of The United Methodist Church as of December 31, 2005 and 2004, and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Conference's management. Our responsibility is to express an opinion on these financial statements based on our audits.

Except as described in the following paragraph, we conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our procedures included confirmation of investments held as of December 31, 2005 and 2004, by correspondence with the United Methodist Foundation of New England. 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.

As described in Note C, the value of certain real property transferred to the Trustees in 1993 was estimated by management as being \$5,849,459. We were not able to verify independently the fair market value of these real properties.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves about the fair market value of the real property transferred to the Trustees in 1993, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the Trustees' Activities – Division of the New England Annual Conference of The United Methodist Church as of December 31, 2005 and 2004, and its activities and changes in net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

  
*Parent, McLaughlin + Dangle*  
Certified Public Accountants

April 13, 2006

**TRUSTEES' ACTIVITIES – DIVISION OF THE NEW ENGLAND ANNUAL  
CONFERENCE OF THE UNITED METHODIST CHURCH**

**Statements of Net Assets as of December 31, 2005 and 2004**

	2005	2004
<b><u>ASSETS</u></b>		
Cash	\$ 128,187	\$ -
Investments managed by the United Methodist Foundation of New England, at fair market value	18,212,331	17,776,385
Loans receivable, less allowance for doubtful accounts of \$300,000 in 2005 and 2004	512,504	799,680
Property and equipment, less accumulated depreciation of \$2,593,293 in 2005 and \$2,304,432 in 2004	9,405,078	9,676,130
Due from Conference Activities-Division	383,610	703,090
Due from Board of Global Ministries	-	12,018
Total assets	28,641,710	28,967,303
<b><u>LIABILITIES</u></b>		
Accounts payable	36,027	-
Other liabilities	9,256	-
Total liabilities	45,283	-
<b>NET ASSETS</b>	<b>\$ 28,596,427</b>	<b>\$ 28,967,303</b>
Net assets:		
Unrestricted:		
Board designated	\$ 14,391,759	\$ 14,135,773
Other unrestricted	9,905,998	10,494,185
Total unrestricted	24,297,757	24,629,958
Temporarily restricted	373,876	362,489
Permanently restricted	3,924,794	3,974,856
Total net assets	\$ 28,596,427	\$ 28,967,303

See notes to financial statements.

TRUSTEES' ACTIVITIES – DIVISION OF THE NEW ENGLAND ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

Statements of Activities and Changes in Net Assets

Year Ended December 31, 2005

	Unrestricted			Temporarily Restricted	Permanently Restricted	Total
	Board Designated	Other	Total			
Revenue:	\$ 408,333	\$ 34,330	\$ 442,663	\$ 114,491	\$ -	\$ 557,154
Interest and dividends, net	448,962	-	448,962	-	-	448,962
Proceeds from sales of abandoned church properties	26,288	34,702	60,990	-	-	60,990
Rental income, net	-	2,500	2,500	-	-	2,500
Other income	-	-	-	-	-	-
Net assets released from restrictions:	-	91,444	91,444	( 91,444 )	-	-
Satisfaction of program restrictions	883,583	162,976	1,046,559	23,047	-	1,069,606
Total revenue	-	-	-	-	-	-
Expenses and distributions paid:	-	-	-	-	-	-
Expenses:	-	-	-	-	-	-
Interest	41,962	13,954	13,954	-	-	13,954
Building repairs and maintenance	-	182,104	224,066	-	-	224,066
Depreciation and amortization	-	288,861	288,861	-	-	288,861
Utilities	24,795	31,183	55,978	-	-	55,978
Insurance	17,330	-	17,330	-	-	17,330
Real estate taxes	-	4,089	4,089	-	-	4,089
Scholarships	-	34,297	34,297	-	-	34,297
Other expenses	118,776	107,684	226,460	-	-	226,460
Total expenses	202,863	662,172	865,035	-	-	865,035
Distributions paid	309,458	93,953	403,411	-	-	403,411
Total expenses and distributions paid	512,321	756,125	1,268,446	-	-	1,268,446
Excess (deficiency) of revenue over expenses and distributions paid	371,262	( 593,149 )	( 221,887 )	23,047	-	( 198,840 )
Net realized and unrealized appreciation (depreciation) on investments	15,001	4,962	19,963	( 5,487 )	51,873	66,349
Principal additions (redemptions), net	( 130,277 )	-	( 130,277 )	( 6,173 )	( 101,935 )	( 238,385 )
Change in net assets	255,986	( 588,187 )	( 332,201 )	11,387	( 50,062 )	( 370,876 )
Net assets, beginning of year	14,135,773	10,494,185	24,629,958	362,489	3,974,856	28,967,303
Net assets, end of year	\$ 14,391,759	\$ 9,905,998	\$ 24,297,757	\$ 373,876	\$ 3,924,794	\$ 28,596,427

See notes to financial statements.

TRUSTEES' ACTIVITIES – DIVISION OF THE NEW ENGLAND ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

Statements of Activities and Changes in Net Assets

Year Ended December 31, 2004

	Board Designated	Unrestricted		Total	Temporarily Restricted	Permanently Restricted	Total
		Other					
Revenue:							
Interest and dividends, net	\$ 413,875	\$ 35,164	\$ 449,039	\$ 117,384	\$ -	\$ 566,423	
Donations	-	49,286	49,286	-	-	49,286	
Gain on sale of residences	-	221,422	221,422	-	-	221,422	
Proceeds from sales of abandoned church properties	1,320,223	-	1,320,223	-	-	1,320,223	
Rental income, net	14,303	57,446	71,749	-	-	71,749	
Other income	-	38,450	38,450	-	-	38,450	
Net assets released from restrictions:							
Satisfaction of program restrictions	-	88,617	88,617	( 88,617 )	-	-	
Total revenue	1,748,401	490,385	2,238,786	28,767	-	2,267,553	
Expenses and distributions paid:							
Expenses:							
Interest	-	27,007	27,007	-	-	27,007	
Building repairs and maintenance	68,032	214,139	282,171	-	-	282,171	
Depreciation and amortization	-	291,499	291,499	-	-	291,499	
Utilities	11,807	35,885	47,692	-	-	47,692	
Insurance	15,607	-	15,607	-	-	15,607	
Real estate taxes	-	7,714	7,714	-	-	7,714	
Scholarships	-	35,397	35,397	-	-	35,397	
Other expenses	7,747	18,511	26,258	-	-	26,258	
Total expenses	103,193	630,152	733,345	-	-	733,345	
Distributions paid	244,708	91,296	336,004	-	-	336,004	
Total expenses and distributions paid	347,901	721,448	1,069,349	-	-	1,069,349	
Excess (deficiency) of revenue over expenses and distributions paid	1,400,500	( 231,063 )	1,169,437	28,767	-	1,198,204	
Net realized and unrealized appreciation (depreciation) on investments	( 31,239 )	16,303	( 14,936 )	( 6,231 )	42,407	21,240	
Principal additions (redemptions), net	( 218,735 )	( 17,767 )	( 236,502 )	( 6,695 )	( 137,166 )	( 380,363 )	
Change in net assets	1,150,526	( 232,527 )	917,999	15,841	( 94,759 )	839,081	
Net assets, beginning of year	12,985,247	10,726,712	23,711,959	346,648	4,069,615	28,128,222	
Net assets, end of year	\$ 14,135,773	\$ 10,494,185	\$ 24,629,958	\$ 362,489	\$ 3,974,856	\$ 28,967,303	

See notes to financial statements.

