

**UNITED METHODIST COMMITTEE ON
RELIEF OF GLOBAL MINISTRIES, INC.
AND AFFILIATES**

CONSOLIDATED FINANCIAL STATEMENTS,

As of and for the Years Ended December 31, 2021 and 2020

And Report of Independent Auditor

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
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Report of Independent Auditor

To the Board of Directors
United Methodist Committee on Relief
Global Ministries, Inc.

To the Audit Committee
General Board of Global Ministries
The United Methodist Church, Inc.

To the Committee on Audit and Review
General Council on Finance and Administration
The United Methodist Church

Opinion

We have audited the accompanying consolidated financial statements of United Methodist Committee on Relief of Global Ministries, Inc. and affiliates (collectively, "UMCOR") (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of United Methodist Committee on Relief of Global Ministries, Inc. and affiliates (collectively, "UMCOR") as of December 31, 2021 and 2020, 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.

We did not audit the financial statements of a certain division, UMCOR at Sager Brown, which statements reflect total assets of \$1,110,098 and \$1,452,568 as of December 31, 2021 and 2020, respectively, and total support and revenues of \$771,517 and \$1,063,973 for the years then ended, respectively. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for UMCOR at Sager Brown, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of UMCOR and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about UMCOR's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 UMCOR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UMCOR's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Cheryl Bekart LLP

Atlanta, Georgia
August 5, 2022

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 10,985,241	\$ 10,650,044
Investments	82,975,203	78,466,416
Investments in securities of Wesleyan Investive	1,746,782	1,766,000
Receivables:		
Advance special gifts	11,621,597	4,989,221
Other	1,734,415	1,614,249
Due from General Board of Global Ministries of The United Methodist Church, Inc.	54,177	126,254
Inventory and other assets	327	7,827
Buildings and equipment, net	1,933,124	2,062,257
Endowment funds held by General Board of Global Ministries of The United Methodist Church, Inc.	1,975,281	1,936,685
Perpetual trusts held by others	1,633,574	1,530,704
Total Assets	\$ 114,659,721	\$ 103,149,657
LIABILITIES AND NET ASSETS		
Liabilities:		
Due to General Board of Global Ministries of The United Methodist Church, Inc.	\$ 101,014	\$ 383,140
Accounts payable and accrued expenses	540,587	467,444
Grants payable	8,835,563	13,979,033
Funds held for others	3,442,958	3,314,679
Total Liabilities	<u>12,920,122</u>	<u>18,144,296</u>
Net Assets:		
Without Donor Restrictions:		
Invested in buildings and equipment	1,933,124	2,062,257
UMCOR at Sager Brown	1,087,690	1,422,274
National Justice for Our Neighbors, Inc.	363,692	258,469
Undesignated	43,915,965	35,021,688
Total Without Donor Restrictions	<u>47,300,471</u>	<u>38,764,688</u>
With Donor Restrictions:		
Subject to donor restrictions	49,481,142	41,521,217
Endowments and other perpetual trusts	4,957,986	4,719,456
Total With Donor Restrictions	<u>54,439,128</u>	<u>46,240,673</u>
Total Net Assets	<u>101,739,599</u>	<u>85,005,361</u>
Total Liabilities and Net Assets	\$ 114,659,721	\$ 103,149,657

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Operating Revenues:						
Advance special gifts	\$ 11,813,629	\$ 17,838,752	\$ 29,652,381	\$ 8,819,042	\$ 10,132,456	\$ 18,951,498
Special Sunday Offerings	1,751,433	-	1,751,433	1,013,338	-	1,013,338
Allocation from World Service Fund	-	55,088	55,088	-	57,617	57,617
Grants and contracts	-	-	-	-	2,451,308	2,451,308
Gifts and bequests	2,465,070	322,000	2,787,070	8,434,783	152,941	8,587,724
Sager Brown program income	242,508	-	242,508	363,773	-	363,773
Other income, net	416,501	-	416,501	1,380,644	-	1,380,644
Net assets released from restrictions	12,062,994	(12,062,994)	-	7,050,862	(7,050,862)	-
Total Operating Revenues	28,752,135	6,152,846	34,904,981	27,062,442	5,743,460	32,805,902
Expenses:						
Program Services:						
Specialized ministries	7,173,239	-	7,173,239	8,470,813	-	8,470,813
Advance projects	6,975,471	-	6,975,471	3,075,444	-	3,075,444
Relief projects	-	-	-	2,493,344	-	2,493,344
Health programs	4,405,730	-	4,405,730	4,624,619	-	4,624,619
Total Program Services	18,554,440	-	18,554,440	18,664,220	-	18,664,220
Supporting Services:						
Management and general	3,807,769	-	3,807,769	4,365,353	-	4,365,353
Fundraising	507,684	-	507,684	613,426	-	613,426
Total Supporting Services	4,315,453	-	4,315,453	4,978,779	-	4,978,779
Total Expenses	22,869,893	-	22,869,893	23,642,999	-	23,642,999
Changes in Net Assets from Operating Activities	5,882,242	6,152,846	12,035,088	3,419,443	5,743,460	9,162,903
Nonoperating Activities:						
Investment returns, net	2,599,715	1,858,720	4,458,435	7,067,707	3,843,004	10,910,711
Investment returns, net - Wesleyan Investive	53,826	69	53,895	56,790	(49)	56,741
Investment returns, net - General Board of Global Ministries of The Methodist Church, Inc.	-	38,596	38,596	-	215,410	215,410
Net appreciation in fair value of perpetual trusts	-	102,870	102,870	-	78,025	78,025
Contributions	-	45,354	45,354	-	128,724	128,724
Total Nonoperating Activities	2,653,541	2,045,609	4,699,150	7,124,497	4,265,114	11,389,611
Changes in net assets	8,535,783	8,198,455	16,734,238	10,543,940	10,008,574	20,552,514
Net assets, beginning of year	38,764,688	46,240,673	85,005,361	28,220,748	36,232,099	64,452,847
Net assets, end of year	\$ 47,300,471	\$ 54,439,128	\$ 101,739,599	\$ 38,764,688	\$ 46,240,673	\$ 85,005,361

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2021

	Program Services				Supporting Services			
	Specialized Ministries	Advance Projects	Health Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total
Grants, contributions, and other direct programs	\$ 3,204,380	\$ 6,975,471	\$ 3,077,526	\$ 13,257,377	\$ -	\$ -	\$ -	\$ 13,257,377
Salaries and benefits	2,449,244	-	564,182	3,013,426	17,038	56,272	73,310	3,086,736
Services rendered by other agencies	976,489	-	750,000	1,726,489	2,787,953	451,412	3,239,365	4,965,854
Rent	70,945	-	-	70,945	154,910	-	154,910	225,855
Travel and meetings	18,410	-	2,403	20,813	862	-	862	21,675
Equipment maintenance	8,120	-	-	8,120	3,090	-	3,090	11,210
Printing and Office	98	-	-	98	21,962	-	21,962	22,060
Professional fees	178,976	-	11,017	189,993	325,289	-	325,289	515,282
Miscellaneous	2,987	-	602	3,589	156,093	-	156,093	159,682
Insurance and taxes	205,031	-	-	205,031	226,836	-	226,836	431,867
Telephone	2,103	-	-	2,103	30,432	-	30,432	32,535
Depreciation	54,844	-	-	54,844	81,389	-	81,389	136,233
Promotional and informational materials	375	-	-	375	185	-	185	560
Postage and freight	1,237	-	-	1,237	1,730	-	1,730	2,967
Total Expenses	<u>\$ 7,173,239</u>	<u>\$ 6,975,471</u>	<u>\$ 4,405,730</u>	<u>\$ 18,554,440</u>	<u>\$ 3,807,769</u>	<u>\$ 507,684</u>	<u>\$ 4,315,453</u>	<u>\$ 22,869,893</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

	Program Services				Supporting Services				Total
	Specialized Ministries	Advance Projects	Relief Projects	Health Programs	Total Programs	Management and General	Fundraising	Total Supporting	
Grants, contributions, and other direct programs	\$ 1,271,843	\$ 3,075,444	\$ -	\$ 2,654,582	\$ 7,001,869	\$ -	\$ -	\$ -	\$ 7,001,869
Salaries and benefits	3,394,018	-	2,241,109	918,746	6,553,873	866	-	866	6,554,739
Services rendered by other agencies	2,447,300	-	-	915,849	3,363,149	3,493,139	613,426	4,106,565	7,469,714
In-kind commodity distribution	494,082	-	-	-	494,082	-	-	-	494,082
Rent	227,323	-	53,018	121,641	401,982	172,207	-	172,207	574,189
Travel and meetings	62,868	-	36,529	7,766	107,163	1,656	-	1,656	108,819
Equipment maintenance	17,540	-	-	-	17,540	3,302	-	3,302	20,842
Printing and office	790	-	42,111	-	42,901	46,510	-	46,510	89,411
Professional fees	301,882	-	68,308	5,678	375,868	229,086	-	229,086	604,954
Miscellaneous	3,959	-	21,935	357	26,251	142,132	-	142,132	168,383
Insurance	171,952	-	-	-	171,952	73,199	-	73,199	245,151
Telephone	5,404	-	30,022	-	35,426	48,038	-	48,038	83,464
Depreciation	68,173	-	-	-	68,173	152,089	-	152,089	220,262
Promotional and informational materials	1,047	-	-	-	1,047	125	-	125	1,172
Postage and freight	2,632	-	312	-	2,944	3,004	-	3,004	5,948
Total Expenses	<u>\$ 8,470,813</u>	<u>\$ 3,075,444</u>	<u>\$ 2,493,344</u>	<u>\$ 4,624,619</u>	<u>\$ 18,664,220</u>	<u>\$ 4,365,353</u>	<u>\$ 613,426</u>	<u>\$ 4,978,779</u>	<u>\$ 23,642,999</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 16,734,238	\$ 20,552,514
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net appreciation in fair value of investments	(4,512,330)	(10,967,452)
Net appreciation in fair value of perpetual trusts held by others	(102,870)	(78,025)
Net appreciation in endowment funds held by others	(38,596)	(215,410)
Depreciation	136,233	220,262
Changes in operating assets and liabilities:		
Receivables	(6,752,542)	(1,427,713)
Due to/from General Board of Global Ministries of The United Methodist Church, Inc.	(210,049)	(5,466,164)
Inventory and other assets	7,500	490,715
Accounts payable and accrued expenses	73,143	(679,287)
Funds held for others	128,279	(34,533)
Grants payable	(5,143,470)	(26,277,613)
Deferred revenue and amounts held under grants and contracts	-	(584,203)
Net cash flows from operating activities	<u>319,536</u>	<u>(24,466,909)</u>
Cash flows from investing activities:		
Purchases of building and equipment	(7,100)	-
Purchases of investments	-	(400,000)
Proceeds from sales of investments	22,761	25,499,151
Net cash flows from investing activities	<u>15,661</u>	<u>25,099,151</u>
Net change in cash and cash equivalents	335,197	632,242
Cash and cash equivalents, beginning of year	<u>10,650,044</u>	<u>10,017,802</u>
Cash and cash equivalents, end of year	<u>\$ 10,985,241</u>	<u>\$ 10,650,044</u>

The accompanying notes to the consolidated financial statements are an integral part of these statements.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 1—Nature of the organization and principles of consolidation

United Methodist Committee on Relief of Global Ministries, Inc. is a Domestic Nonprofit Corporation in the state of Georgia. United Methodist Committee on Relief of Global Ministries, Inc. (“UMCOR”), a tax-exempt, not-for-profit organization, was established by the General Conference of The United Methodist Church to provide assistance to persons in need through programs of relief, rehabilitation, service to refugees, and renewal of life. The consolidated financial statements of UMCOR include the accounts of UMCOR and its wholly-owned subsidiary, National Justice for Our Neighbors, Inc. (“NJFON”) and UMCOR at Sager Brown (“Sager Brown”). All of the financial activities and balances of these organizations are included in the consolidated financial statements collectively, “UMCOR”. All significant intercompany accounts and transactions are eliminated in consolidation.

NJFON is a tax-exempt, not-for-profit organization which was established to administer immigration programs. UMCOR provides shared services to NJFON.

Sager Brown was organized by UMCOR and the General Board of Global Ministries of The United Methodist Church, Inc. (“Global Ministries”) as a material relief program of UMCOR. The purpose of Sager Brown is to operate the facilities of Sager Brown and the UMCOR depot in support of worldwide ministries, as well as continued development of community ministries. Sager Brown operates as a division of UMCOR and is supported primarily through funding by UMCOR and revenues generated from ministries carried out related to volunteer depot staffing and disaster relief projects.

Note 2—Summary of significant accounting policies

Basis of Presentation – The consolidated financial statements of UMCOR have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). UMCOR is required to report information regarding its consolidated financial position and activities according to two classes of net assets based on the evidence or absence of donor-imposed restrictions. Accordingly, the net assets of UMCOR and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UMCOR. These net assets may be used at the discretion of UMCOR’S management and the board of directors. UMCOR has chosen to provide further classification information about net assets without donor restrictions on the consolidated statements of financial position. The sub classifications are as follows:

Invested in Buildings and Equipment – Represents net assets invested in buildings and equipment, net of accumulated depreciation.

UMCOR at Sager Brown – Represents the net assets of UMCOR at Sager Brown.

National Justice for Our Neighbors, Inc. – Represents the net assets of NJFON.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets invested in buildings and equipment, net assets of UMCOR at Sager Brown and NJFON, and designated for specific activities by the board of directors.

Net Assets With Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UMCOR or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by state law.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less that are readily convertible to known amounts of cash, except for short-term investments held by UMCOR’s investment managers as part of a long-term strategy. UMCOR places its cash and cash equivalents with high credit quality financial institutions whose credit ratings are monitored by management to minimize credit risk.

Investments – Investments are carried at fair value as follows:

Investments Valued at Quoted Market Prices – Investments in debt and equity securities with a readily-determinable market value are reported at fair value with gains and losses included in the consolidated statements of activities based on quotations obtained from national securities exchanges.

Investments Valued at Net Asset Value Per Share – UMCOR has placed funds for investment with Wespath Benefits and Investments (“Wespath”). Wespath has established, for accounting purposes, an initial unit value for an accounting unit of the participants’ accounts based on the participants’ net assets divided by the unit value. At all times, the total value of the participants’ net assets, divided by the total of all participants’ units, will equal the unit value. The unit value of the net assets is determined on each business day.

Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated in the values of investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and such changes could materially affect the amounts reported in UMCOR’s consolidated financial statements.

Buildings and Equipment – Buildings and equipment are recorded at the cost of acquisition if purchased or at fair value at the date of gift. It is UMCOR’s policy to capitalize expenditures for equipment in excess of \$2,500; purchases which do not exceed this amount, as well as routine repairs and maintenance, are expensed as incurred. Buildings and equipment are depreciated as follows:

Office equipment	5 - 12 years
Vehicles	5 - 10 years
Buildings	25 years
Leasehold improvements	10 - 20 years

Bequests and Other Contributions – Contributions, which include unconditional promises to give, are recognized as revenue when received. Bequest income is recorded when the will is declared valid. Contributions received on behalf of a specified unaffiliated beneficiary are recorded as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

Perpetual Trusts Held by Others – UMCOR is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, UMCOR has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interests in these trusts are recognized as assets and as net assets with donor restrictions at the date the trust is established. UMCOR's estimate of fair value is based on fair value information received from the trustees. The trust assets consist of, but are not limited to, cash and cash equivalents, corporate and government bonds, mutual funds, and equity securities. These assets are not subject to the control or direction of UMCOR. Net realized and unrealized gains and losses, of which are not distributed by the trusts, are recorded as net assets with donor restrictions in the consolidated statements of activities as designated by the donor.

Contributions and Grants Received – Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. If assets are transferred in advance of the conditions being met, a liability will be recorded until the conditions have been substantially met or explicitly waived by the donor. Contributions of assets other than cash are recorded at their estimated fair value.

UMCOR also receives funding under grants and contracts principally from the federal government and institutional donors, for direct and indirect program costs. If these grants and contracts are deemed to be conditional, revenue is recognized as allowable reimbursable expenses are incurred. Grants and contracts receivable represent amounts due from funding organizations for reimbursable expenses incurred. Deferred revenue represents cash received in advance of incurring allowable reimbursable expenses, as well as donated commodities held in inventory.

Grants and Contributions to Others – Grants and contributions to other organizations are approved and made by management and committees of and the board of directors of UMCOR. Grants and contributions to other organizations are recorded in the accompanying consolidated financial statements when approved and all conditions on which they depended have been met. Grants and contributions payable to other organizations in future years are recorded at the present value using the risk-adjusted rates applicable to the years in which the promises to give are to be made.

Donated Commodities – Donated commodities, which principally represent materials donated to UMCOR's relief projects generally through other not-for-profit organizations, are recorded at fair value upon receipt in the accompanying consolidated statements of financial position as inventory and deferred revenue under grants and contracts and are included in donated commodities revenue and relief projects expenses in the accompanying consolidated statements of activities upon distribution.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses.

Income Taxes – UMCOR is covered under the General Council on Finance and Administration of The United Methodist Church ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. UMCOR had no unrelated business income during the years ended December 31, 2021 and 2020.

**UNITED METHODIST COMMITTEE ON RELIEF OF
GLOBAL MINISTRIES, INC. AND AFFILIATES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

UMCOR accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for UMCOR include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, UMCOR has determined that such tax positions do not result in an uncertainty requiring recognition.

Concentrations of Credit Risk – Financial instruments which potentially subject UMCOR to concentrations of credit risk consist principally of cash and cash equivalents and investments held by UMCOR and Global Ministries. Cash and cash equivalents at December 31, 2021 and 2020 include cash, demand deposits, and short-term investments at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent they exceed federally insured limits. UMCOR from time to time may have amounts on deposit in excess of the insured limits. The exposure to concentrations of credit risk relative to securities is dependent on UMCOR's investment objectives and policies. Credit risk also extends to uncollateralized receivables.

Fair Value of Financial Instruments – UMCOR follows Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, which establishes a framework for measuring fair value in accordance with U.S. GAAP, and expands disclosures about the use of fair value measures. Assets recorded at fair value in the consolidated statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by ASC 820, are as follows:

Level 1 – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect UMCOR's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Use of Estimates – The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021. Management is currently evaluating the impact the pending adoption will have on the UMCOR's consolidated financial statements.

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Note 2—Summary of significant accounting policies (continued)

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for the year ending December 31, 2022. Management is currently evaluating the impact the pending adoption will have on the UMCOR's consolidated financial statements.

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 10,985,241	\$ 10,650,044
Investments	82,975,203	78,466,416
Investments in securities of		
United Methodist Development Fund	1,746,782	1,766,000
Accounts receivable	13,356,012	6,603,470
Due from General Board of Global Ministries of The United Methodist Church, Inc.	54,177	126,254
Endowment funds held by others	1,975,281	1,936,685
Total financial assets	<u>111,092,696</u>	<u>99,548,869</u>
Less amounts not available to be used for general expenditures within one year:		
Funds held for others	3,442,958	3,314,679
Subject to donor restrictions	49,481,142	41,521,217
Future expendable donor restricted endowment earnings	1,009,027	918,721
Portion of donor restricted endowment to be retained into perpetuity	2,315,385	2,270,031
Financial assets not available to be used within one year	<u>56,248,512</u>	<u>48,024,648</u>
Financial assets available to meet general expenditures within one year	<u>\$ 54,844,184</u>	<u>\$ 51,524,221</u>

UMCOR is substantially supported by contributions from donors. Because a donor's restrictions require resources to be used in a particular manner or in a future period, UMCOR must maintain sufficient resources to meet those responsibilities to its donors. All UMCOR endowments are donor-restricted endowments, therefore, income from endowments are not available for general expenditure. UMCOR considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. In addition, at December 31, 2021, UMCOR had grants payable of \$8,751,536 which are payable within one year, representing obligations to provide support to unrelated organizations.

As part of UMCOR's liquidity-management plan, it structures its financial assets to be available as its obligations come due. UMCOR does not consider funds held for others as available for general expenditures and has, therefore, excluded such funds from financial assets available to meet general expenditures within one year.

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Note 4—Transactions with related entities

UMCOR reimburses Global Ministries for shared costs for support of certain programs and administrative and management services. During the years ended December 31, 2021 and 2020, UMCOR reimbursed Global Ministries \$4,965,854 and \$6,204,450, respectively, for these costs. These amounts are included in program services and management and general expenses in the accompanying consolidated statements of activities.

During 2021 and 2020, UMCOR contributed \$23,086 and \$159,801, respectively, to Global Ministries towards the construction and rehabilitation costs of the new headquarters in Atlanta, Georgia. These amounts are included in specialized ministries expenses in the accompanying consolidated statements of activities. UMCOR shares office space with Global Ministries.

UMCOR has placed certain of its endowment funds with Global Ministries for investment management purposes. At December 31, 2021 and 2020, UMCOR had assets under management with Global Ministries of \$1,975,281 and \$1,936,685, respectively. Since the underlying investments are not in UMCOR's name those balances are included in investments and a corresponding liability is recorded in funds held for others in the statements of financial position. Investment returns are allocated to UMCOR based upon the weighted average percentage of the UMCOR funds held for investment to the total Global Ministries investments.

During 2021 and 2020, Global Ministries allocated \$416,465 and \$435,924, respectively, of its annual General Agency Benefit Trust allocation to UMCOR. This allocation is recorded in the statements of activities as other income.

The Advance for Christ and His Church is an official program of The United Methodist Church (the "Church") through which support may be designated for projects approved by the Advance Committee of Global Ministries. An Advance Special Gift is a contribution made by an individual, local church, organization, district, or conference to a project authorized by the Advance Committee. Special Sunday Offerings is an annual special offering for relief programs. The World Service Fund is the basic benevolence fund of the Church and annual allocations from the World Service Fund are made to support the activities of the various organizations of the Church. Advance Special Gifts, UMCOR Sunday Offerings and allocations from the World Service Fund are passed to UMCOR through the GCFA from the General Funds of the Church. These amounts are reported separately in the consolidated statements of activities.

Amounts received from the other United Methodist churches and agencies accounted for 90% and 61% of UMCOR's total operating revenue in 2021 and 2020, respectively. The Church's support of UMCOR is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant).

Note 5—Investments in securities of Wesleyan Investive

Investments in securities of Wesleyan Investive ("WI"), formerly United Methodist Development Fund, totaled \$1,746,782 and \$1,766,000 at December 31, 2021 and 2020, respectively, and include three to four-year term notes bearing interest at rates ranging from .70% to 3.45% per annum, with interest payable semiannually on June 30 and December 31. Investments in securities of WI are carried at cost in the accompanying consolidated financial statements. The principal amount of the notes is repaid at the maturity date; however, in accordance with the provisions of the notes, WI reserves the right to repay the principal amount in five, annual installments beginning 30 days after the maturity date. WI may pay up to a 1.50% premium on the face amount of the notes to recall the notes after 30 days written notice to the investor. Investment returns on investments in securities of WI totaled \$53,895 and \$56,741 for the years ended December 31, 2021 and 2020, respectively.

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Note 6—Investments

At December 31, 2021 and 2020, the cost and fair value of investments are as follows:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Multiple Asset Fund (I Series) - Wespath	\$ 62,738,406	\$ 40,152,408	\$ 58,046,517	\$ 40,152,408
Fixed Income Fund (I Series) - Wespath	20,186,123	17,124,992	20,419,899	17,124,992
Balanced Portfolio - Texas Methodist Foundation	50,674	50,354	-	-
Total investments	<u>\$ 82,975,203</u>	<u>\$ 57,327,754</u>	<u>\$ 78,466,416</u>	<u>\$ 57,277,400</u>

	2021	2020
Investment return:		
Realized gains (loss) on sales of investments	\$ (248)	\$ 3,630,113
Unrealized gains on investments	4,458,683	7,280,598
Investment return, net	<u>\$ 4,458,435</u>	<u>\$ 10,910,711</u>

Note 7—Buildings and equipment, net

Buildings and equipment, net consist of the following at December 31:

	2021	2020
Buildings and land	\$ 3,347,143	\$ 3,347,143
Equipment	1,386,399	1,379,299
Leasehold improvements	1,215,630	1,215,630
	5,949,172	5,942,072
Less accumulated depreciation	<u>(4,016,048)</u>	<u>(3,879,815)</u>
Total buildings and equipment, net	<u>\$ 1,933,124</u>	<u>\$ 2,062,257</u>

Depreciation expense totaled \$136,233 and \$220,262 in 2021 and 2020, respectively.

Note 8—Grants payable

UMCOR has granted support to related and unrelated organizations. Unconditional promises to give in future years are generally recorded at the present value using the risk-adjusted rates applicable to the years in which the promises to give are to be paid. At December 31, 2021, grants payable are expected to be paid as follows:

Less than one year	\$ 8,751,536
One to five years	84,027
	<u>\$ 8,835,563</u>

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Note 9—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 have been restricted by the donors for the following purpose restrictions:

	<u>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
Advance special gifts		
USA National Disaster Response and Recovery	\$ 13,219,895	\$ 4,449,650
Haiti Emergency	1,862,570	2,233,165
Philippines Emergency	1,031,695	299,901
International Disaster Response and Recovery	3,249,382	1,940,597
Other Advance projects and funds	<u>5,343,930</u>	<u>5,017,774</u>
Subtotal advanced special gifts	24,707,472	13,941,087
Harry R. Kendall Fund - health, housing, and training grants	19,978,529	18,505,661
Imagine No Malaria	2,195,344	3,942,093
Other purpose restricted funds	2,599,797	2,336,291
Subject to time restrictions:		
Anny Ryckman Fund	<u>-</u>	<u>2,796,085</u>
Total subject to purpose and time restrictions	<u>49,481,142</u>	<u>41,521,217</u>
Endowments and perpetual trusts:		
Perpetual trusts	1,633,574	1,530,704
Endowments (subject to appropriation only)		
Endowment corpus	2,315,385	2,270,031
Accumulated earnings subject to future appropriation	<u>1,009,027</u>	<u>918,721</u>
Total endowments	<u>3,324,412</u>	<u>3,188,752</u>
Total endowments and perpetual trusts	<u>4,957,986</u>	<u>4,719,456</u>
Total net assets with donor restrictions	<u>\$ 54,439,128</u>	<u>\$ 46,240,673</u>

Net assets with donor restrictions for the years ended December 31, 2021 and 2020 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restrictions	\$ 8,963,785	\$ 7,050,862
Satisfaction of time restrictions	<u>3,099,209</u>	<u>-</u>
	<u>\$ 12,062,994</u>	<u>\$ 7,050,862</u>

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Note 10—Employee benefits

Retirement Benefits – Full-time laypersons and clergy employed by UMCOR participate in the Retirement Plan for General Agencies. This defined contribution plan is administered by Wespath.

UMCOR makes semi-monthly contributions to each eligible employee's account held by Wespath based on 8% of annual employee compensation. Additionally, UMCOR matches up to 2% of each employee's compensation to their United Methodist Personal Investment Plan. Total contributions made by UMCOR for both components during 2021 and 2020 were \$176,593 and \$213,529, respectively, which is included in fringe benefits in the consolidated statements of functional expense.

Health, Dental, Life, and Other Employee Benefits – The General Agencies of The United Methodist Church Benefit Plan (the "Plan") which qualifies for treatment as a multiemployer plan under ASC 715, *Compensation – Retirement Benefits*, provides medical, dental, life, and long- and short-term disability defined benefits to participants of the 11 general agencies, all Bishops covered by the Episcopal Fund, and employees of other United Methodist related organizations. Effective January 1, 2004, the Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

UMCOR provides health, dental, life, and other employee benefits for its active employees and health, dental, and life benefits to non-Medicare eligible retirees through the Plan. Retirees who are Medicare eligible, and who elect to enroll, are eligible for a Health Reimbursement Account up to \$2,100 annually and \$2,000 annually for their spouse, if applicable. Unused reimbursement funds continue to roll-over to subsequent years until death of the retiree or their spouse, whichever is later.

All of UMCOR's active employees are covered by the Plan. The cost of the benefits is recognized as an expense as premiums are paid. The total cost of benefits for active employees was \$238,548 and \$296,665 for the years ended December 31, 2021 and 2020, respectively, which is included in fringe benefits in the consolidated statements of functional expenses.

The Plan's unfunded accumulated postretirement benefit obligation was approximately \$41,922,000 and \$71,430,000 as of December 31, 2021 and 2020, respectively. The Plan's unfunded expected postretirement benefit obligation was approximately \$60,056,000 and \$100,140,000 as of December 31, 2021 and 2020, respectively.

Note 11—Lease commitments

UMCOR has noncancelable operating leases for its west coast office and depot, which expired in 2020. NJFON has a cancelable lease, which is renewable on a quarterly basis.

Rent expense incurred by UMCOR totaled \$23,678 and \$148,212 for the years ended December 31, 2021 and 2020, respectively, which is included in rent and maintenance on the consolidated statements of functional expenses.

Note 12—Endowments

UMCOR's endowment consists of 23 individual funds established for a variety of purposes. Its endowment includes both board restricted and donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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Note 12—Endowments (continued)

Interpretation of Relevant Law – The board of directors of UMCOR has interpreted the applicable state law as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UMCOR classifies as net assets with donor restrictions as follows:

- (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.

As of December 31, 2021 and 2020, UMCOR had the following endowment net asset composition:

	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,315,385	\$ 2,315,385
Board-designated endowment	5,000	-	5,000
Accumulated investment earnings	-	1,009,027	1,009,027
Endowment net assets	<u>\$ 5,000</u>	<u>\$ 3,324,412</u>	<u>\$ 3,329,412</u>

	December 31, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,270,031	\$ 2,270,031
Accumulated investment earnings	-	918,721	918,721
Endowment net assets	<u>\$ -</u>	<u>\$ 3,188,752</u>	<u>\$ 3,188,752</u>

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2019	\$ -	\$ 2,910,250	\$ 2,910,250
Investment return, net	-	324,746	324,746
Redesignation of endowment funds	-	(46,244)	(46,244)
Endowment net assets, December 31, 2020	-	3,188,752	3,188,752
Investment return, net	-	90,306	90,306
Contributions	5,000	45,354	50,354
Endowment net assets, December 31, 2021	<u>\$ 5,000</u>	<u>\$ 3,324,412</u>	<u>\$ 3,329,412</u>

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Note 12—Endowments (continued)

Underwater Endowment Funds – 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 the applicable state law requires UMCOR to retain as a fund of perpetual duration. UMCOR has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments as of December 31, 2021 and 2020.

Return Objectives and Risk Parameters – UMCOR has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that UMCOR must hold in perpetuity. Under this policy, as approved by the Board of directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and the Merrill Lynch 1 to 3 year Treasury Index while assuming a moderate level of investment risk. UMCOR expects its endowment funds, over time, to provide an average rate of return of between 6% to 8% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, UMCOR relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). UMCOR targets a diversified asset allocation that places a greater emphasis on fixed-income based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – Distributions are made at the discretion of the board of directors when determining the annual budget. UMCOR considers the long-term expected return on its endowment. Accordingly, over the long term, UMCOR expects the current spending policy to allow its endowment to grow at an average of 1% to 3% annually. This is consistent with UMCOR's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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Note 13—Fair value of financial instruments

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on UMCOR's assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at December 31, 2021 and 2020 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Assets:				
Investments:				
Multiple Asset Fund (I Series) - Wespath *	\$ 62,738,406	\$ -	\$ -	\$ -
Fixed Income Fund (I Series) - Wespath *	20,186,123	-	-	-
Balanced Portfolio - Texas Methodist Foundation *	50,674	-	-	-
Total Investments	<u>\$ 82,975,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual trusts held by others	<u>\$ 1,633,574</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,633,574</u>
Endowment funds held by Global Ministries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,975,281</u>

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2020				
Assets:				
Investments:				
Multiple Asset Fund (I Series) - Wespath *	\$ 58,046,517	\$ -	\$ -	\$ -
Fixed Income Fund (I Series) - Wespath *	20,419,899	-	-	-
Total Investments	<u>\$ 78,466,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual trusts held by others	<u>\$ 1,530,704</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,530,704</u>
Endowment funds held by Global Ministries	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,936,685</u>

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

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Note 13—Fair value of financial instruments (continued)

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Perpetual Trusts Held by Others – Fair value is based on the fair value of the underlying investments. Because timing of realization is an unobservable input, the fair value is determined using primarily Level 3 inputs.

For entities that calculate the net asset value (“NAV”) per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multiple Asset Fund (I Series) - Wespath ^(a)	\$ 62,738,406	none	daily	daily
Fixed Income Fund (I Series) - Wespath ^(b)	20,186,123	none	daily	daily
Balanced Portfolio - Texas Methodist Foundation ^(c)	50,674	none	none	none
Total	<u>\$ 82,975,203</u>			

- (a) The objective of the Wespath’s Multiple Asset Fund (I series) is to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. This fund holds a pre-specific allocation of units of the following Wespath funds: (1) Fixed Income Fund-I Series (FIF-I), (2) Inflation Protection Fund-I Series (IPF-I), (3) International Equity Fund-I Series (IEF-I), and (4) U.S. Equity Fund-I Series (USEF-I).
- (b) The objective of the Wespath’s Fixed Income Fund (I Series) is to provide current income by investing in a broadly diversified portfolio of fixed-income instruments. This fund holds publicly traded U.S. fixed-income securities, and fixed-income securities denominated in currencies other than the U.S. dollar. The fund also holds privately placed loans originated by the Positive Social Purpose Lending Program (e.g., affordable housing and community development loans).
- (c) The objective of the Texas Methodist Foundation Balanced Portfolio is to provide nominal rates of return over rolling 3- and 5-year periods, diversification, growth, income, protection from inflation, and risk over long-term time horizons. The target allocation of the fund is 60% and 70% of assets to equities and between 30% and 40% to fixed income instruments, notes, and cash equivalents. This fund is designed to enable charitable organizations, with purposes in alignment with the Wesleyan tradition, to achieve their long-term investment objectives. an endowment.

The following is a reconciliation of activity for 2021 and 2020 for assets measured at fair value based on significant unobservable information:

	Perpetual Trusts Held by Others	Endowment Funds Held by Global Ministries
Balance, January 1, 2020	\$ 1,452,679	\$ 1,721,275
Net appreciation in fair value	78,025	215,410
Balance, December 31, 2020	1,530,704	1,936,685
Net appreciation in fair value	102,870	38,596
Balance, December 31, 2021	<u>\$ 1,633,574</u>	<u>\$ 1,975,281</u>

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Note 14—Contingencies and uncertainties

The Protocol of Reconciliation and Grace Through Separation was introduced as legislation in early 2020 for the upcoming General Conference. This joins other legislative proposals that if adopted by the General Conference would provide an alternative way for churches to separate from the United Methodist Church. These proposals include a provision for new denominations to receive financial payments from the United Methodist Church and retain their real estate. The scheduled General Conference has been delayed until 2024, and the financial impact resulting from these potential separations on the General Funds is unknown at this time.

Note 15—Subsequent events

Management has evaluated subsequent events through August 5, 2022, the date the consolidated financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.