

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH
d/b/a DISCIPLESHIP MINISTRIES**

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended December 31, 2022 and 2021

And Report of Independent Auditor

**GENERAL BOARD OF DISCIPLESHIP OF
THE UNITED METHODIST CHURCH**
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Report of Independent Auditor

To the Board of Directors
General Board of Discipleship
The United Methodist Church

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 the General Board of Discipleship of The United Methodist Church d/b/a Discipleship Ministries (the “Board”), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, 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 the General Board of Discipleship of The United Methodist Church d/b/a Discipleship Ministries as of December 31, 2022 and 2021, and changes in its net assets and their 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 Consolidated Financial Statements* section of our report. We are required to be independent of the Board 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 the Board’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 the Board'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 the Board'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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. Schedules 2 and 3 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Disclaimer of Opinion on Supplementary Real Estate Holdings Appraised Values

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental Real Estate Holdings Appraised Values information presented in Schedule 3, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and accordingly, we do not express an opinion or provide any assurance on it.

Cherry Bekaert LLP

Charlotte, North Carolina
September 1, 2023

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	2022				2021			
	Consolidating Information		Eliminations	Consolidated Total	Consolidating Information		Eliminations	Consolidated Total
	World Service	The Upper Room			World Service	The Upper Room		
ASSETS								
Cash and cash equivalents	\$ 218,440	\$ 169,777	\$ -	\$ 388,217	\$ 124,668	\$ 141,902	\$ -	\$ 266,570
Due from General Council on Finance and Administration ("GCFA")								
Cash Balance Pool ("CBP")	4,824,455	507,228	-	5,331,683	3,078,378	2,103,522	-	5,181,900
Accrued World Service Income	1,973,597	-	-	1,973,597	2,055,683	-	-	2,055,683
Accrued World Service Income - Strengthening the Black Church	111,048	-	-	111,048	115,869	-	-	115,869
Accrued World Service Income - Native American Comprehensive Plan	60,306	-	-	60,306	62,924	-	-	62,924
Accrued Employee Retention Credit	220,869	351,620	-	572,489	451,465	699,717	-	1,151,182
Investments	33,791,850	22,493,886	-	56,285,736	40,296,007	23,701,793	-	63,997,800
Funds held by outside trustees for the benefit of the Board	5,980	4,942	-	10,922	5,915	4,889	-	10,804
Accounts receivable, net	1,676,253	1,329,784	(1,500,000)	1,506,037	124,279	580,367	-	704,646
Accrued income receivable	203,897	227,926	-	431,823	191,164	175,477	-	366,641
Inventories	-	362,623	-	362,623	-	842,547	-	842,547
Prepaid expenses and other assets	267,753	130,907	-	398,660	260,570	141,642	-	402,212
Property, buildings, and equipment, net	86,428	1,926,399	-	2,012,827	34,036	1,482,379	-	1,516,415
Total Assets	\$ 43,440,876	\$ 27,505,092	\$ (1,500,000)	\$ 69,445,968	\$ 46,800,958	\$ 29,874,235	\$ -	\$ 76,675,193
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable and accrued expenses	\$ 874,797	\$ 2,487,721	\$ (1,500,000)	\$ 1,862,518	\$ 839,543	\$ 982,195	\$ -	\$ 1,821,738
Custodial funds payable	207,308	-	-	207,308	199,899	-	-	199,899
Accrued royalties	-	62,570	-	62,570	-	60,995	-	60,995
Deferred income	30,031	1,768,969	-	1,799,000	-	2,281,213	-	2,281,213
Total Liabilities	1,112,136	4,319,260	(1,500,000)	3,931,396	1,039,442	3,324,403	-	4,363,845
Net Assets:								
Without Donor Restrictions:								
Board-designated	22,816,172	6,157,668	-	28,973,840	27,512,186	2,989,863	-	30,502,049
Undesignated	16,052,292	15,322,626	-	31,374,918	15,676,980	21,937,917	-	37,614,897
Total Without Donor Restrictions	38,868,464	21,480,294	-	60,348,758	43,189,166	24,927,780	-	68,116,946
With Donor Restrictions:								
Subject to purpose restrictions	1,571,856	603,755	-	2,175,611	588,815	555,569	-	1,144,384
Endowments	1,888,420	1,101,783	-	2,990,203	1,983,535	1,066,483	-	3,050,018
Total With Donor Restrictions	3,460,276	1,705,538	-	5,165,814	2,572,350	1,622,052	-	4,194,402
Total Net Assets	42,328,740	23,185,832	-	65,514,572	45,761,516	26,549,832	-	72,311,348
Total Liabilities and Net Assets	\$ 43,440,876	\$ 27,505,092	\$ (1,500,000)	\$ 69,445,968	\$ 46,800,958	\$ 29,874,235	\$ -	\$ 76,675,193

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Consolidating Information							2022 Consolidated Total
	World Service			The Upper Room			Eliminations	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues:								
Sales of literature	\$ 20,271	\$ -	\$ 20,271	\$ 10,174,427	\$ -	\$ 10,174,427	\$ -	\$ 10,194,698
Cost of goods sold	-	-	-	(2,112,861)	-	(2,112,861)	-	(2,112,861)
Net Sales	20,271	-	20,271	8,061,566	-	8,061,566	-	8,081,837
Allocations through the GCFA:								
World Service	6,515,893	-	6,515,893	-	-	-	-	6,515,893
Native American Comprehensive Plan	-	200,092	200,092	-	-	-	-	200,092
Strengthening the Black Church	-	368,453	368,453	-	-	-	-	368,453
Youth Service Fund	18,238	-	18,238	-	-	-	-	18,238
Registration fees/special projects	62,979	77,107	140,086	360,214	-	360,214	-	500,300
Grants and contributions	1,963	1,149,640	1,151,603	565,795	350,155	915,950	-	2,067,553
Reimbursements from related organizations	45,000	145,000	190,000	-	-	-	-	190,000
Rental income	1,710	-	1,710	458,912	-	458,912	-	460,622
Employee Retention Credit	2,690	84	2,774	4,189	-	4,189	-	6,963
Other income	1,857,271	65	1,857,336	166,056	54	166,110	(2,020,214)	3,232
Benefit trust distribution	1,298,902	-	1,298,902	1,189,417	-	1,189,417	-	2,488,319
Services received from GCFA	30,893	-	30,893	-	-	-	-	30,893
Investment return from GCFA CBP	51,561	-	51,561	11,007	-	11,007	-	62,568
Investment return, net	(6,386,714)	(117,443)	(6,504,157)	(4,587,817)	-	(4,587,817)	-	(11,091,974)
Net assets with donor restrictions released from restrictions	935,072	(935,072)	-	266,723	(266,723)	-	-	-
Total Revenues	4,455,729	887,926	5,343,655	6,496,062	83,486	6,579,548	(2,020,214)	9,902,989
Expenses:								
Program Services:								
General secretary	422,148	-	422,148	-	-	-	-	422,148
Stakeholder relations	826,837	-	826,837	-	-	-	-	826,837
Strategic programming	2,634,177	-	2,634,177	-	-	-	-	2,634,177
Communications	1,175,612	-	1,175,612	-	-	-	-	1,175,612
Strengthening the Black Church	595,811	-	595,811	-	-	-	-	595,811
Native American Comprehensive Plan	205,417	-	205,417	-	-	-	-	205,417
The Upper Room	-	-	-	10,299,506	-	10,299,506	-	10,299,506
Total Program Services	5,860,002	-	5,860,002	10,299,506	-	10,299,506	-	16,159,508
Supporting Services:								
Management and general	2,910,429	-	2,910,429	2,322,009	-	2,322,009	(2,020,214)	3,212,224
Fundraising	6,000	-	6,000	527,595	-	527,595	-	533,595
Total Supporting Services	2,916,429	-	2,916,429	2,849,604	-	2,849,604	(2,020,214)	3,745,819
Total Expenses	8,776,431	-	8,776,431	13,149,110	-	13,149,110	(2,020,214)	19,905,327
Excess (Deficiency) of Revenue Over Expenses	(4,320,702)	887,926	(3,432,776)	(6,653,048)	83,486	(6,569,562)	-	(10,002,338)
Nonoperating Items:								
Net gain on sale of assets	-	-	-	3,205,562	-	3,205,562	-	3,205,562
Changes in net assets	(4,320,702)	887,926	(3,432,776)	(3,447,486)	83,486	(3,364,000)	-	(6,796,776)
Net assets, beginning of year	43,189,166	2,572,350	45,761,516	24,927,780	1,622,052	26,549,832	-	72,311,348
Net assets, end of year	\$ 38,868,464	\$ 3,460,276	\$ 42,328,740	\$ 21,480,294	\$ 1,705,538	\$ 23,185,832	\$ -	\$ 65,514,572

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Consolidating Information							2021 Consolidated Total
	World Service			The Upper Room			Eliminations	
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total		
Revenues:								
Sales of literature	\$ 30,017	\$ -	\$ 30,017	\$ 10,332,414	\$ -	\$ 10,332,414	\$ -	\$ 10,362,431
Cost of goods sold	-	-	-	(1,684,004)	-	(1,684,004)	-	(1,684,004)
Net Sales	30,017	-	30,017	8,648,410	-	8,648,410	-	8,678,427
Allocations through the GCFA:								
World Service	6,445,992	-	6,445,992	-	-	-	-	6,445,992
Native American Comprehensive Plan	-	197,945	197,945	-	-	-	-	197,945
Strengthening the Black Church	-	364,500	364,500	-	-	-	-	364,500
Youth Service Fund	13,154	-	13,154	-	-	-	-	13,154
Registration fees/special projects	53,626	99,910	153,536	282,135	13,425	295,560	-	449,096
Grants and contributions	4,053	127,646	131,699	1,056,256	399,214	1,455,470	-	1,587,169
Reimbursements from related organizations	68,801	-	68,801	-	-	-	-	68,801
Rental income	106,333	-	106,333	239,371	-	239,371	-	345,704
Paycheck Protection Program	1,055,156	87,644	1,142,800	-	-	-	-	1,142,800
Employee Retention Credit	437,465	14,000	451,465	699,717	-	699,717	-	1,151,182
Other income	1,831,234	159	1,831,393	4,188	131	4,319	(1,817,341)	18,371
Benefit trust distribution	1,247,156	-	1,247,156	1,174,507	-	1,174,507	-	2,421,663
Services received from GCFA	28,700	-	28,700	-	-	-	-	28,700
Investment return from GCFA CBP	171,669	-	171,669	16,925	-	16,925	-	188,594
Investment return, net	973,359	88,845	1,062,204	1,800,789	111,773	1,912,562	-	2,974,766
Net assets with donor restrictions released from restrictions	1,114,442	(1,114,442)	-	218,074	(218,074)	-	-	-
Total Revenues	13,581,157	(133,793)	13,447,364	14,140,372	306,469	14,446,841	(1,817,341)	26,076,864
Expenses:								
Program Services:								
General secretary	188,468	-	188,468	-	-	-	-	188,468
Stakeholder relations	1,067,208	-	1,067,208	-	-	-	-	1,067,208
Strategic programming	2,422,589	-	2,422,589	-	-	-	-	2,422,589
Communications	1,268,702	-	1,268,702	-	-	-	-	1,268,702
Strengthening the Black Church	590,120	-	590,120	-	-	-	-	590,120
Native American Comprehensive Plan	239,623	-	239,623	-	-	-	-	239,623
The Upper Room	-	-	-	9,919,679	-	9,919,679	-	9,919,679
Total Program Services	5,776,710	-	5,776,710	9,919,679	-	9,919,679	-	15,696,389
Supporting Services:								
Management and general	3,917,096	-	3,917,096	1,672,374	-	1,672,374	(1,817,341)	3,772,129
Fundraising	6,000	-	6,000	500,199	-	500,199	-	506,199
Total Supporting Services	3,923,096	-	3,923,096	2,172,573	-	2,172,573	(1,817,341)	4,278,328
Total Expenses	9,699,806	-	9,699,806	12,092,252	-	12,092,252	(1,817,341)	19,974,717
Excess (Deficiency) of Revenue Over Expenses	3,881,351	(133,793)	3,747,558	2,048,120	306,469	2,354,589	-	6,102,147
Nonoperating Items:								
Net gain on sale of assets	27,459,143	-	27,459,143	-	-	-	-	27,459,143
Changes in net assets	31,340,494	(133,793)	31,206,701	2,048,120	306,469	2,354,589	-	33,561,290
Net assets, beginning of year	11,848,672	2,706,143	14,554,815	22,879,660	1,315,583	24,195,243	-	38,750,058
Net assets, end of year	\$ 43,189,166	\$ 2,572,350	\$ 45,761,516	\$ 24,927,780	\$ 1,622,052	\$ 26,549,832	\$ -	\$ 72,311,348

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	Program Services							Supporting Services							Total Supporting Services	2022 Consolidated Total
	World Service				Upper Room			World Service				Upper Room				
	General Secretary	Stakeholder Relations	Strategic Programming	Communications	Strengthening the Black Church - 21st Century	Native American Comprehensive Plan	Upper Room Program	Total Program Services	Management and General	Fundraising	Management and General	Fundraising	Eliminations			
Expenses:																
Grant distribution	\$ -	\$ 239,050	\$ -	\$ -	\$ -	\$ -	\$ 89,857	\$ 328,907	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 328,907	
Programs and projects	5,655	31,077	217,244	120,831	301,642	9,600	421,916	1,107,965	-	-	-	-	-	-	1,107,965	
Personnel expenses	271,284	445,881	2,212,500	568,950	246,738	170,831	5,085,646	9,001,830	1,614,519	6,000	1,046,320	278,128	(1,084,114)	1,860,853	10,862,683	
Staff travel and expense	9,836	22,133	97,154	41,653	24,937	5,133	159,706	360,552	2,299	-	7,893	-	(7,893)	2,299	362,851	
Contractual services	11,265	83,296	78,414	286,816	-	325	2,029,675	2,489,791	584,515	-	375,645	-	(375,645)	584,515	3,074,306	
Office expenses	44,854	4,540	20,507	36,766	19,444	19,202	164,575	309,888	213,162	-	160,293	-	(160,293)	213,162	523,050	
Fulfillment postage	1,687	-	2,403	20,526	287	117	1,448,013	1,473,033	239	-	1,315	-	(1,315)	239	1,473,272	
Depreciation expense	3,266	-	-	-	-	-	334,417	337,683	218,182	-	72,724	-	(175,977)	114,929	452,612	
Meetings	73,583	-	-	-	-	175	-	73,758	-	-	47,919	-	(47,919)	-	73,758	
Promotional	-	-	-	98,814	371	34	162,070	261,289	-	-	-	249,467	-	249,467	510,756	
Insurance and taxes	-	-	-	-	-	-	337,888	337,888	245,472	-	159,917	-	(159,917)	245,472	583,360	
Miscellaneous	718	860	5,955	1,256	2,392	-	65,743	76,924	1,148	-	449,983	-	(7,141)	443,990	520,914	
Administration provided by GCFA	-	-	-	-	-	-	-	-	30,893	-	-	-	-	30,893	30,893	
Total Expenses	\$ 422,148	\$ 826,837	\$ 2,634,177	\$ 1,175,612	\$ 595,811	\$ 205,417	\$ 10,299,506	\$ 16,159,508	\$ 2,910,429	\$ 6,000	\$ 2,322,009	\$ 527,595	\$ (2,020,214)	\$ 3,745,819	\$ 19,905,327	

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	Program Services							Supporting Services							Total Supporting Services	2021 Consolidated Total
	World Service				Upper Room			World Service			Upper Room					
	General Secretary	Stakeholder Relations	Strategic Programming	Communications	Strengthening the Black Church - 21st Century	Native American Comprehensive Plan	Upper Room Program	Total Program Services	Management and General	Fundraising	Management and General	Fundraising	Eliminations			
Expenses:																
Grant distribution	\$ -	\$ 72,499	\$ -	\$ -	\$ -	\$ 40,000	\$ 208,505	\$ 321,004	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 821,004
Programs and projects	-	272,655	127,932	224,531	228,509	347,877	1,201,504	-	-	-	-	-	-	-	-	1,201,504
Personnel expenses	144,108	618,401	2,157,824	627,420	253,895	171,786	4,750,319	8,723,753	1,566,509	6,000	887,684	253,320	(913,842)	1,799,671	10,523,424	
Staff travel and expense	2,412	4,496	15,370	19,306	29,252	505	26,818	98,159	1,888	-	2,503	-	(2,503)	1,888	100,047	
Contractual services	11,008	93,155	98,682	310,525	66,404	4,075	1,722,780	2,306,629	729,866	-	399,247	-	(399,247)	729,866	3,036,495	
Office expenses	27,220	5,239	20,114	16,873	7,372	17,320	374,436	468,574	261,123	-	160,231	-	(160,231)	261,123	729,697	
Fulfillment postage	272	-	1,701	7,547	494	58	1,301,962	1,312,034	-	-	164	-	(164)	-	1,312,034	
Depreciation expense	2,723	-	-	-	-	-	313,505	316,228	292,836	-	102,373	-	(221,182)	174,027	490,255	
Meetings	(737)	-	-	-	-	-	-	(737)	-	-	-	-	-	-	(737)	
Promotional	-	-	-	60,500	1,033	157	384,311	446,001	-	-	-	246,879	-	246,879	692,880	
Insurance and taxes	-	-	-	-	-	-	346,577	346,577	184,630	-	111,401	-	(111,401)	184,630	531,207	
Miscellaneous	1,462	763	966	2,000	3,161	5,722	142,589	156,663	351,544	-	8,771	-	(8,771)	351,544	508,207	
Administration provided by GCFA	-	-	-	-	-	-	-	-	28,700	-	-	-	-	28,700	28,700	
Total Expenses	\$ 188,468	\$ 1,067,208	\$ 2,422,589	\$ 1,268,702	\$ 590,120	\$ 239,623	\$ 9,919,679	\$ 15,696,389	\$ 3,917,096	\$ 6,000	\$ 1,672,374	\$ 500,199	\$ (1,817,341)	\$ 4,278,328	\$ 19,974,717	

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (6,796,776)	\$ 33,561,290
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	452,612	490,255
Net realized gains on investments	-	(736,834)
Net unrealized losses (gains) on investments	11,091,974	(2,237,932)
Net gain on disposal of Kern property and equipment	-	(27,459,143)
Net gain on disposal of 18th Ave properties and equipment	(3,205,562)	-
Net loss of disposal of additional property and equipment	11,721	434,569
Gifts restricted for long-term investments	(3,300)	(26,406)
Changes in operating assets and liabilities:		
Due from GCFA CBP	(149,783)	181,979
Accrued World Service Income	82,086	339,800
Accrued World Service Income - Strengthening the Black Church	4,821	19,301
Accrued World Service Income - Native American Comprehensive Plan	2,618	10,481
Accrued Employee Retention Credit	578,693	(1,151,182)
Funds held by outside trustees for the benefit of the Board	(118)	(289)
Accounts receivable, net	(801,191)	240,766
Accrued income receivable	(65,182)	(112,703)
Inventories	479,924	60,622
Prepaid expenses and other assets	3,552	(108,292)
Accounts payable and accrued expenses	40,780	469,571
Custodial funds payable	7,409	25,756
Accrued royalties	1,575	(4,855)
Deferred income	(482,213)	(358,695)
Paycheck Protection Program deferred revenue	-	(1,142,800)
Net cash flows from operating activities	<u>1,253,640</u>	<u>2,495,259</u>
Cash flows from investing activities:		
Purchases of property, buildings, and equipment	(1,145,384)	(44,760)
Proceeds from sale of investments	-	2,500,000
Proceeds from sale of property, buildings, and equipment	3,390,000	27,500,000
Purchases of investments	<u>(3,379,909)</u>	<u>(32,817,885)</u>
Net cash flows from investing activities	<u>(1,135,293)</u>	<u>(2,862,645)</u>
Cash flows from financing activities:		
Proceeds from gifts restricted for long-term investments	<u>3,300</u>	<u>26,406</u>
Net cash flows from financing activities	<u>3,300</u>	<u>26,406</u>
Net change in cash and cash equivalents	121,647	(340,980)
Cash and cash equivalents, beginning of year	<u>266,570</u>	<u>607,550</u>
Cash and cash equivalents, end of year	<u>\$ 388,217</u>	<u>\$ 266,570</u>

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 1—Organization and nature of operations

The General Board of Discipleship of The United Methodist Church d/b/a Discipleship Ministries was created to assist The United Methodist conferences, districts, and local churches in their disciple-making ministries. This assistance is provided through program activities and the development and distribution of religious materials and resources. Revenue is derived primarily from allocations received from the World Service Fund (the basic benevolence fund of The United Methodist Church (the “Church”)), fees for special programs and projects and from sales of literature to churches, related organizations, and individuals.

The Upper Room is incorporated as a separate entity within Discipleship Ministries and is financially maintained and presented as a separate fund of Discipleship Ministries in accordance with the Book of Discipline. Discipleship Ministries and The Upper Room each has its own Board of Directors, the members of which are common. Strengthening the Black Church for the 21st Century (“SBC21”) and the Native American Comprehensive Plan (“NACP”) are special initiatives of The United Methodist Church, administratively assigned to Discipleship Ministries. SBC21 and NACP each has its own advisory committees separate from the Discipleship Ministries Board of Directors.

The accompanying consolidated financial statements present the consolidated accounts of Discipleship Ministries, The Upper Room, and the administratively assigned special initiatives for SBC21 and NACP and collectively will be referred to as the “Board”. All material interdivisional accounts and transactions have been eliminated in consolidation.

Note 2—Summary of significant accounting policies

The consolidated financial statements have been prepared using the accrual basis of accounting. The Board’s significant accounting policies are described below:

Basis of Presentation – The Board maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified into funds that are in accordance with the activities or objectives of the Board. Separate accounts are maintained for each fund.

For reporting purposes, however, the Board’s consolidated financial statements have been prepared to focus on the organization as a whole. Net assets are classified into two categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Board 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 the Board. These net assets may be used at the discretion of Board's management and the Board of Directors. Board 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:

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.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

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

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. 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 law. Expirations of temporary restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

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. Contributions of assets other than cash are recorded at their estimated fair value.

Cash and Cash Equivalents – Cash and cash equivalents include cash on hand or on deposit with banks and highly liquid, short-term investments with original maturities of three months or less.

The Board places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Board from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2022, the Board had one account with \$129,229 in excess of these insured amounts.

Due from General Council on Finance and Administration Cash Balance Pool – The amounts presented as due from General Council on Finance and Administration (“GCFA”) Cash Balance Pool in the accompanying consolidated financial statements represent the Board’s portion of the Cash Balance Pool (“CBP”) portfolio managed by GCFA on behalf of certain agencies and related organizations of the The United Methodist Church. The amount due from this fund effectively represents the amount of cash deposits that are available to the Board to be disbursed out of GCFA’s centralized cash management system. Since these deposits are legally invested in GCFA’s name and not in a separate demand account in the Board’s name, they are not classified as cash and cash equivalents, but rather are considered an amount due from GCFA. The CBP includes funds invested in demand deposits, corporate bonds, taxable municipal bonds, mutual funds, and notes from other United Methodist organizations.

Distributions of the investment return on the CBP are characterized as interest income and are based on GCFA’s policy in the following steps:

1. The net pool return for the month to be paid by GCFA to the beneficiary agencies is the 1-month US Treasury Bill Rate prevailing as of the 3 PM close of the first business day of the month plus a spread between 35 to 50 basis points. GCFA can modify the spread at its discretion, in which case the CBP beneficiaries will be notified of the new spread prior to the end of the prior month. This spread can be either an addition or subtraction from the 1-month U.S. Treasury Bill Rate. In months when the return of the CBP is less than 50 basis points, the payout to the CPB beneficiaries will be set at 50 basis points. In months when the return of the CBP is more than 50 basis points, the payout to the CBP Beneficiaries shall not exceed the return of the CBP.
2. The net pool return will be earned on all monies deposited up to the individual agency limit of 1.5 times the average cash pool balance for the previous two years. Above this limit, the agency will earn a net portfolio return of 1-month US Treasury Bill Rate minus 15 basis points.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

GCFA allocates interest earned to the agencies invested monthly. For the years ended December 31, 2022 and 2021, GCFA allocated \$62,568 and \$188,594 of interest income, respectively. The overall return for the Cash Balance Pool for the years ended December 31, 2022 and 2021 was 1.09% and 2.73%, respectively. The overall rate of return for each agency will fluctuate based on balances throughout the year and the prevailing US Treasury Bill Rates during over time

While interest income can be earned based on the performance of the pooled investment funds, the Board believes there is little to no risk exposure to losses due to the relationship with GCFA and policy under which the pooled funds are invested. GCFA is the owner of the residual risk of the investment portfolio. The operating cash requirements of the general agencies are centrally managed by GCFA.

The current policy as described above became effective on January 1, 2022. Prior to this, the pool was previously referred to as the GCFA Short-Term Pooled Investment Fund and the investment return of the pool was allocated to the participating agencies based on their pro-rata share of the pool on a monthly basis.

The allocation of funds in the short-term investment pool as of December 31, 2022, and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Texas Methodist Foundation loan fund	11.8%	17.3%
Mutual funds	19.6%	20.6%
Short-term collateralized loan fund	0.2%	0.2%
Fixed income	8.9%	9.4%
Corporate bonds	46.3%	40.9%
Cash	13.2%	11.6%
	<u>100%</u>	<u>100%</u>

World Service Allocation – Funding for the Board’s operations is principally provided by allocations of the World Service Fund received from the General Funds of the Church, of which \$2,144,951 and \$2,234,476 as of December 31, 2022 and 2021, respectively, was accrued and unpaid. The General Funds of the Church are allocated to the Board based on a four-year budget developed from projections of expected program costs. The Board’s continued existence is dependent upon the Church’s future support. The Church’s future support is dependent upon contributions from its congregations.

Funds Held by Outside Trustees for the Benefit of the Board – These funds are managed by other entities that hold the funds in trust. They are recorded at fair value of the assets held by the third party.

Accounts Receivable – Trade accounts receivable are recorded at the invoiced amount and do not bear interest. The allowance for doubtful accounts is the Board’s best estimate of the amount of probable credit losses in the Board’s existing accounts receivable. The Board determines the allowance based on historical write-off experience. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.

Investments – The Board’s investments are in third-party investment pools presented at net asset value, which approximates the estimated fair value of the Board’s share of the respective investment pools. Investment return represents the Board’s pro rata share of interest and dividends and realized and unrealized gains and losses within respective investment pools.

Inventories – Inventories of printed literature are valued at the lower of cost (first-in, first-out) or net realizable value.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Property, Buildings, and Equipment – Property, buildings, and equipment are stated at cost, less accumulated depreciation. The Board capitalizes assets with a cost greater than \$2,500. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, which range from three to fifty years. Upon retirement or disposal of assets, the asset and accumulated depreciation are adjusted accordingly, and any gain or loss is reflected in nonoperating results. Maintenance and repairs are charged to expense as incurred; betterments are capitalized.

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. The consolidated statements of functional expenses present the natural classification detail of expenses by function. While most costs have been directly assigned to a functional category, certain joint costs have been allocated among program services and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Communication and web services	Time and effort

Custodial Funds Payable – The Board holds funds for others, representing investment amounts owned by various organizations but administered by the Board as part of the general investment pool. The Board's responsibilities for these funds are custodial in nature and consist of establishing and monitoring investment policies for these deposits and distributing the income earned or the principal at withdrawal in accordance with the depositor's instructions.

Deferred Income – Subscriptions to The Upper Room and other publications are deferred and recognized as income over the term of the related subscription.

Income Taxes – The Board is covered under GCFA's 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 ("IRC"). The Board is also exempt from filing a Form 990 due to its affiliation with a religious organization as described in Section 509(a) of the IRC.

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

Revenue Concentration – Funding for the Board's operations is significantly provided by apportionments received from the General Funds of the Church that are allocated to the Board based on a four-year budget developed from projections of expected program costs. The apportionment accounted for approximately 34% and 32% of the Board's total revenue, excluding investment returns, in 2022 and 2021, respectively. The Board is dependent upon the Church's future support as well as sales of literature. The Church's future support is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant) as well as sales of literature to those congregations.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 2—Summary of significant accounting policies (continued)

Revenue Recognition – The Board recognizes registration fees/special project revenues when the performance obligation has been met which is when the service is performed or the good is provided. Sales of literature revenue is recognized when the goods are shipped to the customer.

Use of Estimates – Management of the Board has made a number of estimates and assumptions relating to the reporting of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period to prepare these consolidated financial statements in conformity with U.S. generally accepted accounting principles (“U.S. GAAP”). Actual results could differ from those estimates.

Services Received from Personnel of an Affiliate – Services received from personnel of an affiliate for which the affiliate does not charge the Board has been measured at the cost recognized by the affiliate in providing those services. The revenue and expense relating to those services received are presented in the related party Note 9 and totaled \$30,893 and \$28,700 for the years ended December 31, 2022 and 2021, respectively.

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 Financial Accounting Standards Board (“FASB”) 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.

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

Recent Accounting Pronouncements – In February 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-02, *Leases* (“Topic 842”), which supersedes existing guidance for accounting for leases under Topic 840, *Leases*. FASB also subsequently issued additional ASUs which amend and clarify Topic 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (“ROU”) assets and lease liabilities for operating leases on the consolidated statement of financial position. The Board adopted these ASUs effective January 1, 2022 using the modified retrospective approach.

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. The Board adopted this ASU effective December 31, 2022.

Adoption of these new standards did not impact the Board’s change in net assets and had no impact on cash flows.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 3—Liquidity and availability of resources

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

	2022		
	World Service	The Upper Room	Consolidated
Financial assets at year-end:			
Cash and cash equivalents	\$ 218,440	\$ 169,777	\$ 388,217
Due from GCFA CBP	4,824,455	507,228	5,331,683
Accrued World Service	1,973,597	-	1,973,597
Accrued World Service - SBC21	111,048	-	111,048
Accrued World Service - NACP	60,306	-	60,306
Accrued Income for ERC	220,869	351,620	572,489
Investments	33,791,850	22,493,886	56,285,736
Funds held by outside trustees for the benefit of the Board	5,980	4,942	10,922
Accounts receivable	1,676,253	1,329,784	3,006,037
Accrued income receivable	203,897	227,926	431,823
Total financial assets	<u>43,086,695</u>	<u>25,085,163</u>	<u>68,171,858</u>
Less amounts not available to be used for general expenditures within one year:			
Due from The Upper Room	1,500,000	-	1,500,000
Custodial funds payable	207,308	-	207,308
Board designated	22,816,172	6,157,668	28,973,840
Purpose restrictions	1,571,856	603,755	2,175,611
Endowments	1,888,420	1,101,783	2,990,203
Financial assets not available to be used within one year	<u>27,983,756</u>	<u>7,863,206</u>	<u>35,846,962</u>
Financial assets available to meet general expenditures within one year	<u>\$ 15,102,939</u>	<u>\$ 17,221,957</u>	<u>\$ 32,324,896</u>

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 3—Liquidity and availability of resources (continued)

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

	2021		
	World Service	The Upper Room	Consolidated
Financial assets at year-end:			
Cash and cash equivalents	\$ 124,668	\$ 141,902	\$ 266,570
Due from GCFA CBP	3,078,378	2,103,522	5,181,900
Accrued World Service	2,055,683	-	2,055,683
Accrued World Service - SBC21	115,869	-	115,869
Accrued World Service - NACP	62,924	-	62,924
Accrued Income for ERC	451,465	699,717	1,151,182
Investments	40,296,007	23,701,793	63,997,800
Funds held by outside trustees for the benefit of the Board	5,915	4,889	10,804
Accounts receivable	124,279	580,367	704,646
Accrued income receivable	191,164	175,477	366,641
Total financial assets	<u>46,506,352</u>	<u>27,407,667</u>	<u>73,914,019</u>
Less amounts not available to be used for general expenditures within one year:			
Custodial funds payable	199,899	-	199,899
Board designated	27,512,186	2,989,863	30,502,049
Purpose restrictions	588,815	555,569	1,144,384
Endowments	1,983,535	1,066,483	3,050,018
Financial assets not available to be used within one year	<u>30,284,435</u>	<u>4,611,915</u>	<u>34,896,350</u>
Financial assets available to meet general expenditures within one year	<u>\$ 16,221,917</u>	<u>\$ 22,795,752</u>	<u>\$ 39,017,669</u>

The Board considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. As part of the Board's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash in excess of daily requirements are invested in the GCFA's short-term pooled investment fund. This fund established by the Board may be drawn upon, if necessary, to meet unexpected liquidity needs.

The Board also has certain assets limited to use for donor-restricted purposes, as well as other board-designated assets that are designated for future capital expenditure, programs, and plant facilities. These assets limited to use, which are more fully described in Note 10 are not available for general expenditure within the next year. However, the board-designated amounts could be made available, if necessary. As part of Board's liquidity management plan, cash in excess of daily requirements are invested in GCFA's short-term pooled investment fund.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 4—Investments

The investments at December 31, 2022 and 2021 consist of the following:

	2022		2021	
	Fair Value	Cost	Fair Value	Cost
Multiple Asset Fund - I Series (Wespath)	\$ 51,763,089	\$ 50,605,674	\$ 59,003,962	\$ 47,225,764
Fixed Income Fund - I Series (Wespath)	2,187,445	2,500,000	2,507,613	2,500,000
Inflation Protection Fund - I Series (Wespath)	2,335,202	2,500,000	2,486,225	2,500,000
	<u>\$ 56,285,736</u>	<u>\$ 55,605,674</u>	<u>\$ 63,997,800</u>	<u>\$ 52,225,764</u>

Multiple Asset Fund – I Series (Wespath) – The investments in Wespath Benefits and Investments (“Wespath”) Multiple Asset Fund – I Series are a composite of U.S. equity funds (34%), fixed income funds (25%), international equity funds (31%), and inflation protection funds (10%).

Fixed Income Fund – I Series (Wespath) – The Fixed Income Fund – I Series comprises of publicly traded U.S. fixed income securities and fixed income securities denominated in currencies other than the U.S. dollar.

Inflation Protection Fund – I Series (Wespath) – The Inflation Protection Fund – I Series holds a combination of U.S. and foreign fixed income securities, commodity futures contracts, and senior secured loans.

Net investment return for the years ended December 31, 2022 and 2021 was as follows:

	2022	2021
Return on investments:		
Realized gains on sale of investments	\$ -	\$ 736,834
Unrealized (losses) gains on investments	(11,091,974)	2,237,932
Net investment return	<u>\$ (11,091,974)</u>	<u>\$ 2,974,766</u>

Note 5—Fair value measurement

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on the Board’s assessment of available market information and appropriate valuation methodologies. The following tables summarize the required fair value disclosures and measurements at December 31, 2022 and 2021 for assets and liabilities measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 5—Fair value measurement (continued)

	Fair Value Measurements at Reporting Date Using			
	Amounts Measured at at Fair Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2022				
Funds held by outside trustees for the benefit of the Board:	\$ 10,922	\$ -	\$ -	\$ 10,922
Investments reported at net asset value:				
Multiple Asset Fund - I Series (Wespath)*	51,763,089			
Fixed Income Fund - I Series (Wespath)*	2,187,445			
Inflation Protection Fund - I Series (Wespath)*	2,335,202			
Total investments	<u>\$ 56,285,736</u>			

	Fair Value Measurements at Reporting Date Using			
	Amounts Measured at at Fair Value	Quoted Prices in Active Markets for Identical Instruments (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
December 31, 2021				
Funds held by outside trustees for the benefit of the Board:	\$ 10,804	\$ -	\$ -	\$ 10,804
Investments reported at net asset value:				
Multiple Asset Fund - I Series (Wespath)*	59,003,962			
Fixed Income Fund - I Series (Wespath)*	2,507,613			
Inflation Protection Fund - I Series (Wespath)*	2,486,225			
Total investments	<u>\$ 63,997,800</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.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 5—Fair value measurement (continued)

The following method was used to estimate the fair value of each class of financial instruments:

Funds Held by Outside Trustees for the Benefit of the Board – The fair values of funds held by outside trustees for the benefit of the Board are determined using primarily Level 3 inputs.

There were no purchases or sales of Level 3 investments for the year ended December 31, 2022.

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. All investments may be redeemed without advance notice and there are no limitations as to the frequency of redemptions for any investment pool. The Board has no unfunded commitments to invest in any investment pool.

Note 6—Accounts receivable

Accounts receivable at December 31 consist of the following:

	2022		
	Discipleship Ministries	The Upper Room	Total
Trade accounts	\$ -	\$ 1,575,204	\$ 1,575,204
Due from other agencies	170,027	27,144	197,171
Other	6,226	22	6,248
	<u>176,253</u>	<u>1,602,370</u>	<u>1,778,623</u>
Less allowance for doubtful accounts	-	(272,586)	(272,586)
	<u>\$ 176,253</u>	<u>\$ 1,329,784</u>	<u>\$ 1,506,037</u>
	2021		
	World Service	The Upper Room	Total
Trade accounts	\$ -	\$ 683,757	\$ 683,757
Due from other agencies	47,693	-	47,693
Other	76,586	(66)	76,520
	<u>124,279</u>	<u>683,691</u>	<u>807,970</u>
Less allowance for doubtful accounts	-	(103,324)	(103,324)
	<u>\$ 124,279</u>	<u>\$ 580,367</u>	<u>\$ 704,646</u>

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 7—Property, buildings, and equipment

Property, buildings, and equipment at December 31 consist of the following:

	2022		
	World Service	The Upper Room	Total
Land and land improvements	\$ -	\$ 126,151	\$ 126,151
Buildings and improvements	153,281	7,561,623	7,714,904
Furniture, fixtures, and equipment	725,866	1,243,579	1,969,445
Work in progress	34,543	-	34,543
	913,690	8,931,353	9,845,043
Less accumulated depreciation	(827,262)	(7,004,954)	(7,832,216)
	<u>\$ 86,428</u>	<u>\$ 1,926,399</u>	<u>\$ 2,012,827</u>
	2021		
	World Service	The Upper Room	Total
Land and land improvements	\$ -	\$ 223,836	\$ 223,836
Buildings and improvements	153,281	7,994,045	8,147,326
Furniture, fixtures, and equipment	693,077	434,476	1,127,553
	846,358	8,652,357	9,498,715
Less accumulated depreciation	(812,322)	(7,169,978)	(7,982,300)
	<u>\$ 34,036</u>	<u>\$ 1,482,379</u>	<u>\$ 1,516,415</u>

Depreciation expense was \$452,612 and \$490,255 for 2022 and 2021, respectively.

In July 2021, the Kern building was sold for \$55,000,000. The all-cash proceeds were split equally by GBHEM and Discipleship Ministries. The net gain on this sale of (\$27,459,143) has been reflected on the consolidated statement of activities for the year ended December 31, 2021.

In January 2022, the properties at 1001 and 1003 18th Ave South were sold for \$3,390,000. The all-cash proceeds belonged entirely to Upper Room. The net gain on this sale of (\$3,205,562) has been reflected on the consolidated statement of activities for the year ended December 31, 2022.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 8—Employee benefits

Retirement Benefits – Full-time laypersons and clergy employed by the Board participate in the Retirement Plan for General Agencies. This defined contribution plan is administered by Wespath. The Board makes semi-monthly contributions to each eligible employee's account held by Wespath based on 8% of annual employee compensation. Additionally, the Board matches up to 2% of each employee's compensation to their United Methodist Personal Investment Plan. Total contributions made by the Board for both components during 2022 and 2021 were \$833,645 and \$775,419, respectively.

Health, 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, Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

The Board 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 rollover to subsequent years until death of the retiree or their spouse, whichever is later.

All of the Board'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 \$1,164,352 and \$1,202,870 in 2022 and 2021, respectively, and the cost of retired employees was \$404,416 and \$401,520, respectively, exclusive of reimbursement from the General Agency Benefit Trust ("Benefit Trust").

The Plan's unfunded accumulated postretirement benefit obligation was approximately \$25,007,000 and \$41,922,000 and the Plan's unfunded expected postretirement benefit obligation was approximately \$32,535,000 and \$60,056,000 as of December 31, 2022 and 2021, 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 payout, 6% for 2022 and 2021 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. The fair value of the Benefit Trust's assets (not plan assets) for which GCFA is the beneficiary, was approximately \$148,588,000 and \$190,403,000 as of December 31, 2022 and 2021, respectively. The total amount available for reimbursement in 2022 and 2021 was \$11,424,000 and \$11,167,000, respectively, of which the Board's share, net of retiree health benefits was \$2,488,319 and \$2,421,663, respectively.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 9—Related party transactions

The Board receives a portion of its revenue through apportionments from the General Funds of The United Methodist Church, which are administered by GCFA. In addition, GCFA provides various services to the Board, such as general ledger processing, cash management, and group insurance plan administration. The Board had the following transactions with GCFA and related organizations:

	<u>2022</u>	<u>2021</u>
Statements of Financial Position:		
Due from GCFA CBP	\$ 5,331,683	\$ 5,181,900
Accrued World Service Fund allocation	1,973,597	2,055,683
Accrued World Service Fund allocation - SBC21	111,048	115,869
Accrued World Service Fund allocation - NACP	60,306	62,924
Accounts receivable from related organizations	197,171	47,693
Funds held by outside trustees for the benefit of the Board	10,922	10,804
Statements of Activities:		
Revenue:		
Net sales - United Methodist Publishing House	127,043	180,437
Allocations through GCFA - World Service	6,515,893	6,445,992
Allocations through GCFA - Youth Service Fund	18,238	13,154
Allocations through GCFA - NACP	200,092	197,945
Allocations through GCFA - SBC21	368,453	364,500
Benefit Trust distribution	2,488,319	2,421,663
Reimbursements from related organizations	190,000	68,801
Services received from GCFA	30,893	28,700
Investment return from GCFA CBP	62,568	188,594
Expenses:		
Personnel expenses - Group insurance expense	1,568,768	1,604,390
Administration provided by GCFA	30,893	28,700

SBC21 and NACP are special initiatives separate from the Board, funded by a separate World Service allocation. The Board provides telephone, computer network, mail, and building maintenance services on a service fee basis. The Board provides office space, computer equipment, human resources, accounting, financial reporting, auditing, and budget support services on an in-kind basis. SBC21 and NACP financial information are included and identified in these consolidated financial statements and in Schedule 1 and 2, respectively.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 10—Board-designated net assets

Certain net assets without donor restrictions at December 31, 2022 and 2021 have been designated by the Board of directors for the following purposes:

	<u>2022</u>	<u>2021</u>
World Service:		
Kern Property Fund	\$ 22,754,783	\$ 27,435,953
Older Adult Ministries Plan	44,500	44,500
Division on Ministries with Young People International		
Scholarship Fund	-	15,443
Youth Service Fund	16,889	16,290
Total board-designated net assets	<u>\$ 22,816,172</u>	<u>\$ 27,512,186</u>
The Upper Room:		
Capital Expenditures	\$ 2,476,147	\$ 2,662,541
Emmaus Funding Plan	25,000	25,000
Academy Leader Program	50,000	50,000
CTR Program	114,064	139,738
Chaplains Fund	50,000	50,000
International Editions Fund	62,584	62,584
18th Avenue Houses Fund	3,379,873	-
Total board-designated net assets	<u>\$ 6,157,668</u>	<u>\$ 2,989,863</u>

From time to time, the board may designate other net assets without donor restrictions for specific purposes. The following are descriptions of each board designation:

Kern Property Fund – This is a Board-designated “quasi-endowment” fund, whereby the initial proceeds from the sale of the Kern Property, \$27,415,259 remains in an investment account with an annual draw of no more than 4% of the fund’s value as of June 30 of the prior year. The entire fund, including any investment earnings, is Board-designated, and made available to the agency according to Board-established practices. The use of the annual draw is not contingent upon the fund’s market value exceeding the initial investment.

Older Adult Ministries Plan – Older Adult Ministries is founded on the principle that ongoing faith development of midlife and older adults is critical for the transformation of the world. Balance of unspent Older Adult Ministries Plan moneys to specifically support programming for Older Adults.

Division on Ministries with Young People Racial Justice Contingency Grant – To provide seed-money grants of up to \$2,500 for at least 20 racial justice ministry projects initiated and led by young people to local churches and groups.

Youth Service Fund – Youth Service Fund (“YSF”) is the national United Methodist mission fund supported by youth. Through YSF, United Methodist teens raise money for other teens doing ministry in their churches and communities impacting poverty, illiteracy, absenteeism, and social justice.

Capital Expenditures – Funds set aside for maintenance of property, plant, and equipment.

Emmaus Gift Fund Programs – From undesignated gifts received in 2016 that were in excess of the needs of programs that receive fund development money. This is designated to be used as a matching gift to encourage donors’ giving to the Emmaus International program.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 10—Board-designated net assets (continued)

The following are descriptions of each board designation (continued):

Academy Leader Program Fund – From undesignated gifts received in 2016 that was in excess of the needs of programs that receive fund development money. This is designated to be used as a matching gift to encourage donors' giving to the Academy Leadership Endowment.

Program – From undesignated gifts received in 2016 and 2017 that were in excess of the needs of programs that receive fund development money. This is designated to be used for funding new yet to be identified program initiatives.

Chaplains Fund – Large undesignated estate gift set aside by the Board to use as corpus for interest income for the Chaplains Program.

International Editions Fund – Large undesignated estate gift set aside by Board to use as corpus for interest income for the International Program.

18th Avenue Houses Fund – Property sale proceeds of \$3,379,873 from two houses owned by The Upper Room to be designated for the cost of property management, renovation, and capital investments related to the Denman Building, Chapel, and the Beasley House. The fund can also be used for the purpose of securing settings and spaces needed for staff and stakeholders to gather for retreat and planning while The Upper Room owned properties are being leased.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 11—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 have been restricted by the donors for the following purpose restrictions:

	<u>2022</u>	<u>2021</u>
World Service:		
Subject to purpose restrictions:		
New Church Starts Foundation for Evangelism	\$ 65,709	\$ 72,969
National Hispanic Plan	111,327	128,575
Native American Comprehensive Plan	170,601	192,880
Strengthening the Black Church for the 21st Century	1,367	392
Korean Partner in Mission	179,048	193,999
Lilly Grant for Compelling Preaching	1,043,804	-
Total subject to purpose restrictions	<u>1,571,856</u>	<u>588,815</u>
Endowments:		
Accumulated earnings on the Board endowment fund	1,505,480	1,600,595
The Board endowment fund held in perpetuity	382,940	382,940
Total endowments	<u>1,888,420</u>	<u>1,983,535</u>
Total net assets with donor restrictions	<u>\$ 3,460,276</u>	<u>\$ 2,572,350</u>
The Upper Room:		
Subject to purpose restrictions:		
Emmaus Funding Plan	\$ 28,671	\$ 40,489
Crisis Literature Programs	155,357	162,700
Spiritual Academies Fund	171,478	150,275
Chaplain Donations	233,789	192,945
Stephen Bryant Prayer and Spiritual Formation	14,460	9,160
Total subject to purpose restrictions	<u>603,755</u>	<u>555,569</u>
Endowments:		
Accumulated earnings on the Upper Room endowment fund	357,902	325,902
Upper Room endowment fund held in perpetuity	743,881	740,581
Total endowments	<u>1,101,783</u>	<u>1,066,483</u>
Total net assets with donor restrictions	<u>\$ 1,705,538</u>	<u>\$ 1,622,052</u>
Totals:		
Total subject to purpose restrictions	\$ 2,175,611	\$ 1,144,384
Total endowments	<u>2,990,203</u>	<u>3,050,018</u>
Total net assets with donor restrictions	<u>\$ 5,165,814</u>	<u>\$ 4,194,402</u>

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 11—Net assets with donor restrictions (continued)

Net assets with donor restrictions for the years ended December 31, 2022 and 2021 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2022</u>	<u>2021</u>
World Service:		
National Hispanic Plan	\$ 4,458	\$ 26,301
Native American Comprehensive Plan	205,417	239,623
Strengthening the Black Church for the 21st Century	595,811	590,120
E-Reader Project	-	230,610
Korean Partner in Mission	24,390	27,788
Sam Taylor	100,000	-
Lilly Grant for Compelling Preaching	4,996	-
Board of Discipleship total	<u>935,072</u>	<u>1,114,442</u>
The Upper Room:		
Emmaus Gift Fund	21,512	18,482
Crisis Literature Programs	72,590	25,677
Spiritual Academies Fund	12,320	4,025
Chaplain Donations	160,301	162,390
Stephen Bryant Prayer and Spiritual Formation	-	7,500
The Upper Room total	<u>266,723</u>	<u>218,074</u>
Total releases from restrictions	<u>\$ 1,201,795</u>	<u>\$ 1,332,516</u>

Note 12—Endowment

The Board's endowment consists of individual donor-restricted funds established for a variety of purposes. 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.

The Board of Directors of the General Board of Discipleship has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Board classifies as donor-restricted net assets (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. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by Board in a manner consistent with the standard of prudence prescribed by UPMIFA.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 12—Endowment (continued)

In accordance with applicable state laws, the Board considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Board and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Board
- The investment policies of the Board

The Board had the following endowment net asset composition by type of fund as of December 31:

	December 31, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,126,821	\$ 1,126,821
Accumulated investment gains	-	1,863,382	1,863,382
Board-designated quasi endowment	22,754,783	-	22,754,783
Endowment net assets, December 31, 2022	<u>\$ 22,754,783</u>	<u>\$ 2,990,203</u>	<u>\$ 25,744,986</u>
	December 31, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 1,123,521	\$ 1,123,521
Accumulated investment gains	-	1,926,497	1,926,497
Board-designated quasi endowment	27,435,953	-	27,435,953
Endowment net assets, December 31, 2021	<u>\$ 27,435,953</u>	<u>\$ 3,050,018</u>	<u>\$ 30,485,971</u>

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 the Board to retain as a fund of perpetual duration. The Board has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2022 and 2021, the Board had no underwater endowments.

Investment and Spending Policies – The Board has a policy of appropriating up to 4% of the previous 12 rolling quarters' average quarter-end market values for distribution annually. In establishing this policy, the Board considered the long-term expected return on its endowment. Accordingly, over the long term, the Board expects the current spending policy to allow its endowment to grow at an average rate of 3% annually. This is consistent with the Board'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.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 12—Endowment (continued)

Return Objectives and Risk Parameters – The Board 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 the Board must hold in perpetuity or for a donor-specified period(s). 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 selected markets and comparative indices such as the Russell 1000 indexes, while assuming a moderate level of investment risk. The Board expects its endowment funds, over time, to provide an average rate of return of approximately 7% 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, the Board 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). The Board 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.

Changes in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2020	\$ -	\$ 2,831,040	\$ 2,831,040
Investment return, net	520,694	192,572	713,266
Contributions and designations	27,415,259	26,406	27,441,665
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	(500,000)	-	(500,000)
Endowment net assets, December 31, 2021	27,435,953	3,050,018	30,485,971
Investment return, net	(4,681,170)	36,885	(4,644,285)
Contributions and designations	-	3,300	3,300
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(100,000)	(100,000)
Endowment net assets, December 31, 2022	<u>\$ 22,754,783</u>	<u>\$ 2,990,203</u>	<u>\$ 25,744,986</u>

Note 13—Contingencies

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 Church. These proposals include a provision for new denominations to receive financial payments from 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 Board is unknown at this time.

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

Note 14—Paycheck protection program

The Board received a Paycheck Protection Program loan (“PPP”) in the amount of \$2,352,400 in April 2020. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*. The loan must be repaid if the Commission does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Board believed it had not substantially met all barriers for loan forgiveness and, therefore, returned \$1,209,600 in May 2020. For the remaining amount, the Commission has met all barriers for full loan forgiveness and, therefore, has recorded the receipt of the funds of \$1,142,800 as revenue in the statement of financial position as of December 31, 2021.

Note 15—Subsequent events

Management has evaluated subsequent events through September 1, 2023, the date the consolidated financial statements were available for issuance. Management has determined that there are no subsequent events requiring disclosure other than those included below.

SUPPLEMENTARY INFORMATION

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
STRENGTH ING THE BLACK CHURCH FOR THE 21ST CENTURY INFORMATION

SCHEDULE 1

DECEMBER 31, 2022 AND 2021

Statements of Financial Position Information

	<u>2022</u>	<u>2021</u>
Assets		
Accrued World Service allocation	\$ 111,048	\$ 115,869
Accrued income	-	27,658
Total Assets	<u>\$ 111,048</u>	<u>\$ 143,527</u>
Liabilities		
Accrued expenses	\$ 18,785	\$ -
Due to GBOD	90,896	143,135
Total Liabilities	<u>\$ 109,681</u>	<u>\$ 143,135</u>
Net Assets		
With donor restrictions	\$ 1,367	\$ 392
Total Liabilities and Net Assets	<u>\$ 111,048</u>	<u>\$ 143,527</u>

Statements of Activities and Changes in Net Assets Information

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:						
Allocations through the GCFA:						
World Service	\$ -	\$ 368,453	\$ 368,453	\$ -	\$ 364,500	\$ 364,500
Registrations and project income	-	74,958	74,958	-	93,393	93,393
Grants and contributions	-	153,375	153,375	-	68,950	68,950
Paycheck Protection Program	-	-	-	-	55,591	55,591
Release of restrictions	595,811	(595,811)	-	590,120	(590,120)	-
Total Revenues	<u>595,811</u>	<u>975</u>	<u>596,786</u>	<u>590,120</u>	<u>(7,686)</u>	<u>582,434</u>
Expenses:						
Program services	301,643	-	301,643	228,509	-	228,509
Personnel expenses	246,738	-	246,738	238,895	-	238,895
Staff travel	24,937	-	24,937	29,252	-	29,252
Other general and administrative expense	22,493	-	22,493	93,464	-	93,464
Total Expenses	<u>595,811</u>	<u>-</u>	<u>595,811</u>	<u>590,120</u>	<u>-</u>	<u>590,120</u>
Change in net assets	-	975	975	-	(7,686)	(7,686)
Net assets, beginning of year	-	392	392	-	8,078	8,078
Net assets, end of year	<u>\$ -</u>	<u>\$ 1,367</u>	<u>\$ 1,367</u>	<u>\$ -</u>	<u>\$ 392</u>	<u>\$ 392</u>

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
NATIVE AMERICAN COMPREHENSIVE PLAN INFORMATION

SCHEDULE 2

DECEMBER 31, 2022 AND 2021

Statements of Financial Position Information

	<u>2022</u>	<u>2021</u>
Assets		
Accrued World Service allocation	\$ 60,306	\$ 62,924
Accrued Employee Retention Credit Income	7,000	15,000
Accrued income	-	3,683
Due from GBOD	118,251	111,273
Total Assets	<u>\$ 185,557</u>	<u>\$ 192,880</u>
Liabilities		
Accrued Expenses	\$ 14,956	\$ -
Total Liabilities	<u>\$ 14,956</u>	<u>\$ -</u>
Net Assets		
With donor restrictions	\$ 170,601	\$ 192,880
Total Liabilities and Net Assets	<u>\$ 185,557</u>	<u>\$ 192,880</u>

Statements of Activities and Changes in Net Assets Information

	<u>2022</u>			<u>2021</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues:						
Allocations through the GCFA:						
World Service	\$ -	\$ 200,092	\$ 200,092	\$ -	\$ 197,945	\$ 197,945
Registrations and project income	-	-	-	-	6,518	6,518
Grants and contributions	-	2,149	2,149	-	50	50
Paycheck Protection Program	-	-	-	-	32,053	32,053
Employee Retention Credit	-	84	84	-	14,000	14,000
Investment return, net	-	(19,187)	(19,187)	-	7,868	7,868
Release of restrictions	205,417	(205,417)	-	239,623	(239,623)	-
Total Revenues	<u>205,417</u>	<u>(22,279)</u>	<u>183,138</u>	<u>239,623</u>	<u>18,811</u>	<u>258,434</u>
Expenses:						
Distributions and grants	-	-	-	-	-	-
Program services	9,600	-	9,600	40,000	-	40,000
Personnel expenses	170,831	-	170,831	161,586	-	161,586
Staff travel	5,133	-	5,133	505	-	505
Meeting expense	175	-	175	-	-	-
Promotional materials	34	-	34	-	-	-
Other general and administrative expense	19,644	-	19,644	37,532	-	37,532
Total Expenses	<u>205,417</u>	<u>-</u>	<u>205,417</u>	<u>239,623</u>	<u>-</u>	<u>239,623</u>
Change in net assets	-	(22,279)	(22,279)	-	18,811	18,811
Net assets, beginning of year	-	192,880	192,880	-	174,069	174,069
Net assets, end of year	<u>\$ -</u>	<u>\$ 170,601</u>	<u>\$ 170,601</u>	<u>\$ -</u>	<u>\$ 192,880</u>	<u>\$ 192,880</u>

GENERAL BOARD OF DISCIPLESHIP OF THE UNITED METHODIST CHURCH
REAL ESTATE HOLDINGS (UNAUDITED) – NON-GAAP

SCHEDULE 3

DECEMBER 31, 2022

Identification	Location	Description	County Appraised Value*	Ownership	Notes
Denman Property:					
Main Campus (includes bldg.)	1900, 1902, & 1908 Grand Ave. S & 917 19th Ave. S Nashville, TN	1.73 acres	\$ 22,202,500	The Upper Room	Denman Building and Adjacent Lots
Parking Lots	1901, 1903, 1905, 1907, 1909, 1911 & 1913 Adelia St. Nashville, TN	1.19 acres	7,962,300	The Upper Room	Adjacent to Denman Building
Single Family House	1915 Adelia St. Nashville, TN	0.17 acres	1,599,300	The Upper Room	Offices adjacent to Denman Building
		3.09 acres	\$ 31,764,100		

* Note that the consolidated financial statements reflect property at historical costs. Presented above is County Appraised Value effective 1/1/2021