

**GENERAL BOARD OF GLOBAL MINISTRIES
OF THE UNITED METHODIST CHURCH, INC.**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2023 and 2022

And Report of Independent Auditor

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THE UNITED METHODIST CHURCH, INC.
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Report of Independent Auditor

To the Board of Directors and Audit Committee
General Board of Global Ministries
The United Methodist Church and Subsidiaries

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

Opinion

We have audited the accompanying financial statements of General Board of Global Ministries of The United Methodist Church, Inc. (a nonprofit organization) (“Global Ministries”), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Global Ministries as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 Financial Statements* section of our report. We are required to be independent of Global Ministries 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor’s Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 Global Ministries' 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Global Ministries' 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 period.

Cherry Bekaert LLP

Atlanta, Georgia
September 11, 2024

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
ASSETS		
Cash and cash equivalents	\$ 8,745,932	\$ 12,846,958
Accrued World Service Fund allocation	6,228,873	6,900,328
Due from General Council on Finance and Administration	5,811,703	12,926,836
Due from related entities	289,655	259,622
Accounts receivable	512,437	510,971
Prepaid expenses and other assets	887,057	844,948
Investments	283,830,836	244,651,489
Restricted investments	23,194,181	20,857,749
Revolving loan fund held by Wesleyan Investive	21,098,134	20,745,399
Buildings and equipment, net	21,250,879	21,706,173
Beneficial interest in timberland forests	4,223,000	4,175,000
Perpetual trusts held by others	29,610,473	27,397,299
Total Assets	<u>\$ 405,683,160</u>	<u>\$ 373,822,772</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable, accrued expenses and other liabilities	\$ 8,221,261	\$ 13,289,731
Grants and projects payable	3,495,176	4,448,161
Due to related entities	289,671	57,991
Annuities payable	71,555	95,529
Funds held for others	36,267,869	33,181,008
Total Liabilities	<u>48,345,532</u>	<u>51,072,420</u>
Net Assets:		
Without Donor Restrictions:		
Invested in buildings and equipment	21,250,879	21,706,173
Designated for programs	25,100,384	21,792,258
Designated for missionaries including pension and health benefit costs	15,982,432	18,840,416
Contractually restricted reserve for Collins Pension Plan and Collins Health Benefits Trust	23,194,181	20,857,749
General operating fund	104,124,279	81,163,655
Total Without Donor Restrictions	<u>189,652,155</u>	<u>164,360,251</u>
With Donor Restrictions:		
Subject to purpose restrictions	16,976,113	17,719,809
Endowments and other perpetual gifts	150,709,360	140,670,292
Total With Donor Restrictions	<u>167,685,473</u>	<u>158,390,101</u>
Total Net Assets	<u>357,337,628</u>	<u>322,750,352</u>
Total Liabilities and Net Assets	<u>\$ 405,683,160</u>	<u>\$ 373,822,772</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenues:			
Allocation from World Service Fund	\$ 19,366,801	\$ 1,416,540	\$ 20,783,341
Special Sunday Offerings	-	495,544	495,544
Advance Special Gifts:			
Support for persons in mission	-	2,507,490	2,507,490
Other	3,055,860	2,188,044	5,243,904
Shared cost reimbursements	6,351,529	-	6,351,529
Benefit Trust distribution	2,003,361	-	2,003,361
Bequests	336,164	846	337,010
Grants and other contributions	300,000	173,499	473,499
Interest income on cash equivalents, mortgage loans, and perpetual trusts	1,602,696	125,277	1,727,973
Timberland forests income distribution	875,323	-	875,323
Missionary salary reimbursements	1,014,455	-	1,014,455
Other	1,622,154	-	1,622,154
Total	<u>36,528,343</u>	<u>6,907,240</u>	<u>43,435,583</u>
Net assets released from restrictions	<u>12,697,848</u>	<u>(12,697,848)</u>	<u>-</u>
Operating Revenues	<u>49,226,191</u>	<u>(5,790,608)</u>	<u>43,435,583</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF ACTIVITIES (CONTINUED)**

YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Expenses:			
Program Services:			
Global Mission Connections	\$ 7,412,173	\$ -	\$ 7,412,173
Missionary Services	11,916,778	-	11,916,778
Board-wide programs	7,040,800	-	7,040,800
Distribution of designated funds and gifts	7,364,214	-	7,364,214
Total Program Services	<u>33,733,965</u>	<u>-</u>	<u>33,733,965</u>
Supporting Services:			
Management and general	9,383,991	-	9,383,991
Fundraising	1,218,165	-	1,218,165
Total Supporting Services	<u>10,602,156</u>	<u>-</u>	<u>10,602,156</u>
Total Expenses	<u>44,336,121</u>	<u>-</u>	<u>44,336,121</u>
Change in net assets from operating activities	<u>4,890,070</u>	<u>(5,790,608)</u>	<u>(900,538)</u>
Nonoperating Activities:			
Investment return, net	20,401,834	12,342,107	32,743,941
Net appreciation in fair value of perpetual trusts	-	2,123,076	2,123,076
Net appreciation in beneficial interest in timberland forest	-	48,000	48,000
Net increase in revolving loan fund held by United Methodist Development Fund	-	352,734	352,734
Contributions	-	220,063	220,063
Change in net assets from nonoperating activities	<u>20,401,834</u>	<u>15,085,980</u>	<u>35,487,814</u>
Change in net assets	25,291,904	9,295,372	34,587,276
Net assets, beginning of year	<u>164,360,251</u>	<u>158,390,101</u>	<u>322,750,352</u>
Net assets, end of year	<u>\$ 189,652,155</u>	<u>\$ 167,685,473</u>	<u>\$ 357,337,628</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF ACTIVITIES**

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues:			
Allocation from World Service Fund	\$ 20,700,386	\$ 1,518,155	\$ 22,218,541
Special Sunday Offerings	-	471,625	471,625
Advance Special Gifts:			
Support for persons in mission	-	2,524,094	2,524,094
Other	3,024,818	3,334,529	6,359,347
Shared cost reimbursements	5,345,222	-	5,345,222
Benefit Trust distribution	2,079,492	-	2,079,492
Bequests	1,492,396	3,091	1,495,487
Grants and other contributions	-	69,308	69,308
Interest income on cash equivalents, mortgage loans, and perpetual trusts	1,507,088	139,681	1,646,769
Timberland forests income distribution	1,439,853	-	1,439,853
Missionary salary reimbursements	1,105,877	-	1,105,877
Other	1,340,281	-	1,340,281
Total	<u>38,035,413</u>	<u>8,060,483</u>	<u>46,095,896</u>
Net assets released from restrictions	<u>11,762,296</u>	<u>(11,762,296)</u>	<u>-</u>
Operating Revenues	<u>49,797,709</u>	<u>(3,701,813)</u>	<u>46,095,896</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF ACTIVITIES (CONTINUED)**

YEAR ENDED DECEMBER 31, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Expenses:			
Program Services:			
Global Mission Connections	\$ 6,366,992	\$ -	\$ 6,366,992
Missionary Services	11,146,922	-	11,146,922
Board-wide programs	5,970,755	-	5,970,755
Distribution of designated funds and gifts	8,885,695	-	8,885,695
Total Program Services	<u>32,370,364</u>	<u>-</u>	<u>32,370,364</u>
Supporting Services:			
Management and general	8,714,844	-	8,714,844
Fundraising	1,459,115	-	1,459,115
Total Supporting Services	<u>10,173,959</u>	<u>-</u>	<u>10,173,959</u>
Total Expenses	<u>42,544,323</u>	<u>-</u>	<u>42,544,323</u>
Change in net assets from operating activities	<u>7,253,386</u>	<u>(3,701,813)</u>	<u>3,551,573</u>
Nonoperating Activities:			
Investment return, net	(30,826,822)	(19,782,356)	(50,609,178)
Net depreciation in fair value of perpetual trusts	-	(6,567,200)	(6,567,200)
Net depreciation in beneficial interest in timberland forest	-	(2,174,000)	(2,174,000)
Net increase in revolving loan fund held by United Methodist Development Fund	-	210,547	210,547
Contributions	-	5,806,404	5,806,404
Change in net assets from nonoperating activities	<u>(30,826,822)</u>	<u>(22,506,605)</u>	<u>(53,333,427)</u>
Change in net assets	(23,573,436)	(26,208,418)	(49,781,854)
Net assets, beginning of year	<u>187,933,687</u>	<u>184,598,519</u>	<u>372,532,206</u>
Net assets, end of year	<u>\$ 164,360,251</u>	<u>\$ 158,390,101</u>	<u>\$ 322,750,352</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services				Total
	Global Mission Programs	Missionary Services	Board-Wide Programs	Distribution of Designated Funds and Gifts	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Direct support to persons in mission	\$ -	\$ 10,256,555	\$ -	\$ 86,616	\$ 10,343,171	\$ -	\$ -	\$ -	\$ 10,343,171
Salaries and benefits	1,648,493	1,457,478	2,814,682	-	5,920,653	4,088,139	226,221	4,314,360	10,235,013
Contributions and grants to others	3,917,292	90,000	1,459,793	4,306,341	9,773,426	23,200	-	23,200	9,796,626
Program development support	1,129,262	38,213	223,680	2,891,370	4,282,525	270,550	39,862	310,412	4,592,937
Professional fees	171,983	-	951,981	-	1,123,964	1,610,202	291,524	1,901,726	3,025,690
Travel and meetings	264,665	64,592	1,061,050	4,485	1,394,792	406,824	1,302	408,126	1,802,918
Depreciation and amortization	-	-	-	-	-	589,413	-	589,413	589,413
Promotional and information material	11,296	-	407,590	3,431	422,317	9,038	657,774	666,812	1,089,129
Insurance and taxes	-	-	-	-	-	716,902	-	716,902	716,902
Rent and building repairs	49,884	-	-	-	49,884	771,147	-	771,147	821,031
IT and infrastructure	628	3,149	3,508	-	7,285	562,026	504	562,530	569,815
Printing and office	57,506	527	32,088	-	90,121	71,246	295	71,541	161,662
Equipment leasing, repairs, and maintenance	4,983	86	-	-	5,069	62,577	-	62,577	67,646
Telephone and web service	9,288	2,012	3,902	-	15,202	51,678	-	51,678	66,880
Postage, shipping, and freight	7,999	2,795	3,878	-	14,672	25,800	683	26,483	41,155
Miscellaneous	138,894	1,371	78,648	71,971	290,884	125,249	-	125,249	416,133
Total Expenses	\$ 7,412,173	\$ 11,916,778	\$ 7,040,800	\$ 7,364,214	\$ 33,733,965	\$ 9,383,991	\$ 1,218,165	\$ 10,602,156	\$ 44,336,121

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2022

	Program Services				Supporting Services				Total
	Global Mission Programs	Missionary Services	Board-Wide Programs	Distribution of Designated Funds and Gifts	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Direct support to persons in mission	\$ -	\$ 9,648,623	\$ -	\$ 6,856	\$ 9,655,479	\$ -	\$ -	\$ -	\$ 9,655,479
Salaries and benefits	1,801,094	1,282,541	1,835,496	6,129	4,925,260	4,045,902	279,618	4,325,520	9,250,780
Contributions and grants to others	3,219,983	90,000	2,601,587	3,252,944	9,164,514	25,000	-	25,000	9,189,514
Program development support	740,102	31,943	376,358	5,588,977	6,737,380	298,230	23,874	322,104	7,059,484
Professional fees	204,130	43,938	854,568	-	1,102,636	1,317,451	251,079	1,568,530	2,671,166
Travel and meetings	165,880	37,848	101,372	6,987	312,087	93,687	-	93,687	405,774
Depreciation and amortization	-	-	-	-	-	732,254	-	732,254	732,254
Promotional and information material	9,030	4,220	45,560	3,322	62,132	9,475	903,040	912,515	974,647
Insurance and taxes	-	-	-	536	536	497,309	-	497,309	497,845
Rent and building repairs	35,776	-	-	2,265	38,041	791,606	-	791,606	829,647
IT and infrastructure	314	2,304	5,816	-	8,434	540,280	420	540,700	549,134
Printing and office	38,337	482	55,407	-	94,226	64,832	665	65,497	159,723
Equipment leasing, repairs, and maintenance	3,536	-	-	-	3,536	49,202	-	49,202	52,738
Telephone and web service	7,856	1,904	2,787	-	12,547	70,383	-	70,383	82,930
Postage, shipping, and freight	4,140	2,278	7,765	-	14,183	39,333	419	39,752	53,935
Miscellaneous	136,814	841	84,039	17,679	239,373	139,900	-	139,900	379,273
Total Expenses	\$ 6,366,992	\$ 11,146,922	\$ 5,970,755	\$ 8,885,695	\$ 32,370,364	\$ 8,714,844	\$ 1,459,115	\$ 10,173,959	\$ 42,544,323

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 34,587,276	\$ (49,781,854)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	589,413	732,254
Change in fair value of beneficial interest in timberland forests	(48,000)	2,174,000
Net (appreciation) depreciation in fair value of investments	(31,601,163)	50,616,786
Net increase in revolving loan fund	(352,736)	(210,547)
Net (appreciation) depreciation in fair value of perpetual trusts	(2,123,076)	6,567,200
Contributions restricted for long-term investment	(129,965)	(5,731,404)
Actuarial (gain) loss on annuity obligations	(15,333)	7,741
Changes in operating assets and liabilities:		
Accrued World Service Fund allocation	671,455	316,505
Due from General Council on Finance and Administration	7,115,133	2,991,565
Due from related entities	(30,033)	(172,589)
Accounts receivable	(1,465)	4,773
Prepaid expenses and other assets	(42,109)	(134,147)
Accounts payable, accrued expenses, and other liabilities	(5,068,470)	(2,625,293)
Grants and projects payable	(952,985)	1,395,387
Due to related entities	231,680	3,814
Funds held for others	3,086,861	(4,294,816)
Net cash flows from operating activities	<u>5,916,483</u>	<u>1,859,375</u>
Cash flows from investing activities:		
Proceeds from sale of investments	7,935,136	3,022,322
Purchases of investments	(17,849,752)	(6,951,352)
Purchases of investments for perpetual trusts held by others	(90,098)	(75,000)
Purchases of buildings and equipment	(134,119)	(247,113)
Net cash flows from investing activities	<u>(10,138,833)</u>	<u>(4,251,143)</u>
Cash flows from financing activities:		
Payment of annuity obligations	(8,641)	(12,716)
Contributions restricted for long-term investment	129,965	5,731,404
Net cash flows from financing activities	<u>121,324</u>	<u>5,718,688</u>
Net change in cash and cash equivalents	(4,101,026)	3,326,920
Cash and cash equivalents, beginning of year	12,846,958	9,520,038
Cash and cash equivalents, end of year	<u>\$ 8,745,932</u>	<u>\$ 12,846,958</u>

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

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.**
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 1—Nature of organization

General Board of Global Ministries of The United Methodist Church, Inc. (“Global Ministries”) functions through its program units described as follows:

Global Mission Programs – Global Mission Programs is made up of two subunits, Global Mission Relations and Multi-Ethnic Ministries. Global Mission Relations unit’s focus is on programmatic means for creating and sustaining relationships and having a “presence” in the global regions by assisting and evaluating how partners can lead and grow their churches, networks, initiative, and institutions. The Multi-Ethnic Ministries unit works to strengthen multiethnic congregations and communities. The unit is responsible for the administrative oversight of four of the General Conference mandated plans assigned to Global Ministries: the National Plan for Hispanic/Latino Ministries (NPHLM), the Korean Ministry Plan (KMP), the Asian American Language Ministry (AALM), and the Plan for Pacific Islander Ministry (PPIM).

Missionary Services – The program develops mission programming around the following areas: mission volunteer opportunities for short-term assignments, including promoting and interpreting the need for volunteers with a variety of skills and abilities; and promoting opportunities for mission service related to Global Ministries throughout the constituencies of the Church, through the recruitment, selection, preparation, commissioning, and assignment of all categories of mission personnel, with necessary supervision and support of those persons in assignments in the widest variety of church and ecumenical partners in the United States and around the globe.

Board-Wide Programs – Board-wide programs offer each section of Global Ministries unique opportunities to provide global program support and resourcing in media production, financial development in support of missions, grants to emerging mission initiatives, releases to General Conference designated programs, and the monitoring and evaluation of our global program and mission initiatives.

Distribution of Designated Funds and Gifts – These are expenses associated with numerous projects funded through the Advance for Christ and His Church, as well as designated fund balance expenditures.

Note 2—Summary of significant accounting policies

Basis of Presentation – The financial statements of Global Ministries 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”).

The statements of activities report all changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Global Ministries’ ongoing activities through its program units. Nonoperating activities primarily include net investment returns, endowment and perpetual trust contributions, and the appreciation or depreciation of long-term or perpetual assets that Global Ministries has a beneficial interest in.

For reporting purposes, Global Ministries’ financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence of absence of donor-imposed restrictions. Accordingly, the net assets of Global Ministries 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 Global Ministries. These net assets may be used at the discretion of Global Ministries’ management and the Board of Directors. Global Ministries has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub-classifications are as follows:

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.**
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

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

Board-Designated – Represents resources set aside by the Board of Directors to be used for specific activities within guidelines established by the Board of Directors.

Contractually Restricted – Represents resources that must be maintained based on the terms of contractual agreements. See discussion below of restricted investments.

General Operating Fund – Represents the cumulative net assets without donor restrictions excluding those net assets invested in buildings and equipment, designated for specific activities by the Board of Directors and contractually restricted.

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 Global Ministries or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand, interest-bearing time deposits, 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 Global Ministries' investment managers as part of a long-term strategy. Global Ministries places its cash and cash equivalents with high credit quality financial institutions whose credit ratings are monitored by management to minimize credit risk. At times, Global Ministries may have cash and cash equivalents at financial institutions in excess of federally insured limits.

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 statements of activities based on quotations obtained from national securities exchanges.

Investments Valued at Net Asset Value Per Share – Global Ministries has placed funds for investment with entities that measure the fair value of those investments on the basis of net asset value (“NAV”) per share. These entities have 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 will be determined on the valuation date.

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 Global Ministries' financial statements.

**GENERAL BOARD OF GLOBAL MINISTRIES OF
THE UNITED METHODIST CHURCH, INC.
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DECEMBER 31, 2023 AND 2022

Note 2—Summary of significant accounting policies (continued)

Restricted Investments – In 2020 Global Ministries entered into an agreement with the General Board of Pensions and Health Benefits of The United Methodist Church, Inc. d/b/a Wespath Benefits and Investments (“Wespath”) to assume the sponsorship of the Collins Pension Plan and Collins Health Benefits Trust (collectively, the “Plans”). In connection with that agreement Global Ministries agreed to set aside funds in a separate Wespath account (the “reserve account”), to ensure that the assets provided to Wespath are sufficient to cover the long-term funding of the Plans should the assets transferred under the transfer agreement prove to be insufficient to fund the long-term obligations of the Plans. The amount to be held in the reserve account is calculated as the difference between: (a) 105% of the Plans liabilities determined as the sum of the projected benefit obligation of the Collins Pension Plan and the accumulated postretirement benefit obligation of the Collins Health Benefits Trust and (b) the Plans assets in the Trusts and value of the California Forests interest using the discounted cash flow method as computed as of December 31, 2019. The balance in the reserve account at December 31, 2023 and 2022 was \$23,194,181 and \$20,857,749, respectively, and is reported as restricted investments in the statements of financial position.

Every two years, commencing on January 1, 2022, Wespath will recalculate the amount to be held in the reserve account. If based on the re-computation the reserve account is overfunded, Wespath will transfer to Global Ministries the overfund amount by May 8th of the applicable year. If as of January 1 of the applicable reserve account recalculation, the distributions from the California Forests have declined more than 30% from the distributions it received in the immediately prior two-year period, then Wespath will postpone the reserve account recomputation for two more years. When the obligations under the Plans have been fully satisfied Wespath will deliver the investments held in the reserve account to Global Ministries free of any encumbrances. On January 1, 2022, Wespath performed the reserve calculation and determined that reserve account balance was at the required level and there was no reduction required. Due to California forest fires that occurred in previous years and extenuating circumstances related to assessment of damages and salvaging of timber for sale, Global Ministries and Wespath mutually agreed to defer the recomputation of the reserve account from January 1, 2024 to January 1, 2026.

Buildings and Equipment – Buildings and equipment are recorded at the cost of acquisition, if purchased, or at fair value at the date of gift. Buildings and building improvements are depreciated on a straight-line basis over their estimated useful lives ranging from 20 to 50 years. Equipment and furniture is depreciated on a straight-line basis over their estimated useful lives ranging from 5 to 10 years. Internally-developed software is amortized over 5 years.

Perpetual Trusts Held by Others – Global Ministries is the beneficiary of perpetual irrevocable trusts held and administered by independent trustees. Under the terms of the trusts, Global Ministries has the irrevocable right to receive the income earned on the trust assets in perpetuity. The fair value of the beneficial interest in these trusts is recognized as an asset and as a contribution with donor restrictions at the date the trust is established. Global Ministries’ 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 Global Ministries. Net appreciation or depreciation in the fair value of these assets, which are not distributed by the trusts, are recorded in net assets with donor restrictions in the nonoperating activities section of the statements of activities.

Funds Held for Others – 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.

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Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – Revenue from exchange transactions, investment activities, and other non-contribution related revenue are recognized as earned.

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. Nonfinancial contributions of assets are recorded at their estimated fair value.

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 Global Ministries. Grants and contributions to other organizations are recorded in the accompanying 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.

Functional Expenses – For the years ended December 31, 2023 and 2022, the costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Direct identifiable expenses are charged to programs and supporting services. There was no allocation of expenses needed for the years ended December 31, 2023 or 2022.

Income Taxes – Global Ministries 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. Global Ministries had no unrelated business income during the years ended December 31, 2023 and 2022.

Global Ministries 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 Global Ministries include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, Global Ministries has determined that such tax positions do not result in an uncertainty requiring recognition.

Financial Instruments – Assets recorded at fair value in the 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 Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, 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.

**GENERAL BOARD OF GLOBAL MINISTRIES OF
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Note 2—Summary of significant accounting policies (continued)

Level 3 – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect Global Ministries’ 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 the financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts that are reported in the financial statements and accompanying disclosures. The more significant areas include valuation of financial instruments, actuarial computations regarding various benefit obligations, and the valuation of the beneficial interest in timberland forests. Actual results could differ from those estimates.

Changes in Accounting Principles – Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses (Topic 326)* guidance replaces the existing incurred loss impairment guidance and establishes a single allowance framework for financial assets carried at amortized cost based on expected credit losses. The estimate of expected credit losses requires the incorporation of historical information, current conditions, and reasonable and supportable forecasts. Global Ministries’ adopted this ASU effective January 1, 2023 using the modified retrospective approach. Adoption of the new standard had no material effect on the Global Ministries’ financial statements or disclosures.

Note 3—Liquidity and availability of resources

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 8,745,932	\$ 12,846,958
Accrued World Service Fund allocation	6,228,873	6,900,328
Due from General Council on Finance and Administration	5,811,703	12,926,836
Due from related entities	289,655	259,622
Accounts receivable	512,437	510,971
Investments	<u>283,830,836</u>	<u>244,651,489</u>
Total financial assets at year-end	<u>305,419,436</u>	<u>278,096,204</u>
Less amounts not available to be used for general expenditures within one year:		
Funds held for others	36,267,869	33,181,008
Subject to donor purpose restrictions	16,976,113	17,719,809
Board-designated funds	41,082,816	40,632,674
Endowments	<u>95,777,753</u>	<u>88,352,594</u>
Financial assets not available to be used within one year	<u>190,104,551</u>	<u>179,886,085</u>
Financial assets available to meet general expenditures within one year	<u>\$ 115,314,885</u>	<u>\$ 98,210,119</u>

**GENERAL BOARD OF GLOBAL MINISTRIES OF
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Note 3—Liquidity and availability of resources (continued)

As part of Global Ministries' liquidity management plan, it structures its financial assets to be available as its obligations come due. Global Ministries considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. Global Ministries is substantially supported by contributions with and without donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, Global Ministries must maintain sufficient resources to meet those responsibilities to its donors. All endowments are donor-restricted endowments. Income from donor-restricted endowments that is restricted for specific purposes or for time is not available for general expenditure. Global Ministries also has net assets that are designated for program services, and missionaries' retirement pension and benefit plan costs.

Note 4—Investments

At December 31, 2023 and 2022, the cost and fair value of investments, including investments held for others, are as follows:

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Certificates of deposit	\$ 1,520,505	\$ 1,520,505	\$ -	\$ -
Multiple Asset Fund (I Series) - Wespath	270,626,523	210,252,790	233,153,537	204,308,242
STIF Fund - UMC Foundation	1,567,561	1,897,844	1,115,626	1,100,575
Fixed Income Fund - UMC Foundation	1,165,127	1,148,856	1,483,371	1,828,247
Balanced Portfolio - Texas Methodist Foundation	31,961,722	25,000,000	29,472,645	25,000,000
Short-term securities	1,056	1,056	18,469	16,261
U.S. government securities	-	-	74,649	80,615
Bond mutual funds	125,467	125,467	133,885	133,487
Equities	57,056	69,724	57,056	69,724
	<u>\$ 307,025,017</u>	<u>\$ 240,016,242</u>	<u>\$ 265,509,238</u>	<u>\$ 232,537,151</u>

Investment return, net for the years ended December 31, 2023 and 2022, excluding investment returns on investments held for others, consisted of the following:

	2023	2022
Interest and dividends	\$ -	\$ 65,406
Realized gains on investments, net	1,205,777	5,245
Change in unrealized gains (losses) on investments, net	31,601,163	(50,616,786)
Subtotal	32,806,940	(50,546,135)
Less investment management expenses	(62,999)	(63,043)
Investment return, net	<u>\$ 32,743,941</u>	<u>\$ (50,609,178)</u>

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Note 5—Buildings and equipment, net

Buildings and equipment consist of the following at December 31:

	<u>2023</u>	<u>2022</u>
Buildings, building improvements, and land	\$ 24,286,696	\$ 24,187,716
Equipment	2,059,571	2,339,580
Internally-developed software	2,468,395	2,468,396
	<u>28,814,662</u>	<u>28,995,692</u>
Less accumulated depreciation and amortization	<u>(7,563,783)</u>	<u>(7,289,519)</u>
Buildings and equipment, net	<u>\$ 21,250,879</u>	<u>\$ 21,706,173</u>

Depreciation and amortization expense totaled \$589,413 and \$732,254 for the years ended December 31, 2023 and 2022, respectively.

Note 6—Beneficial interest in timberland forest

Global Ministries owns a beneficial interest in a trust, which owns a timberland forest in Pennsylvania (the “Pennsylvania Forest”). The Pennsylvania Forest is a working forest of old growth timber. In accordance with the underlying agreement, Global Ministries receives annual income from its interest in the Pennsylvania Forest into perpetuity. Global Ministries reports its beneficial interests in the Pennsylvania Forest as net assets with donor restrictions due to their perpetual nature. Annual distributions from the Pennsylvania Forest are free of purpose or time restrictions and are reported as net assets without donor restrictions. The Board of Directors of Global Ministries designated the distributions from the Pennsylvania Forests to fund contributions to the missionaries’ United Methodist Personal Investment Plan.

The total recorded value of the Pennsylvania Forest was \$4,223,000 and \$4,175,000 as of December 31, 2023 and 2022, respectively. The recorded value represents the discounted present value of the estimated future cash flows (over 30 years), as computed by management of this forest. A discount rate of 8.5% and 7.5% for 2023 and 2022, respectively, which represents the 30-year Treasury yield curve rate on the valuation date, increased by the credit risk rate of 12.5% in 2023 and 11.5% in 2022, and an inflation rate of 4.12% in 2023 and 8.01% in 2022, was used in determining the present value. During the years ended December 31, 2023 and 2022, there was net appreciation (depreciation) in the fair value of the beneficial interest in the Pennsylvania Forest of \$48,000 and (\$2,174,000), respectively.

Note 7—Related parties

Funding for Global Ministries’ operations is principally received from other units of the Church. Amounts received from the general funds of the Church are allocated to Global Ministries based on a four-year budget developed from projections of expected program costs. The main allocation received by Global Ministries is through the World Service Fund. The World Service Fund provides the basic financial resources for the Church. The amount of the annual World Service budget, the method by which it shall be apportioned to the annual conferences, and the plan of distribution of World Service receipts among the World Service agencies are approved at each quadrennial session of the General Conference. The Advance for Christ and His Church is an official program of the Church through which support may be designated for projects approved by the Advance Committee of Global Ministries (“Advance Committee”). 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. Advance Special Gifts and World Service Offerings are passed to Global Ministries through GCFA from the general funds of the Church.

**GENERAL BOARD OF GLOBAL MINISTRIES OF
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NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

Note 7—Related parties (continued)

Global Ministries receives reimbursement of shared costs from United Methodist Committee on Relief (“UMCOR”) for support of certain programs and administrative and management services. During the years ended December 31, 2023 and 2022, Global Ministries received \$6,351,529 and \$5,345,222 in reimbursements, respectively, from UMCOR.

Global Ministries receives and processes all advanced gifts for UMCOR as part of their shared services agreement. At December 31, 2023 and 2022, Global Ministries had payable \$3,815,187 and \$9,126,445, respectively, to UMCOR for their share of advanced gifts.

During 2022, Global Ministries contributed \$2,561,082 to UMCOR, \$2,500,000 for a global health initiative and \$61,082 from Advance giving.

At December 31, 2023 and 2022, UMCOR had assets held by Wespath of \$270,626,523 and \$233,153,537, respectively.

At December 31, 2023 and 2022, UMCOR had assets held by UMC Foundation of \$2,732,688 and \$2,598,997, respectively.

UMCOR has placed certain of its endowment funds with Global Ministries for investment management purposes. At December 31, 2023 and 2022, UMCOR had assets under management with Global Ministries of \$1,604,591 and \$1,513,146, 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 2012, Global Ministries transferred \$17,150,000 of its loan funds, which were restricted by donors to be held into perpetuity, to United Methodist Development Fund (“UMDF”) for the purpose of making missional loans. During the year ended December 31, 2021, UMDF changed its name to Wesleyan Investive (“WI”). As of December 31, 2023, WI held \$21,098,134 of funds on behalf of Global Ministries, comprised of \$4,759,904 of outstanding mortgage loans and \$16,338,230 of funds available to make loans. As of December 31, 2022, WI held \$20,745,399 of funds on behalf of Global Ministries, comprised of \$2,164,240 of outstanding mortgage loans and \$18,581,159 of funds available to make loans. The funds available to make loans are invested in WI notes which are valued at cost in the statements of financial position.

Amounts received from other United Methodist churches and agencies accounted for approximately 68% and 65% of Global Ministries’ total operating revenue in 2023 and 2022, respectively. Global Ministries’ continued existence at the present level is dependent upon the Church’s future financial support. The Church’s financial support of Global Ministries is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant).

At December 31, 2023 and 2022, amounts due from related entities were \$289,655 and \$259,622, respectively, and amounts due to related entities were \$289,671 and \$57,991, respectively.

Note 8—Employee benefits

Full-time laypersons and clergy employed by Global Ministries participate in the Retirement Plan for General Agencies (RPGA). This defined contribution plan is administered by Wespath.

Global Ministries makes semi-monthly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, Global Ministries matches up to 2% of each employee’s compensation to their United Methodist Personal Investment Plan (UMPIP). Total contributions made by Global Ministries for both components during 2023 and 2022 totaled \$1,338,960 and \$1,239,035, respectively.

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Note 8—Employee benefits (continued)

The General Agencies of The United Methodist Church Benefit Plan (the “Benefit 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, Benefit Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

Global Ministries 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 Benefit 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 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 Global Ministries’ active employees are covered by the Benefit Plan. The cost of the benefits is recognized as expense as premiums are paid. The total cost of benefits for active employees was \$952,014 and \$904,414 in 2023 and 2022, respectively, exclusive of reimbursement from the General Agency Benefit Trust (the “Benefit Trust”), and is included in salaries and benefits in the statements of functional expenses.

The Benefit Plan’s unfunded accumulated postretirement benefit obligation was approximately \$26,626,000 and \$25,007,000 as of December 31, 2023 and 2022, respectively. The Benefit Plan’s unfunded expected postretirement benefit obligation was approximately \$36,004,000 and \$32,535,000 as of December 31, 2023 and 2022, respectively.

Wespath has transferred certain excess pension assets to the Benefit Trust established by the 1996 General Conference. Annually, the Benefit Trust allows a stated percentage, not to exceed 6% of the fair market value of Benefit Trust assets at year-end for which GCFA is the beneficiary to be available for distribution in the subsequent year in order to reimburse the participating agencies, through GCFA, for their funding of active and retiree employee benefits. In December of 2022, the Benefit Trust agreement was amended to increase the annual distribution rate to a percentage not to exceed 8% beginning with Benefit Trust distributions on or after January 2023. In May of 2023, the agreement was amended to change the fair value measurement date from December 31st of the prior year to June 30th of the previous year starting on June 1, 2023. The fair value of the Benefit Trust’s assets (not Plan assets) for which GCFA is the beneficiary, was approximately \$156,194,000 and \$148,588,000 as of December 31, 2023 and 2022, respectively. The total amount available for reimbursement in 2023 and 2022 was \$11,887,000 and \$11,424,000, respectively. Global Ministries’ share, net of retiree health benefits was \$3,002,580 and \$2,614,599 in 2023 and 2022, respectively, of which \$528,328 and \$535,107 was allocated to UMCOR in 2023 and 2022, respectively.

Note 9—Funds held for others

Funds held for others consist of amounts held for the following at December 31:

	<u>2023</u>	<u>2022</u>
Foundation for Theological Education in Southeast Asia	\$ 18,134,163	\$ 16,645,338
Assets held for beneficiary organizations designated by donors	14,064,769	12,718,692
Education Endowment Fund	2,459,877	2,303,832
UMCOR Endowment funds	<u>1,609,060</u>	<u>1,513,146</u>
Total funds held for others	<u>\$ 36,267,869</u>	<u>\$ 33,181,008</u>

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Note 9—Funds held for others (continued)

The investments held by Global Ministries for the Foundation for Theological Education in Southeast Asia (the “Foundation”) are maintained in the Swope Wendell Fund, the return from which was designated by the donor for programs to improve Christian theological education in Southeast Asia and China. All of the investment returns from the Swope Wendell Fund are distributed to the Foundation.

Assets held for beneficiary organizations designated by donors is comprised of funds held by Global Ministries in a custodial capacity, advance special gifts to be distributed to designated organizations, or amounts appropriated from endowment accumulated income not yet paid to named beneficiary organizations.

The Educational Endowment Fund represents investments held by Global Ministries to assist missionaries in their children’s education. Missionaries with children under 18 years of age automatically contribute a fixed percentage of their salary, which is combined with a matching contribution from Global Ministries. The missionaries’ vested interest in the Educational Endowment Fund is distributed to them to cover tuition and upon their termination or non-enrollment of their children.

UMCOR Endowment Funds represent investments held by Global Ministries. 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.

Note 10—Board-designated net assets

Certain net assets without donor restrictions at December 31, 2023 and 2022 have been designated by the Board of Directors of Global Ministries for the following purposes:

	<u>2023</u>	<u>2022</u>
Board designated for programs:		
Property and maintenance	\$ 4,513,091	\$ 4,578,133
Field projects	6,496,547	6,577,113
Missionary work	3,999,878	3,938,951
Special program emphasis	8,158,956	4,613,849
Regionalization Atlanta	479,572	479,572
Humanitarian relief	1,040,922	1,146,960
Advance office	236,156	236,156
Annuity fund	168,122	214,384
Mission education	7,140	7,140
Total board designated for programs	<u>\$ 25,100,384</u>	<u>\$ 21,792,258</u>
Board designated for missionaries retirement including pension and health benefit costs	<u>\$ 15,982,432</u>	<u>\$ 18,840,416</u>

**GENERAL BOARD OF GLOBAL MINISTRIES OF
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Note 11—Net assets with donor restrictions

Net assets with donor restrictions have been restricted by the donors for the following restrictions at December 31:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Restricted through General Conference	\$ 4,476,297	\$ 5,215,660
Scholarships and leadership training	4,004,249	3,768,884
Field projects	4,543,190	4,588,063
Advance special projects	3,942,601	4,137,426
Other	9,776	9,776
Total subject to purpose restrictions	<u>16,976,113</u>	<u>17,719,809</u>
Endowments and other perpetual gifts:		
Beneficial interest in Pennsylvania Forest	4,223,000	4,175,000
Revolving loan fund	21,098,134	20,745,399
Perpetual trusts	29,610,473	27,397,299
Endowments:		
Endowment corpus	66,528,079	66,511,535
Accumulated earnings subject to future appropriation	<u>29,249,674</u>	<u>21,841,059</u>
Total endowments	<u>95,777,753</u>	<u>88,352,594</u>
Total endowments and other perpetual gifts	<u>150,709,360</u>	<u>140,670,292</u>
Total net assets with donor restrictions	<u>\$ 167,685,473</u>	<u>\$ 158,390,101</u>

Net assets with donor restrictions for the years ended December 31, 2023 and 2022 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Advanced special projects	\$ 5,054,587	\$ 5,152,447
Appropriation from endowments subject to purpose restrictions	3,519,263	3,669,080
General Conference	2,535,715	1,488,219
Scholarships and leadership training	237,563	183,348
	<u>11,347,128</u>	<u>10,493,094</u>
Subject to time restrictions:		
Appropriation from endowments for expenditure	<u>1,350,720</u>	<u>1,269,202</u>
Total net assets released from restrictions - operating	<u>\$ 12,697,848</u>	<u>\$ 11,762,296</u>

**GENERAL BOARD OF GLOBAL MINISTRIES OF
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Note 12—Endowment funds

Global Ministries' endowment consists of approximately 1,400 individual funds established for a variety of purposes. Its endowment includes only 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.

Interpretation of Relevant Law – The Board of Directors of Global Ministries 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, Global Ministries classifies as net assets with donor restrictions as follows:

- (a) The original value of gifts donated to the endowment,
- (b) The original value of subsequent gifts to the endowment, and
- (c) Accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Endowment net assets consist of the following as of December 31, 2023 and 2022.

	December 31, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 67,014,305	\$ 67,014,305
Accumulated investment earnings	-	28,763,448	28,763,448
Endowment net assets	<u>\$ -</u>	<u>\$ 95,777,753</u>	<u>\$ 95,777,753</u>

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 66,511,535	\$ 66,511,535
Accumulated investment earnings	-	21,841,059	21,841,059
Endowment net assets	<u>\$ -</u>	<u>\$ 88,352,594</u>	<u>\$ 88,352,594</u>

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Note 12—Endowment funds (continued)

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$ -	\$ 107,077,550	\$ 107,077,550
Investment return, net	-	(19,518,076)	(19,518,076)
Contributions	-	5,731,402	5,731,402
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(4,938,282)	(4,938,282)
Endowment net assets, December 31, 2022	-	88,352,594	88,352,594
Investment return, net	-	12,165,177	12,165,177
Contributions	-	129,965	129,965
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(4,869,983)	(4,869,983)
Endowment net assets, December 31, 2023	<u>\$ -</u>	<u>\$ 95,777,753</u>	<u>\$ 95,777,753</u>

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 Global Ministries to retain as a fund of perpetual duration. Global Ministries has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. As of December 31, 2023, three endowments were underwater. These endowments had a corpus of \$809,367 and fair value of \$711,386 and were underwater by \$97,981 as of December 31, 2023. As of December 31, 2022, 11 endowments were underwater. These endowments had a corpus of \$3,071,491 and fair value of \$2,747,084 and were underwater by \$324,407 as of December 31, 2022.

Return Objectives and Risk Parameters – Global Ministries 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 Global Ministries must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets of Global Ministries are invested in the Multiple Asset Fund of Wespath.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, Global Ministries 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). Global Ministries targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy – Global Ministries has adopted distribution policy of 7% of the fair market value of an endowment fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than five years immediately preceding the year in which the appropriation for expenditure is made. Global Ministries has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations.

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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 following tables summarize the required fair value disclosures and measurements at December 31, 2023 and 2022 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 (Liabilities) Measured at Fair Value	Quoted Prices Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
December 31, 2023				
Investments:				
Certificates of deposit	\$ 1,520,505	\$ -	\$ 1,520,505	\$ -
Multiple Asset Fund (I Series) - Wespath*	270,626,523	-	-	-
STIF Fund - UMC Foundation*	1,567,561	-	-	-
Fixed Income Fund - UMC Foundation*	1,165,127	-	-	-
Balanced Portfolio - Texas Methodist Foundation*	31,961,722	-	-	-
Short-term securities	1,056	1,056	-	-
Bond mutual funds	125,467	125,467	-	-
Equities	57,056	57,056	-	-
Total investments	<u>\$ 307,025,017</u>	<u>\$ 183,579</u>	<u>\$ 1,520,505</u>	<u>\$ -</u>
Beneficial interest in timberland forest	<u>\$ 4,223,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,223,000</u>
Perpetual trusts held by others	<u>\$ 29,610,473</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 29,610,473</u>
December 31, 2022				
Investments:				
Multiple Asset Fund (I Series) - Wespath*	\$ 233,153,537	\$ -	\$ -	\$ -
STIF Fund - UMC Foundation*	1,115,626	-	-	-
Fixed Income Fund - UMC Foundation*	1,483,371	-	-	-
Balanced Portfolio - Texas Methodist Foundation*	29,472,645	-	-	-
Short-term securities	18,469	18,469	-	-
U.S. government securities	74,649	74,649	-	-
Bond mutual funds	133,885	133,885	-	-
Equities	57,056	57,056	-	-
Total investments	<u>\$ 265,509,238</u>	<u>\$ 284,059</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in timberland forest	<u>\$ 4,175,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,175,000</u>
Perpetual trusts held by others	<u>\$ 27,397,299</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,397,299</u>

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

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Note 13—Fair value of financial instruments (continued)

The estimated fair value amounts have been determined based on Global Ministries' assessment of available market information and appropriate valuation methodologies. The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments – The fair value of short-term securities, U.S. government securities, bond mutual funds, and equities are determined using primarily Level 1 inputs in accordance with ASC 820.

Beneficial Interest in Timberland Forests – Fair value is based on the discounted present value of the estimated future cash flows (over 30 years) from timberland forests (see Note 6). Because no public market exists for these assets and an estimate of fair value is not practicable to obtain, the fair value is determined using primarily Level 3 inputs.

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 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, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Multiple Asset Fund (I Series) - Wespeth ^(a)	\$ 270,626,523	none	daily	daily
STIF Fund - UMC Foundation ^(b)	1,567,561	none	daily	daily
Fixed Income Fund - UMC Foundation ^(c)	1,165,127	none	daily	daily
Balanced Portfolio - Texas Methodist Foundation ^(d)	31,961,722	none	none	none

^(a) The objective of the Wespeth'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 Wespeth 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 UMC Foundation's STIF Fund is to provide liquidity and a reasonable rate of return. This fund is designed for short-term investment of funds when the timing of the investor's liquidity needs is uncertain or variable.

^(c) The objective of the UMC Foundation's Fixed Income Fund is to provided current income and preservation of nominal capital. No provision is made for protection against inflation. The fund is primarily invested in government and corporate bonds, commercial paper, mortgage-backed securities, and collateralized mortgage securities. The fund is permitted to invest up to 10% in securities with "BB" or "B" ratings. The fund may invest up to 5% of portfolio market value in bank loans, interest-only or principal-only securities as conditions warrant. The fund is designed for investors whose main objective is current income.

^(d) 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.

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Note 13—Fair value of financial instruments (continued)

The following is a reconciliation of activity for 2023 and 2022 for assets measured at fair value based on significant unobservable information:

	Beneficial Interest in Timberland Forests	Perpetual Trusts Held by Others
Balance, January 1, 2022	\$ 6,349,000	\$ 33,889,499
Contribution	-	75,000
Net depreciation in fair value	<u>(2,174,000)</u>	<u>(6,567,200)</u>
Balance, December 31, 2022	4,175,000	27,397,299
Contribution	-	90,098
Net appreciation in fair value	<u>48,000</u>	<u>2,123,076</u>
Balance, December 31, 2023	<u><u>\$ 4,223,000</u></u>	<u><u>\$ 29,610,473</u></u>

Note 14—Subsequent events

Subsequent events have been evaluated through September 11, 2024, the date these financial statements were available to be issued.