



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

**FIRST UNITED METHODIST CHURCH
OF AUSTIN, TEXAS, INC.**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT,
CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010



Montemayor Hill & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Board of Trustees
First United Methodist Church of Austin, Texas, Inc.

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying consolidated statement of assets, liabilities and net assets-modified cash basis of the First United Methodist Church of Austin, Texas, Inc. (Church) as of December 31, 2010, and the related consolidated statement of revenue, expenses and changes in net assets-modified cash basis for the year then ended. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Church's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services established by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 2.

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the consolidated financial statements in order for them to be in conformity with the modified cash basis of accounting as described in Note 2. The supplemental statement of assets, liabilities and net assets-modified cash basis and supplemental statement of revenue, expenses and changes in net assets-modified cash basis on pages 12 and 13 are presented only for purposes of additional analysis and have been subjected to the inquiry and analytical procedures applied in the review of the basic consolidated financial statements, and we are not aware of any material modifications that should be made thereto.

5 May 2011
Austin, Texas

Montemayor Hill & Company, P.C.

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FIRST UNITED METHODIST CHURCH OF AUSTIN, TEXAS, INC.

CONSOLIDATED STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS-
MODIFIED CASH BASIS

DECEMBER 31, 2010

ASSETS

CURRENT ASSETS

Cash and cash equivalents \$457,248

NON-CURRENT RESTRICTED ASSETS

Cash and cash equivalents – endowment fund 1,777,821

Investments – endowment fund 4,410,419

Royalty interest and other – endowment fund 33,038

6,221,278

PROPERTY AND EQUIPMENT, net of accumulated depreciation of \$2,666,786 7,220,573

\$13,899,099

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Current portion of long-term debt \$98,979

LONG-TERM DEBT, net of current portion 2,363,195

2,462,174

NET ASSETS

Unrestricted

Undesignated 4,844,226

Board designated for endowment fund 218,332

5,062,558

Temporarily restricted 371,421

Permanently restricted 6,002,946

11,436,925

\$13,899,099

The accompanying notes are an integral part of this financial statement presentation.

FIRST UNITED METHODIST CHURCH OF AUSTIN, TEXAS, INC.

CONSOLIDATED STATEMENT OF REVENUE, EXPENSES
AND CHANGES IN NET ASSETS-MODIFIED CASH BASIS

YEAR ENDED DECEMBER 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
REVENUE				
Pledges	\$761,941	\$0	\$0	\$761,941
Designated donations	166,965	409,799	113,620	690,384
Offerings and gifts	650,158	0	0	650,158
Preschool tuition	448,206	0	0	448,206
Investment earnings	129,801	2,065	0	131,866
Gain/(loss) on investments	356,141	0	0	356,141
Building use fees	61,175	0	0	61,175
Other	34,041	0	0	34,041
Juanita Morris Trust	16,210	0	0	16,210
Net assets released from restrictions	<u>220,298</u>	<u>(220,298)</u>	<u>0</u>	<u>0</u>
	<u>2,844,936</u>	<u>191,566</u>	<u>113,620</u>	<u>3,150,122</u>
EXPENSES				
Personnel	1,124,632	0	0	1,124,632
Payroll taxes and benefits	246,716	0	0	246,716
Utilities and maintenance	380,802	0	0	380,802
Interest	258,586	0	0	258,586
Designated programs	200,548	0	0	200,548
Depreciation	191,701	0	0	191,701
Apportionments	151,845	0	0	151,845
Administration	78,874	0	0	78,874
Other	57,885	0	0	57,885
Preschool operations	<u>51,907</u>	<u>0</u>	<u>0</u>	<u>51,907</u>
	<u>2,743,496</u>	<u>0</u>	<u>0</u>	<u>2,743,496</u>
CHANGE IN NET ASSETS	101,440	191,566	113,620	406,626
BEGINNING NET ASSETS	<u>4,961,118</u>	<u>179,855</u>	<u>5,889,326</u>	<u>11,030,299</u>
ENDING NET ASSETS	<u>\$5,062,558</u>	<u>\$371,421</u>	<u>\$6,002,946</u>	<u>\$11,436,925</u>

The accompanying notes are an integral part of this financial statement presentation.