

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

CONSOLIDATED FINANCIAL STATEMENTS

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

*And Report of Independent Auditor*

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

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

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

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

### Opinion

We have audited the accompanying consolidated financial statements of United Methodist Committee on Relief of Global Ministries, Inc. and affiliates (collectively, "UMCOR") (a non-profit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, 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 UMCOR as of December 31, 2023 and 2022, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of a certain division, UMCOR at Sager Brown, which statements reflect total assets of \$807,125 and \$1,092,830 as of December 31, 2023 and 2022, respectively, and total support and revenues of \$1,859,882 and \$914,209 for the years then ended, respectively. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to amounts included for UMCOR at Sager Brown, is based solely on the reports of the other auditors.

### Basis for Opinion

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

### Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- 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 audits in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of UMCOR's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about UMCOR's ability to continue as a going concern for a reasonable period of time.

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

*Cherry Bekaert LLP*

Atlanta, Georgia  
September 11, 2024

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

DECEMBER 31, 2023 AND 2022

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 8,412,587	\$ 12,931,545
Investments	110,199,999	92,764,523
Investments in securities of Wesleyan Investive	1,477,488	1,703,796
Receivables:		
Advance special gifts	3,815,041	9,126,299
Note receivable	4,156,459	-
Bequests and other	1,667,270	1,273,386
Due from General Board of Global Ministries of The United Methodist Church, Inc.	375,344	136,531
Inventory and other assets	8,121	21,745
Buildings and equipment, net	1,730,020	1,804,063
Endowment funds held by General Board of Global Ministries of The United Methodist Church, Inc.	1,604,591	1,513,146
Perpetual trusts held by others	1,462,691	1,376,771
<b>Total Assets</b>	<b>\$ 134,909,611</b>	<b>\$ 122,651,805</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Due to General Board of Global Ministries of The United Methodist Church, Inc.	\$ 398,344	\$ 331,088
Accounts payable and accrued expenses	1,865,502	671,559
Grants payable	21,859,022	26,162,968
Funds held for others	1,401,713	3,538,611
<b>Total Liabilities</b>	<b>25,524,581</b>	<b>30,704,226</b>
Net Assets:		
Without Donor Restrictions:		
Invested in buildings and equipment	1,730,020	1,804,063
Undesignated	50,038,064	36,546,206
<b>Total Without Donor Restrictions</b>	<b>51,768,084</b>	<b>38,350,269</b>
With Donor Restrictions:		
Subject to donor restrictions	53,076,723	49,350,439
Endowments and other perpetual trusts	4,540,223	4,246,871
<b>Total With Donor Restrictions</b>	<b>57,616,946</b>	<b>53,597,310</b>
<b>Total Net Assets</b>	<b>109,385,030</b>	<b>91,947,579</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 134,909,611</b>	<b>\$ 122,651,805</b>

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

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

*YEARS ENDED DECEMBER 31, 2023 AND 2022*

	2023			2022		
	Without Donor	With Donor	Total	Without Donor	With Donor	Total
	Restrictions	Restrictions		Restrictions	Restrictions	
Operating Revenues:						
Advance special gifts	\$ 10,367,827	\$ 19,621,103	\$ 29,988,930	\$ 11,595,373	\$ 44,100,587	\$ 55,695,960
Special Sunday Offerings	1,566,220	-	1,566,220	1,739,150	-	1,739,150
Allocation from World Service Fund	-	-	-	-	55,686	55,686
Gifts and bequests	7,155,534	1,370,000	8,525,534	2,463,397	300,397	2,763,794
Grants from General Board of Global Ministries	20,943	-	20,943	-	2,561,082	2,561,082
Sager Brown program income	1,002,687	10,000	1,012,687	440,672	-	440,672
Other income, net	850,125	-	850,125	690,960	-	690,960
Net assets released from restrictions	19,590,663	(19,590,663)	-	43,652,562	(43,652,562)	-
Total Operating Revenues	40,553,999	1,410,440	41,964,439	60,582,114	3,365,190	63,947,304
Expenses:						
Program Services:						
Specialized ministries	7,229,656	-	7,229,656	7,003,286	-	7,003,286
Advance projects	17,104,034	-	17,104,034	39,071,092	-	39,071,092
Health programs	6,879,168	-	6,879,168	8,058,074	-	8,058,074
Total Program Services	31,212,858	-	31,212,858	54,132,452	-	54,132,452
Supporting Services:						
Management and general	4,938,849	-	4,938,849	4,207,307	-	4,207,307
Fundraising	627,761	-	627,761	587,272	-	587,272
Total Supporting Services	5,566,610	-	5,566,610	4,794,579	-	4,794,579
Total Expenses	36,779,468	-	36,779,468	58,927,031	-	58,927,031
Changes in Net Assets From Operating Activities	3,774,531	1,410,440	5,184,971	1,655,083	3,365,190	5,020,273
Nonoperating Activities:						
Investment returns, net	9,594,422	2,441,257	12,035,679	(10,658,611)	(3,669,777)	(14,328,388)
Investment returns, net - Wesleyan Investive	48,862	(10,426)	38,436	53,326	9	53,335
Investment returns, net - General Board of Global Ministries of The Methodist Church, Inc.	-	91,445	91,445	-	(462,135)	(462,135)
Net (depreciation) appreciation in fair value of perpetual trusts	-	85,920	85,920	-	(256,803)	(256,803)
Contributions	-	1,000	1,000	-	181,698	181,698
Total Nonoperating Activities	9,643,284	2,609,196	12,252,480	(10,605,285)	(4,207,008)	(14,812,293)
Changes in net assets	13,417,815	4,019,636	17,437,451	(8,950,202)	(841,818)	(9,792,020)
Net assets, beginning of year	38,350,269	53,597,310	91,947,579	47,300,471	54,439,128	101,739,599
Net assets, end of year	\$ 51,768,084	\$ 57,616,946	\$ 109,385,030	\$ 38,350,269	\$ 53,597,310	\$ 91,947,579

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

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

YEAR ENDED DECEMBER 31, 2023

	Program Services				Supporting Services			
	Specialized Ministries	Advance Projects	Health Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total
Grants, contributions, and other direct programs	\$ 4,268,602	\$ 17,104,034	5,154,837	\$ 26,527,473	\$ -	\$ -	\$ -	\$ 26,527,473
Salaries and benefits	1,273,515	-	927,063	2,200,578	19,619	56,361	75,980	2,276,558
Services rendered by other agencies	879,782	-	750,000	1,629,782	4,177,173	571,400	4,748,573	6,378,355
Rent and maintenance	5,066	-	-	5,066	258,012	-	258,012	263,078
Travel and meetings	190,568	-	38,096	228,664	4,118	-	4,118	232,782
Equipment maintenance	20,942	-	9,072	30,014	8,216	-	8,216	38,230
Printing and office	8,429	-	-	8,429	21,489	-	21,489	29,918
Professional fees	90,714	-	-	90,714	9,414	-	9,414	100,128
Miscellaneous	2,077	-	100	2,177	30,757	-	30,757	32,934
Insurance	371,371	-	-	371,371	139,409	-	139,409	510,780
Telephone	1,243	-	-	1,243	17,062	-	17,062	18,305
Depreciation	48,080	-	-	48,080	81,389	-	81,389	129,469
Data processing rental and service	-	-	-	-	149,654	-	149,654	149,654
Utilities	65,304	-	-	65,304	-	-	-	65,304
Audit and legal fees	-	-	-	-	21,135	-	21,135	21,135
Promotional and informational materials	2,744	-	-	2,744	125	-	125	2,869
Postage and freight	1,219	-	-	1,219	1,277	-	1,277	2,496
<b>Total Expenses</b>	<b>\$ 7,229,656</b>	<b>\$ 17,104,034</b>	<b>\$ 6,879,168</b>	<b>\$ 31,212,858</b>	<b>\$ 4,938,849</b>	<b>\$ 627,761</b>	<b>\$ 5,566,610</b>	<b>\$ 36,779,468</b>

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

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

*YEAR ENDED DECEMBER 31, 2022*

	Program Services				Supporting Services			
	Specialized Ministries	Advance Projects	Health Programs	Total Programs	Management and General	Fundraising	Total Supporting	Total
Grants, contributions, and other direct programs	\$ 3,135,723	\$ 39,071,092	\$ 6,524,057	\$ 48,730,872	\$ -	\$ -	\$ -	\$ 48,730,872
Salaries and benefits	2,462,350	-	741,660	3,204,010	16,442	57,187	73,629	3,277,639
Services rendered by other agencies	808,554	-	750,000	1,558,554	3,262,583	530,085	3,792,668	5,351,222
Rent	16,164	-	-	16,164	260,791	-	260,791	276,955
Travel and meetings	97,889	-	30,449	128,338	1,788	-	1,788	130,126
Equipment maintenance	59,466	-	-	59,466	7,629	-	7,629	67,095
Printing and office	133	-	-	133	16,871	-	16,871	17,004
Professional fees	114,532	-	11,608	126,140	45,049	-	45,049	171,189
Miscellaneous	3,867	-	300	4,167	86,536	-	86,536	90,703
Insurance	199,654	-	-	199,654	163,365	-	163,365	363,019
Telephone	2,139	-	-	2,139	22,361	-	22,361	24,500
Depreciation	47,672	-	-	47,672	81,389	-	81,389	129,061
Data processing rental and service	-	-	-	-	240,676	-	240,676	240,676
Utilities	49,345	-	-	49,345	-	-	-	49,345
Promotional and informational materials	4,949	-	-	4,949	-	-	-	4,949
Postage and freight	849	-	-	849	1,827	-	1,827	2,676
<b>Total Expenses</b>	<b>\$ 7,003,286</b>	<b>\$ 39,071,092</b>	<b>\$ 8,058,074</b>	<b>\$ 54,132,452</b>	<b>\$ 4,207,307</b>	<b>\$ 587,272</b>	<b>\$ 4,794,579</b>	<b>\$ 58,927,031</b>

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



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

YEARS ENDED DECEMBER 31, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 17,437,451	\$ (9,792,020)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net (appreciation) depreciation in fair value of investments	(12,074,115)	14,275,053
Net (appreciation) depreciation in fair value of perpetual trusts held by others	(85,920)	256,803
Net (appreciation) depreciation in endowment funds held by others	(91,445)	462,135
Depreciation	129,469	129,061
Contributions restricted for long-term investment	(1,000)	(181,698)
Changes in operating assets and liabilities:		
Receivables	4,917,374	2,956,327
Due to/from General Board of Global Ministries of The United Methodist Church, Inc.	(171,557)	147,720
Inventory and other assets	13,624	(21,418)
Accounts payable and accrued expenses	1,193,943	130,972
Grants payable	(4,303,946)	17,327,405
Funds held for others	(2,136,898)	95,653
Net cash flows from operating activities	<u>4,826,980</u>	<u>25,785,993</u>
<b>Cash flows from investing activities:</b>		
Purchases of building and equipment	(55,426)	-
Purchases of investments	(7,000,000)	(24,475,928)
Proceeds from sales of investments	1,864,947	454,541
Issuance on note receivable	(5,000,000)	-
Collections on note receivable	843,541	-
Net cash flows from investing activities	<u>(9,346,938)</u>	<u>(24,021,387)</u>
<b>Cash flows from financing activities:</b>		
Contributions restricted for long-term investment	1,000	181,698
Net cash flows from financing activities	<u>1,000</u>	<u>181,698</u>
Net change in cash and cash equivalents	(4,518,958)	1,946,304
Cash and cash equivalents, beginning of year	12,931,545	10,985,241
Cash and cash equivalents, end of year	<u>\$ 8,412,587</u>	<u>\$ 12,931,545</u>

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

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

DECEMBER 31, 2023 AND 2022

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**Note 1—Nature of the organization and principles of consolidation**

United Methodist Committee on Relief of Global Ministries, Inc. is a Domestic Nonprofit Corporation in the state of Georgia. United Methodist Committee on Relief of Global Ministries, Inc., a tax-exempt, not-for-profit organization, was established by the General Conference of The United Methodist Church to provide assistance to persons in need through programs of relief, rehabilitation, service to refugees, and renewal of life.

National Justice for Our Neighbors, Inc. d/b/a Immigration Law & Justice Network (“ILJN”), a wholly-owned subsidiary of UMCOR, is a tax-exempt, not-for-profit organization which was established to administer immigration programs. UMCOR provides shared services to ILJN. ILJN is supported primarily through funding by UMCOR.

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

All of the financial activities and balances of UMCOR, ILJN and Sager Brown are included in the consolidated financial statements (collectively, “UMCOR”). All significant intercompany accounts and transactions are eliminated in consolidation.

**Note 2—Summary of significant accounting policies**

*Basis of Presentation* – The consolidated financial statements of UMCOR have been prepared on the accrual basis of accounting and are presented in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

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

UMCOR is required to report information regarding its consolidated financial position and activities according to two classes of net assets based on the evidence or absence of donor-imposed restrictions. Accordingly, the net assets of UMCOR and changes therein are classified and reported as follows:

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

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

*Undesignated* – Represents the cumulative net assets without donor restrictions excluding those net assets invested in buildings and equipment and designated for specific activities by the board of directors.

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

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

DECEMBER 31, 2023 AND 2022

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**Note 2—Summary of significant accounting policies (continued)**

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

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

*Investments* – Investments are carried at fair value as follows:

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

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

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

*Note Receivable* – In February 2023, UMCOR made a \$5,000,000 5-year uncollateralized loan to a ministry organization with an interest rate of 4%. Monthly payments of \$92,083 commenced in February 2023 and the loan will be paid in full in January 2028. Interest income is recorded monthly when earned on the consolidated statement of activities within other income, net. An allowance for credit losses is based on UMCOR’s assessment of the collectability of the note receivable. In accordance with ASC Topic 326, *Financial Instruments - Credit Losses*, UMCOR makes ongoing estimates relating to the collectability of the note receivable and records an allowance for estimated losses expected from the inability of its borrower to make required payments. UMCOR establishes expected credit losses by evaluating historical levels of credit losses with this borrower, current economic conditions that may affect a borrower’s ability to pay, and creditworthiness of borrower. These inputs are used to determine a range of expected credit losses and an allowance is recorded within the range. Note receivables are written off when there is no reasonable expectation of recovery. Management believes the note receivable is fully collectible, therefore, UMCOR has not included a provision for credit losses at December 31, 2023. Not receivable principal collections are expected as follows: 2024 - \$956,136, 2025 - \$995,090, 2026 - \$1,035,632, 2027 - \$1,077,825, 2028 - \$91,776.

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

DECEMBER 31, 2023 AND 2022

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**Note 2—Summary of significant accounting policies (continued)**

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

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

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

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

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

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

*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. Direct identifiable expenses are charged to programs and supporting services.

*Income Taxes* – UMCOR is covered under the General Council on Finance and Administration of The United Methodist Church ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. UMCOR had no unrelated business income during the years ended December 31, 2023 and 2022.

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**Note 2—Summary of significant accounting policies (continued)**

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

*Concentrations of Credit Risk* – Financial instruments which potentially subject UMCOR to concentrations of credit risk consist principally of cash and cash equivalents and investments held by UMCOR and Global Ministries. Cash and cash equivalents at December 31, 2023 and 2022 include cash, demand deposits, and short-term investments at financial institutions which management believes are high quality institutions. The cash and cash equivalents possess credit risk to the extent they exceed federally insured limits. UMCOR from time to time may have amounts on deposit in excess of the insured limits. The exposure to concentrations of credit risk relative to securities is dependent on UMCOR's investment objectives and policies. Credit risk also extends to uncollateralized receivables.

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

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

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

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

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

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

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**Note 3—Liquidity and availability of resources**

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

	<u>2023</u>	<u>2022</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 8,412,587	\$ 12,931,545
Investments	110,199,999	92,764,523
Investments in securities of		
United Methodist Development Fund	1,477,488	1,703,796
Receivables	9,638,770	10,399,685
Due from General Board of Global Ministries of The United Methodist Church, Inc.	375,344	136,531
Endowment funds held by others	1,604,591	1,513,146
Total financial assets	<u>131,708,779</u>	<u>119,449,226</u>
Less amounts not available to be used for general expenditures within one year:		
Note receivable, noncurrent	3,200,323	-
Funds held for others	1,401,713	3,538,611
Subject to donor restrictions	53,076,723	49,350,439
Future expendable donor restricted endowment earnings	579,449	373,017
Portion of donor restricted endowment to be retained into perpetuity	2,498,083	2,497,083
Financial assets not available to be used within one year	<u>60,756,291</u>	<u>55,759,150</u>
Financial assets available to meet general expenditures within one year	<u>\$ 70,952,488</u>	<u>\$ 63,690,076</u>

UMCOR is substantially supported by contributions from donors. Because a donor's restrictions require resources to be used in a particular manner or in a future period, UMCOR must maintain sufficient resources to meet those responsibilities to its donors. All UMCOR endowments are donor-restricted endowments, therefore, income from endowments is not available for general expenditure. UMCOR considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. In addition, at December 31, 2023, UMCOR had grants payable of \$21,859,022 of which \$17,907,530 are payable within one year, representing obligations to provide support to unrelated organizations.

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

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**Note 4—Transactions with related entities**

UMCOR reimburses Global Ministries for shared costs for support of certain programs and administrative and management services. During the years ended December 31, 2023 and 2022, UMCOR reimbursed Global Ministries \$6,351,529 and \$5,345,222, respectively, for these costs. These amounts are included in program services and management and general expenses in the accompanying consolidated statements of activities.

Global Ministries receives and processes all advanced gifts for UMCOR as part of their shared services agreement. At December 31, 2023 and 2022, UMCOR had a receivable of \$3,815,041 and \$9,126,299, respectively, from Global Ministries for their share of advanced gifts.

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

At December 31, 2023 and 2022, UMCOR had assets held by Wespath of \$110,142,537 and \$92,713,533, respectively.

UMCOR has placed certain of its endowment funds with Global Ministries for investment management purposes. At December 31, 2023 and 2022, UMCOR had assets under management with Global Ministries of \$1,604,591 and \$1,513,146, respectively. Since the underlying investments are not in UMCOR's name those balances are included in investments and a corresponding liability is recorded in funds held for others in the statements of financial position. Investment returns are allocated to UMCOR based upon the weighted average percentage of the UMCOR funds held for investment to the total Global Ministries investments.

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

Amounts received from the other United Methodist churches and agencies accounted for 75% and 94% of UMCOR's total operating revenue in 2023 and 2022, respectively. The Church's support of UMCOR is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant).

At December 31, 2023 and 2022, amounts due from related entities were \$375,344 and \$136,531, respectively, and amounts due to related entities were \$398,344 and \$331,088, respectively.

**Note 5—Investments in securities of Wesleyan Investive**

Investments in securities of Wesleyan Investive ("WI"), totaled \$1,477,488 and \$1,703,796 at December 31, 2023 and 2022, respectively, and include three to four-year term notes bearing interest at rates ranging from .70% to 3.45% per annum, with interest payable semiannually on June 30 and December 31. Investments in securities of WI are carried at cost in the accompanying consolidated financial statements. The principal amount of the notes is repaid at the maturity date; however, in accordance with the provisions of the notes, WI reserves the right to repay the principal amount in five, annual installments beginning 30 days after the maturity date. WI may pay up to a 1.50% premium on the face amount of the notes to recall the notes after a 30-day written notice to the investor. Investment returns on investments in securities of WI totaled \$38,436 and \$53,335 for the years ended December 31, 2023 and 2022, respectively.

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**Note 6—Investments**

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

	2023		2022	
	Fair Value	Cost	Fair Value	Cost
Multiple Asset Fund (I Series) - Wespath	\$ 76,524,600	\$ 56,282,649	\$ 59,921,930	\$ 48,842,789
Fixed Income Fund (I Series) - Wespath	28,345,824	26,097,618	21,619,769	21,434,612
Short Term Fund - Wespath	5,272,113	4,990,658	11,171,834	11,035,928
Balanced Portfolio - Texas Methodist Foundation	57,462	60,493	50,990	59,493
Total investments	<u>\$ 110,199,999</u>	<u>\$ 87,431,418</u>	<u>\$ 92,764,523</u>	<u>\$ 81,372,822</u>
			<u>2023</u>	<u>2022</u>
Investment return:				
Realized gains on sales of investments			\$ 454,730	\$ 138,795
Unrealized gains (losses) on investments			11,580,949	(14,467,183)
Investment return, net			<u>\$ 12,035,679</u>	<u>\$ (14,328,388)</u>

**Note 7—Buildings and equipment, net**

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

	2023	2022
Buildings and land	\$ 3,347,143	\$ 3,347,143
Equipment	1,386,398	1,386,398
Leasehold improvements	1,271,056	1,215,630
	6,004,597	5,949,171
Less accumulated depreciation	(4,274,577)	(4,145,108)
Total buildings and equipment, net	<u>\$ 1,730,020</u>	<u>\$ 1,804,063</u>

Depreciation expense totaled \$129,469 and \$129,061 in 2023 and 2022, respectively.

**Note 8—Grants payable**

UMCOR has granted support to related and unrelated organizations. Unconditional promises to give in future years are generally recorded at the present value using the risk-adjusted rates applicable to the years in which the promises to give are to be paid. At December 31, 2023, grants payable are expected to be paid as follows:

Less than one year	\$ 18,017,042
One to five years	3,841,980
	<u>\$ 21,859,022</u>



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**Note 9—Net assets with donor restrictions**

Net assets with donor restrictions at December 31, 2023 and 2022 have been restricted by the donors for the following purpose restrictions:

	<u>2023</u>	<u>2022</u>
Subject to purpose restrictions:		
Advance special gifts		
USA National Disaster Response and Recovery	\$ 9,463,854	\$ 8,296,270
Haiti Emergency	1,176,937	1,416,883
World Hunger and Poverty, Global	1,281,985	1,059,037
Abundant Health, Global	617,988	370,767
Philippines Emergency	289,857	896,695
International Disaster Response and Recovery	13,202,801	12,205,376
Other Advance projects and funds	5,627,321	4,898,647
Subtotal advanced special gifts	<u>31,660,743</u>	<u>29,143,675</u>
Harry R. Kendall Fund - health, housing, and training grants	16,608,685	14,493,712
Imagine No Malaria	362,070	465,804
Global Health Program	1,935,863	2,500,000
Other purpose restricted funds	2,509,362	2,747,248
Total subject to purpose and time restrictions	<u>53,076,723</u>	<u>49,350,439</u>
Endowments and perpetual trusts:		
Perpetual trusts	1,462,691	1,376,771
Endowments (subject to appropriation only)		
Endowment corpus	2,498,083	2,497,083
Accumulated earnings subject to future appropriation	579,449	373,017
Total endowments	<u>3,077,532</u>	<u>2,870,100</u>
Total endowments and perpetual trusts	<u>4,540,223</u>	<u>4,246,871</u>
Total net assets with donor restrictions	<u>\$ 57,616,946</u>	<u>\$ 53,597,310</u>

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

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions	<u>\$ 19,590,663</u>	<u>\$ 43,652,562</u>

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**Note 10—Employee benefits**

*Retirement Benefits* – Full-time laypersons and clergy employed by UMCOR participate in the Retirement Plan for General Agencies. This defined contribution plan is administered by Wespath. UMCOR makes semi-monthly contributions to each eligible employee's account held by Wespath based on 8% of annual employee compensation. Additionally, UMCOR matches up to 2% of each employee's compensation to their United Methodist Personal Investment Plan. Total contributions made by UMCOR for both components during 2023 and 2022 were \$231,151 and \$209,806, respectively, which is included in fringe benefits in the consolidated statements of functional expenses.

*Healthcare and Life Insurance 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.

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

All of UMCOR's active employees are covered by the Plan. The cost of the benefits is recognized as an expense as premiums are paid. The total cost of benefits for active employees was \$284,072 and \$249,370 for the years ended December 31, 2023 and 2022, respectively, which is included in fringe benefits in the consolidated statements of functional expenses.

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

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

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**Note 11—Endowments**

UMCOR's endowment consists of 24 individual funds established for a variety of purposes. Its endowment includes both board restricted and donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

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

- (a) The original value of gifts donated to the 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.

As of December 31, 2023, UMCOR had the following endowment net asset composition:

	<b>December 31, 2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,498,083	\$ 2,498,083
Board-designated endowment	5,000	-	5,000
Accumulated investment earnings	-	579,449	579,449
Endowment net assets	<u>\$ 5,000</u>	<u>\$ 3,077,532</u>	<u>\$ 3,082,532</u>

As of December 31, 2022, UMCOR had the following endowment net asset composition:

	<b>December 31, 2022</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 2,497,083	\$ 2,497,083
Board-designated endowment	5,000	-	5,000
Accumulated investment earnings	-	373,017	373,017
Endowment net assets	<u>\$ 5,000</u>	<u>\$ 2,870,100</u>	<u>\$ 2,875,100</u>

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**Note 11—Endowments (continued)**

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

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2021	\$ 5,000	\$ 3,324,412	\$ 3,329,412
Investment return, net	-	(636,010)	(636,010)
Contributions and designations	-	181,698	181,698
Endowment net assets, December 31, 2022	5,000	2,870,100	2,875,100
Investment return, net	-	206,432	206,432
Contributions	-	1,000	1,000
Endowment net assets, December 31, 2023	<u>\$ 5,000</u>	<u>\$ 3,077,532</u>	<u>\$ 3,082,532</u>

*Underwater Endowment Funds* – From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or the applicable state law requires UMCOR to retain as a fund of perpetual duration. UMCOR has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2023, funds with an original gift value of \$55,494, fair values of \$52,462, and deficiencies of \$3,032 were reported in net assets with donor restrictions. At December 31, 2022, funds with an original gift value of \$54,494, fair values of \$45,990 and deficiencies of \$8,504 were reported in net assets with donor restrictions.

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

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

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

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**Note 12—Fair value of financial instruments**

The following table summarizes required fair value disclosures and measurements at December 31, 2023 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Assets Measured at Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2023</b>				
Assets:				
Investments:				
Multiple Asset Fund (I Series) - Wespath *	\$ 76,524,600	\$ -	\$ -	\$ -
Fixed Income Fund (I Series) - Wespath *	28,345,824	-	-	-
Short-Term Income Fund - Wespath *	5,272,113	-	-	-
Balanced Portfolio - Texas Methodist Foundation *	57,462	-	-	-
Total Investments	<u>\$ 110,199,999</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual trusts held by others	<u>\$ 1,462,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,462,691</u>
Endowment funds held by Global Ministries	<u>\$ 1,604,591</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,604,591</u>

The following table summarizes required fair value disclosures and measurements at December 31, 2022 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

	<b>Fair Value Measurements at Reporting Date Using</b>			
	<b>Assets Measured at Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
<b>December 31, 2022</b>				
Assets:				
Investments:				
Multiple Asset Fund (I Series) - Wespath *	\$ 59,921,930	\$ -	\$ -	\$ -
Fixed Income Fund (I Series) - Wespath *	21,619,769	-	-	-
Short-Term Income Fund - Wespath *	11,171,834	-	-	-
Balanced Portfolio - Texas Methodist Foundation *	50,990	-	-	-
Total Investments	<u>\$ 92,764,523</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Perpetual trusts held by others	<u>\$ 1,376,771</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,376,771</u>
Endowment funds held by Global Ministries	<u>\$ 1,513,146</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,513,146</u>

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

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**Note 12—Fair value of financial instruments (continued)**

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

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

For entities that calculate NAV per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2023:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Multiple Asset Fund (I Series) - Wespath <sup>(a)</sup>	\$ 76,524,600	none	daily	daily
Fixed Income Fund (I Series) - Wespath <sup>(b)</sup>	28,345,824	none	daily	daily
Short-Term Income Fund - Wespath <sup>(c)</sup>	5,272,113	none	daily	daily
Balanced Portfolio - Texas Methodist Foundation <sup>(d)</sup>	57,462	none	none	none
	<u>\$ 110,199,999</u>			

- (a) The objective of the Wespath's Multiple Asset Fund (I series) is to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. This fund holds a pre-specific allocation of units of the following Wespath funds: (1) Fixed Income Fund-I Series (FIF-I), (2) Inflation Protection Fund-I Series (IPF-I), (3) International Equity Fund-I Series (IEF-I), and (4) U.S. Equity Fund-I Series (USEF-I).
- (b) The objective of the Wespath's Fixed Income Fund (I Series) is to provide current income by investing in a broadly diversified portfolio of fixed-income instruments. This fund holds publicly traded U.S. fixed-income securities, and fixed-income securities denominated in currencies other than the U.S. dollar. The fund also holds privately placed loans originated by the Positive Social Purpose Lending Program (e.g., affordable housing and community development loans).
- (c) The objective of the Wespath's Short-Term Income Fund is liquidity and reasonable rate of return. There is no guarantee that these objectives will be reached. This fund is designed for short-term investment of funds when the timing of the investor's liquidity needs is uncertain or variable.
- (d) The objective of the Texas Methodist Foundation Balanced Portfolio is to provide nominal rates of return over rolling 3- and 5-year periods, diversification, growth, income, protection from inflation, and risk over long-term time horizons. The target allocation of the fund is 60% and 70% of assets to equities and between 30% and 40% to fixed income instruments, notes, and cash equivalents. This fund is designed to enable charitable organizations, with purposes in alignment with the Wesleyan tradition, to achieve their long-term investment objectives. an endowment.

**Note 13—Subsequent events**

Management has evaluated subsequent events through September 11, 2024, the date the consolidated financial statements were available for issuance and has determined that there are no subsequent events requiring disclosure.