

2019 UMCOR Annual Report



PHOTO: PAUL JEFFREY



UMCOR

Global Ministries | The United Methodist Church

Table of Contents

TOC

| | |
|---|----|
| Message from UMCOR's Leaders | 3 |
| Who We Are | 4 |
| UMCOR Grants | 6 |
| Where We Work | 8 |
| Overview of UMCOR Finances – Treasurer's Report | 10 |
| UMCOR Leadership | 11 |
| UMCOR Board of Directors | 11 |
| Consolidated Financial Statements – Report of the Independent Auditor | 12 |



You are hope.
You are UMCOR.

Message from UMCOR's leaders:

When war, conflict or natural disasters disrupt life such that communities need help to recover, the United Methodist Committee on Relief is there. And so are you.

Together in 2019, we assisted the world's most vulnerable people affected by crisis and chronic need because of drought, earthquakes, floods, landslides, violence and civil unrest in 48 countries. Responding to storms, fires, tsunamis and the many causes of human migration, we've alleviated suffering for thousands. The weight of such devastation can be crushing. But you brought hope.

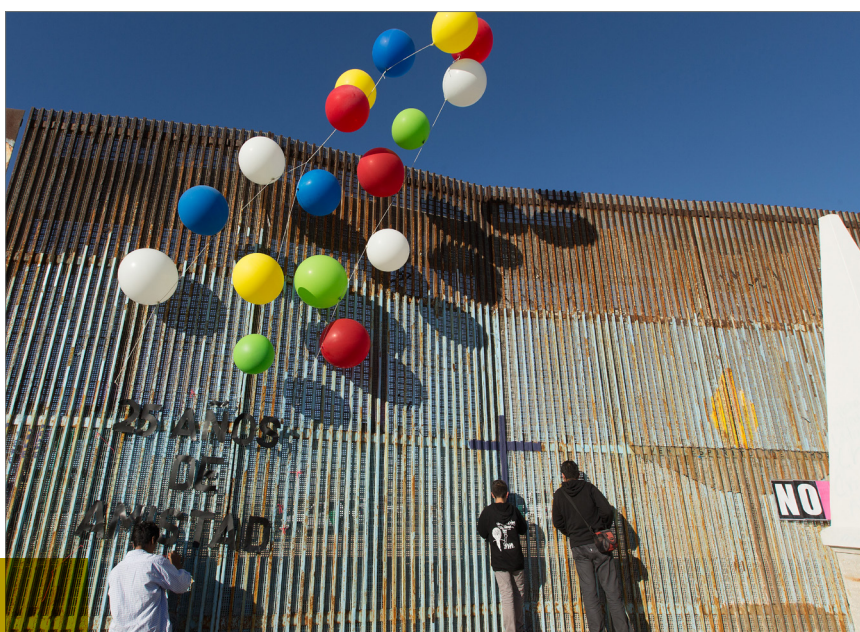
UMCOR helped communities prepare for disasters with resource assessments, training, skills development and supplies. Early in its response to disasters, UMCOR provided funds to care for basic human needs. With your help, we worked with local partners toward recovery and reconstruction. In all cases, you brought hope.

Your impact – in the form of prayers, relief kits, volunteer hours and financial gifts – has been transformative. In this report, we celebrate the hope you brought to millions through your support of UMCOR. And, we thank you.

Bishop Thomas J. Bickerton
President

Roland Fernandes
Executive Director and Treasurer

PHOTO: MIKE DUBOSE, UIM NEWS



Who We Are

4

As part of Global Ministries, the United Methodist Committee on Relief is the humanitarian relief and development arm of The United Methodist Church. UMCOR seeks to transform people and communities in ways that support abundant life. Compelled by Christ, UMCOR works globally to alleviate suffering and advance hope and healing. To realize this mission, the work focuses on disaster preparedness, recovery and response, as well as migration and sustainable development in the United States and across the globe. We believe that positive, sustainable change is best done alongside and in partnership with communities.



Disaster Response

UMCOR responds to disasters in the United States and around the world by working with communities and local partners. When a disaster overwhelms a community's ability to recover on its own, UMCOR provides essential relief supplies and supports long-term rebuilding efforts. UMCOR also supports United Methodist churches in ministering to those impacted by disasters and provides training, supplies and funding to annual conferences responding to these disasters. Internationally, UMCOR works with ecumenical partners, community-based non-governmental organizations and, where specialized, technical expertise is required, international NGOs as well.



Sustainable Development

UMCOR works to transform communities by engaging in holistic and sustainable programs of development. Through grassroots partnerships, we work with communities to identify and implement solutions to water, sanitation, agriculture, food justice, energy access, and vocational and psychosocial challenges at the local level. Because these programs focus on the root causes of disparity, communities enhance their self-reliance, well-being and economic prosperity.



Creation Care

The UMCOR creation care program equips the church to address modes of living and working that contribute to climate change and environmental degradation. The EarthKeepers program trains United Methodist laity and clergy to develop or deepen environmental initiatives in their communities.



Global Migration

Recognizing that migration is a complex issue, UMCOR works with partners to examine the root causes of migration and ensure the four rights of migrants: the right to stay, the right of safe passage, the right to welcoming and belonging and the right to return. UMCOR is committed to providing support for refugees, migrants and asylum seekers all over the world with our partners, Church World Service and National Justice For Our Neighbors, and with other domestic and international humanitarian agencies.



PHOTO: COURTESY KUTELA KATEMBO

6

You gave hope when...

PHOTO: MIA HIGGINS



137
grants

64
disasters

PHOTO: JOHN COLEMAN



*...you supported people
seeking to improve their lives.*

GRANTS AWARDED BY PROGRAM

Sustainable
Development
36%

U.S. Disaster
Response
29%

International
Disaster Response
16%

Global
Migration
19%

7

PHOTO: SOLAR SISTERS

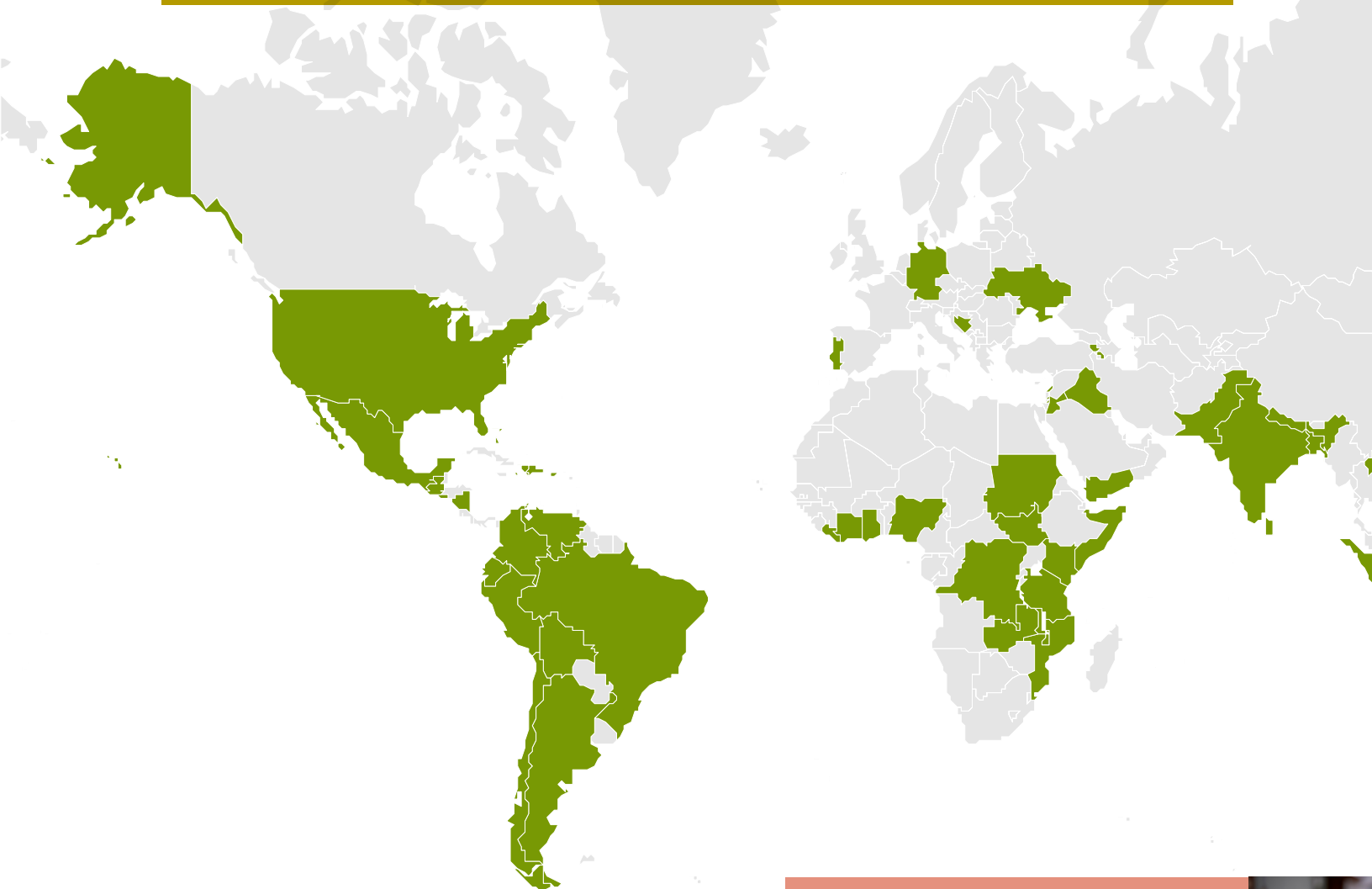


\$27,432,393
total awarded

Where We Work

8

In 2019, UMCOR worked with partners and supported projects in 48 countries, including the United States.

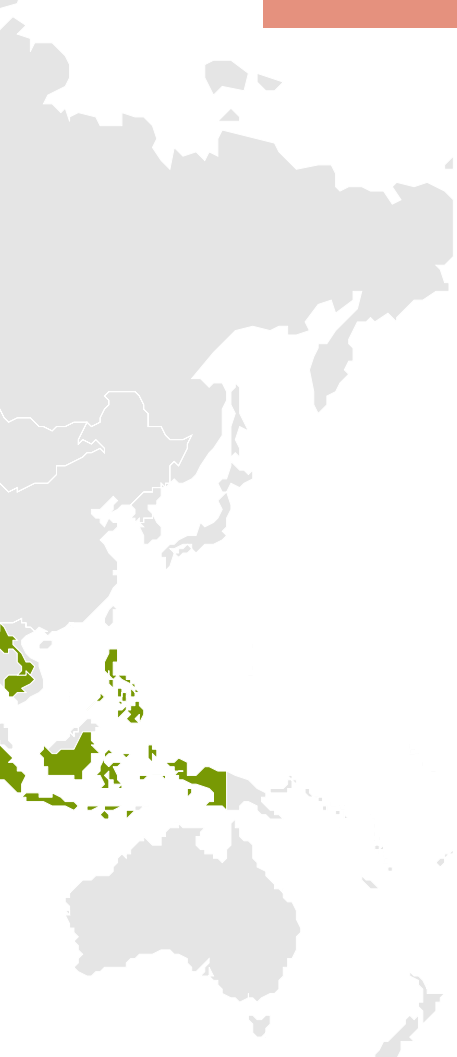


70.8%
grants to UMC
partners-affiliates

PHOTO: PAUL JEFFREY



18.2%
grants
to other
organizations



COUNTRIES

| | |
|----------------------------------|--------------------|
| Argentina | Malawi |
| Armenia | Mexico |
| Bahamas | Mozambique |
| Bangladesh | Myanmar |
| Bolivia | Nepal |
| Bosnia and Herzegovina | Nicaragua |
| Brazil | Nigeria |
| Cambodia | Pakistan |
| Chile | Palestine |
| Colombia | Peru |
| Côte d'Ivoire (Ivory Coast) | Puerto Rico (U.S.) |
| Democratic Republic of the Congo | Philippines |
| Ecuador | Somalia |
| El Salvador | South Sudan |
| Germany | Sri Lanka |
| Ghana | Sudan |
| Guatemala | Tanzania |
| Haiti | Ukraine |
| India | United States |
| Indonesia | Venezuela |
| Iraq | Yemen |
| Jordan | Zambia |
| Kenya | Zimbabwe |
| Laos | |
| Lebanon | |
| Liberia | |



PHOTO: PAUL JEFFREY

10.9%
grants to
faith-based
organizations



Overview of UMCOR Finances

LETTER FROM THE TREASURER

Revenue

Total operating income for 2019 of \$41.2 million decreased significantly, by \$11.4 million or 22%, from 2018 because of a decrease in Advance giving and the planned completion of the Imagine No Malaria campaign in 2018. No large amounts of funds were received for this program in 2019. UMCOR received generous gifts for major hurricanes: Florence, Michael and William in 2018. While \$16.5 million was received in 2018 for U.S. Disaster Response, \$6.7 million was received for this project in 2019. Total undesignated income of \$12.7 million for 2019 was \$3.5 million or 22% lower than 2018. The main reason for this decrease is due to \$1.6 million or a 15% decrease in undesignated gifts, and \$0.9 million or a 56% decrease in legacies and bequests. UMCOR Sunday offering and undesignated gifts are the two major income sources for the UMCOR undesignated budget. Operating revenue recorded under grants and contract was \$12.3 million for 2019, representing an increase of \$1.9 million, primarily driven by the Disaster Case Management Program (DCMP) grant from the Federal Emergency Management Agency (FEMA).

Expenditures

Total operating expenditures were \$104.3 million in 2019, which was \$33.1 million or 46% more than 2018. The UMCOR Advance Special Projects expenditures of \$57 million are about \$24.7 million or 76% higher than in 2018. This is because we have changed our accounting policy based on the directions of the Financial Accounting Standards Board (FASB). We have moved from a cash basis to an accrual basis of accounting. Accordingly, on December 31, 2019, UMCOR recognized outstanding commitments for all approved grants and accrued (recorded) them as expenses. The total accruals resulted in \$37.6 million in additional grant expenses. Of these, \$22.5 million related to U.S. Disaster Response. Program expenses are \$17.1 million or 32% higher when compared to 2018. In 2019, the Global Health program expenditures of \$12.8 million are \$5.2 million or 69% higher compared to the previous year.

Net Assets

Because of the change in accounting policy to recognize outstanding commitments on grants approved, the net assets of UMCOR decreased significantly in 2019. The total net assets of UMCOR decreased by \$46.9 million for year ending 2019. The Undesignated Fund decreased \$8.7 million for the year 2019 with a year-end balance of \$25.9 million compared to \$34.6 million at the end of 2018. Of this number, \$9.9 million is Unrealized Gains, leaving an actual reserve of \$16 million.

I am grateful for the generosity of our donors who have enabled UMCOR to grow and continue its mission around the world for so many decades.



Roland Fernandes
Treasurer

UMCOR Leadership

Roland Fernandes, Executive Director and Treasurer

Jack Amick, Director, Global Migration

Catherine Earl, Director, U.S. Disaster Response and Partner Relations

Laurie Felder, Director, International Disaster Response

Amy Fuselier, Director, UMCOR Sager Brown and UMCOR West

Lorrie King, Director, Sustainable Development

Javed Sheikh, Finance Director

11

Board of Directors

The United Methodist Committee on Relief is a not-for-profit corporation whose directors are elected by the General Board of Global Ministries of The United Methodist Church. UMCOR operates in a manner consistent with the policies set by the General Board of Global Ministries and in accordance with the bylaws of the General Board of Global Ministries and UMCOR.

President: Bishop Thomas J. Bickerton

Vice President: Rev. Sara Ann White

Recording Secretary: Rev. Katie Dawson

Treasurer: Roland Fernandes (Ex-Officio)

Rev. Frank Aichele, Central Conference, Germany

Bishop Thomas J. Bickerton, Northeastern Jurisdiction, New York

Rev. Dan Bryant, North Central Jurisdiction, East Ohio

Rev. Katie Dawson, North Central Jurisdiction, Iowa

Bishop Jonathan Holston, Southeastern Jurisdiction, South Carolina

Thomas Michael Junk, South Central Jurisdiction, Oklahoma

Ann Koroma, Central Conference, Sierra Leone

Celestin Malamba Lohalo, Central Conference, East Congo

Molly Rebecca McEntire, Southeastern Jurisdiction, Florida

Dr. Glenn Roy Villa Paraso, Central Conference, Philippines

Carol Toney, (United Methodist Women), Southeastern Jurisdiction, North Alabama

Carmen Vianese, Northeastern Jurisdiction, Upper New York

Rev. Sara Ann White, Southeastern Jurisdiction, South Carolina

Bishop John K. Yambasu, Central Conference, Sierra Leone

Report of Independent Auditor

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

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

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

We have audited the accompanying consolidated financial statements of United Methodist Committee on Relief of Global Ministries, Inc. and affiliates (collectively "UMCOR") (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, 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.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of a certain division, UMCOR at Sager Brown, whose statements reflect total assets of \$2,141,083 and \$2,090,304 as of December 31, 2019 and 2018, respectively, and total operating revenues of \$2,362,012 and \$2,456,027 for the years then ended, respectively. These statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for UMCOR at Sager Brown, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. The financial statements of UMCOR at Sager Brown were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control. Accordingly, we express no such opinion.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, based on our audit and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of UMCOR as of December 31, 2019 and 2018, and the changes in its net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adoption of New Accounting Standard

As discussed in Note 2, UMCOR adopted Accounting Standards Update ("ASU") 2018-08, Not-for-Profit Entities (Topic 958): *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 has been applied on a modified prospective basis. Our opinion is not modified with respect to this matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The schedule of computation of the indirect cost rate, schedule of relief project expenses, and schedule of relief project expenses – detail are presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is also presented for purposes of additional analysis and is 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. This information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain other 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 schedule of expenditures of federal awards and the other supplemental schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2020, on our consideration of UMCOR's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering UMCOR's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Atlanta, Georgia
July 23, 2020

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

DECEMBER 31, 2019 AND 2018

14

| | 2019 | 2018 |
|---|-----------------------|-----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 10,017,802 | \$ 7,254,161 |
| Investments | 92,601,459 | 93,024,690 |
| Investments in securities of United Methodist Development Fund | 1,762,656 | 1,736,126 |
| Receivables: | | |
| Advance special gifts | 2,999,032 | 8,679,575 |
| Grants and contracts | 655,480 | 718,278 |
| Other | 1,521,245 | 4,313,969 |
| Due from General Board of Global Ministries of The United Methodist Church, Inc. | 144,261 | 139,358 |
| Inventory and other assets | 498,542 | 1,038,154 |
| Buildings and equipment, net | 2,282,519 | 2,481,781 |
| Endowment funds held by General Board of Global Ministries of The United Methodist Church, Inc. | 1,721,275 | 1,511,228 |
| Perpetual trusts held by others | 1,452,679 | 1,325,071 |
| Total Assets | \$ 115,656,950 | \$ 122,222,391 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Due to General Board of Global Ministries of The United Methodist Church, Inc. | \$ 5,867,311 | \$ 1,726,063 |
| Accounts payable and accrued expenses | 1,146,731 | 4,966,337 |
| Grants payable | 40,256,646 | - |
| Funds held for others | 3,349,212 | 2,484,298 |
| Deferred revenue and amounts held under grants and contracts | 584,203 | 1,718,251 |
| Total Liabilities | 51,204,103 | 10,894,949 |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Invested in buildings and equipment | 2,282,519 | 2,481,781 |
| UMCOR at Sager Brown | 2,125,748 | 2,078,838 |
| National Justice for Our Neighbors, Inc. | 3,850 | 236,109 |
| Undesignated | 23,808,631 | 32,491,507 |
| Total Without Donor Restrictions | 28,220,748 | 37,288,235 |
| With Donor Restrictions: | | |
| Subject to purpose restrictions | 31,869,170 | 70,150,552 |
| Endowments and other perpetual trusts | 4,362,929 | 3,888,655 |
| Total With Donor Restrictions | 36,232,099 | 74,039,207 |
| Total Net Assets | 64,452,847 | 111,327,442 |
| Total Liabilities and Net Assets | \$ 115,656,950 | \$ 122,222,391 |

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

DECEMBER 31, 2019 AND 2018

| | 2019 | | | 2018 | | |
|--|----------------------------------|----------------------------|----------------------|----------------------------------|----------------------------|-----------------------|
| | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL | WITHOUT DONOR RESTRICTIONS | WITH DONOR RESTRICTIONS | TOTAL |
| Operating Revenues: | | | | | | |
| Advance special gifts | \$ 8,912,349 | \$ 14,506,199 | \$ 23,418,548 | \$ 10,468,675 | \$ 20,118,943 | \$ 30,587,618 |
| Special Sunday Offerings | 2,530,066 | - | 2,530,066 | 2,619,722 | - | 2,619,722 |
| Allocation from World Service Fund | - | 62,798 | 62,798 | - | 68,796 | 68,796 |
| Grants and contracts | 4,807,831 | 7,507,274 | 12,315,105 | 10,443,862 | 2,000 | 10,445,862 |
| Gifts and bequests | 629,537 | 106,338 | 735,875 | 1,680,137 | - | 1,680,137 |
| Imagine No Malaria | - | 567,785 | 567,785 | - | 4,600,000 | 4,600,000 |
| Sager Brown program income | 998,454 | - | 998,454 | 1,092,975 | - | 1,092,975 |
| Other income, net | 524,089 | - | 524,089 | 1,430,835 | - | 1,430,835 |
| Net assets released from restrictions | 64,070,068 | (64,070,068) | - | 36,500,753 | (36,500,753) | - |
| Total Operating Revenues | 82,472,394 | (41,319,674) | 41,152,720 | 64,236,959 | (11,711,014) | 52,525,945 |
| Expenses: | | | | | | |
| Program Services: | | | | | | |
| Specialized ministries | 17,072,358 | - | 17,072,358 | 12,956,267 | - | 12,956,267 |
| Advance projects | 57,033,727 | - | 57,033,727 | 32,318,757 | - | 32,318,757 |
| Relief projects | 12,091,191 | - | 12,091,191 | 13,062,355 | - | 13,062,355 |
| Health programs | 12,845,046 | - | 12,845,046 | 7,608,574 | - | 7,608,574 |
| Total Program Services | 99,042,322 | - | 99,042,322 | 65,945,953 | - | 65,945,953 |
| Supporting Services: | | | | | | |
| Management and general | 4,623,463 | - | 4,623,463 | 4,451,770 | - | 4,451,770 |
| Fundraising | 631,021 | - | 631,021 | 798,406 | - | 798,406 |
| Total Supporting Services | 5,254,484 | - | 5,254,484 | 5,250,176 | - | 5,250,176 |
| Total Expenses | 104,296,806 | - | 104,296,806 | 71,196,129 | - | 71,196,129 |
| Changes in net assets from operating activities | (21,824,412) | (41,319,674) | (63,144,086) | (6,959,170) | (11,711,014) | (18,670,184) |
| Nonoperating activities: | | | | | | |
| Investment return, net | 12,756,925 | 2,819,844 | 15,576,769 | (3,713,064) | (865,397) | (4,578,461) |
| Net appreciation (depreciation) in fair value of perpetual trusts | - | 76,076 | 76,076 | - | (79,630) | (79,630) |
| Net appreciation (depreciation) in fair value of endowment funds held by others | - | 210,047 | 210,047 | - | - | - |
| Contributions and other income | - | 406,599 | 406,599 | - | - | - |
| Total Nonoperating Activities | 12,756,925 | 3,512,566 | 16,269,491 | (3,713,064) | (945,027) | (4,658,091) |
| Changes in net assets | (9,067,487) | (37,807,108) | (46,874,595) | (10,672,234) | (12,656,041) | (23,328,275) |
| Net assets, beginning of year | 37,288,235 | 74,039,207 | 111,327,442 | 47,960,469 | 86,695,248 | 134,655,717 |
| Net assets, end of year | <u>\$ 28,220,748</u> | <u>\$ 36,232,099</u> | <u>\$ 64,452,847</u> | <u>\$ 37,288,235</u> | <u>\$ 74,039,207</u> | <u>\$ 111,327,442</u> |



@umcor



@umc_umcor



umcor.org

General Board of Global Ministries
458 Ponce de Leon Avenue NE
Atlanta, Georgia 30308