



## **Georgia United Methodist Foundation, Inc.**

(A Georgia Non-profit Corporation)

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OFFERING OF UP TO \$40,000,000 OF UNSECURED 1 YEAR TERM CERTIFICATES, 2 YEAR TERM CERTIFICATES, 3 YEAR TERM CERTIFICATES AND 4 YEAR TERM CERTIFICATES. THIS OFFERING EXPIRES ON AUGUST 15, 2024. (THIS OFFERING MEMORANDUM IS INTENDED TO BE USED BY INVESTORS FROM AUGUST 16, 2023 TO AUGUST 15, 2024).

Net proceeds to the issuer (including the value of certificates issued in connection with reinvestment or rollover of maturing Certificates) are expected to be approximately \$40,000,000, if all of the securities offered hereby are sold. Offering expenses, expected to be approximately \$15,000, will be paid by the issuer from its general funds without donor restriction.

This Offering Memorandum contains essential information about the issuer and the securities being offered hereby. Prospective investors are advised to read this Offering Memorandum carefully prior to making any decision to purchase these securities.

This offering is limited to persons or entities which are (i) residents in the State of Georgia and (ii) members of, contributors to or participants in The United Methodist Church or its connectional units, or are ancestors, descendants or successors in interest to such persons.

These securities have *not* been registered in the State of Georgia, in reliance upon an exemption from registration provided in Section 10-5-10(7) of the Georgia Uniform Securities Act of 2008, as amended. The securities commissioner does not, in any way, endorse or recommend the purchase of these securities.

**These securities have not been registered with the United States Securities and Exchange Commission in reliance on certain exemption provisions of the Securities Act of 1933, as amended. The securities offered hereby will be subject to material restrictions on transfer and other restrictions. See “THIS OFFERING IS SUBJECT TO CERTAIN RISKS - Restrictions on Transfers.”**

**INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF INVESTMENT IN THE CERTIFICATES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.**

**THIS OFFERING IS SUBJECT TO CERTAIN OTHER RISK FACTORS DESCRIBED ON PAGES 4 THROUGH 11.**

**The date of this Offering Memorandum is August 16, 2023.**

**THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS OFFERING MEMORANDUM HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION. THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. NO REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.**

**THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT DETERMINED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

**IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURE, MERITS, AND RISKS INVOLVED.**

**THE CERTIFICATES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION, ANY STATE BANK INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE CERTIFICATES IS DEPENDENT UPON THE ISSUER'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW THE ISSUER'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE CERTIFICATES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, THE UNITED METHODIST CHURCH, OR BY ANY CHURCH, CONFERENCE, INSTITUTION OR AGENCY AFFILIATED WITH THE UNITED METHODIST CHURCH.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING MEMORANDUM, AND IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE BY THE GEORGIA UNITED METHODIST FOUNDATION, INC.**

**ANY PERSON WHO PURCHASES THE SECURITIES OFFERED HEREBY SHALL HAVE THE UNQUALIFIED AND UNWAIVABLE RIGHT TO RESCIND SUCH PURCHASE WITHIN 72 HOURS OF THE EXECUTION OF A WRITTEN AGREEMENT TO PURCHASE ANY SECURITIES OFFERED HEREBY, THE DELIVERY OF A CONFIRMATION OF SALE, OR THE PAYMENT FOR ANY SECURITIES OFFERED HEREBY, WHICHEVER SHALL OCCUR FIRST.**

**RESCISSION MAY BE ACCOMPLISHED BY COMPLETING AND MAILING THE FORMS PROVIDED ON PAGE C-1 (APPENDIX C) OF THIS PROSPECTUS.**

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## SUMMARY

This section summarizes selected information contained in greater detail elsewhere in this Offering Memorandum. This summary does not contain all of the information that should be considered by prospective investors. You should carefully read this entire Offering Memorandum and, in particular, the section entitled “Risk Factors,” before making any investment decision.

This Offering Memorandum, which includes the cover page and other appendices hereto, is furnished by Georgia United Methodist Foundation, Inc. (the “**Foundation**,” “*we*” or “*us*”) to provide information regarding its business activities, the terms of the Certificates (as defined below), as offered hereby, and a description of certain risks associated with an investment in the Certificates (which risks include, without limitation, the possible loss by an investor of his or her entire investment and certain other matters pertaining to the foregoing). Investors should not construe the contents of this Offering Memorandum or any prior or subsequent communications from or with the Foundation, or any professional associated with the Foundation, as legal, investment or professional tax advice. Investors should consult with their own counsel, accountant or business advisor, respectively, as to legal, tax, investment and other matters concerning the purchase of the Certificates.

<i>Amount of Certificates To be Offered</i>	Up to \$40,000,000 aggregate principal amount of 1 year term certificates, 2 year term certificates, 3 year term certificates and 4 year term certificates (together with similar certificates already issued and outstanding, as described below the “ <b>Certificates</b> ”).
<i>Certificates issued and outstanding at March 31, 2023</i>	\$43,199,093 aggregate principal amount of Certificates. The Foundation’s board of trustees (the “ <b>Board</b> ”) has authorized the sale and issuance of an additional \$40,000,000 aggregate principal amount of Certificates to fund new loans, replace funds of maturing certificates and repay certificates redeemed by holders before their maturity date.
<i>Minimum Purchase Amount</i>	A subscription must be for a minimum of \$5,000 per Certificate.
<i>Use of Proceeds</i>	To fund a loan program (the “ <b>Loan Program</b> ”) which primarily makes first-lien mortgage loans to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia) (collectively, “ <b>Loan Recipients</b> ”), as well as to fund related Loan Program reserves. Certain proceeds will be invested in short-term, marketable interest-bearing securities while held as reserves or pending longer-term investment as mortgage loans. In addition to the foregoing, proceeds received by the Foundation from this Offering may be used for repayment of Certificates as they mature and redemption of Certificates when requested by the holders of such Certificates.
<i>Expiration Date</i>	Subscriptions must be received no later than August 15, 2024 (the “ <b>Expiration Date</b> ”).

*Risk Factors* Investment in the Certificates involves a significant degree of risk and should not be made by anyone who cannot afford the loss of their entire investment. Prior to purchasing the Certificates, each prospective investor is urged to consult with their legal, financial and/or other professional advisors, and should carefully review and consider the factors set forth in the section of this Offering Memorandum entitled “RISK FACTORS” as well as the other information set forth herein.

*Interest Rates* The Foundation will supplement this Offering Memorandum in order to disclose the then-prevailing interest rates applicable to the Certificates, and will advise each subscriber of the rate of interest which will apply, upon issuance, to the Certificates in which such subscriber applies to invest. Further, the current prevailing interest rates are posted on the Foundation’s website at <http://gumf.org/certificates/>.

*Selected Financial Data* The following is a summary of certain financial data of the Foundation for the fiscal year ended December 31, 2022:

**Georgia United Methodist Foundation Selected Financial Data**

	<b>Year Ended December 31, 2022</b>
Cash, cash equivalents and readily marketable securities (combined) (without donor restriction)	\$17,269,925
Total Assets (without donor restriction) <sup>(1)</sup>	\$52,897,818
Net Assets (without donor restriction)	\$6,850,086
Total loans receivable	\$36,021,351
Amount of unsecured loans receivable	\$0
Percent of unsecured loans receivable	0.0%
Loan delinquencies as a percent of total loans receivable	0%
Total Certificates payable <sup>(2)</sup>	\$45,484,010
Amount of Certificates matured or redeemed during fiscal year	\$26,645,153
Other long-term debt	\$0
Change in Net Assets (without donor restriction) (from December 31, 2021)	(\$2,064,100 )

- (1) Includes other miscellaneous assets (such as furniture and equipment), and gives effect to provision for loan loss reserves.
- (2) Excludes Certificates issued to the Foundation of \$170,427.

## RISK FACTORS

1. ***Unsecured Debt Obligations and No Priority.*** The Certificates will be unsecured debt obligations of the Foundation. The payment of interest and principal on the Certificates will be primarily dependent upon the Foundation's assets dedicated to, and the revenues received from, the Loan Program, and more generally, upon the financial condition of the Foundation. Holders of Certificates have no priority in right of payment over any other general creditors of the Foundation, have a claim on the assets of the Foundation equal to that of all other holders of Certificates that may be issued and may be subordinate in right of payment to creditors to whom the Foundation grants a priority position. The Foundation does not currently intend to incur any secured investment obligations or other secured liabilities, but is under no obligation to refrain from doing so in the future. Therefore, the Certificates will be of equal rank with all other presently anticipated future debt obligations of the Foundation, but could be subordinate in right of payment to future (but presently unanticipated) obligations of the Foundation to which priority status is granted. Holders of the Certificates have no direct interest in any loans made pursuant to the Loan Program, or the proceeds thereof, or in any other assets of the Foundation. Further, risks of investment in the Certificates may be greater than implied by relatively low interest rates on the Certificates and the Certificates are not insured by any governmental agency or private insurance company.
2. ***No Sinking Fund.*** No sinking fund or trust indenture has been, or will be, established by the Foundation to provide for the repayment of the Certificates.
3. ***Marketability.*** No public market exists for the Certificates and none will develop. Therefore the marketability of the Certificates is limited and restricted. See also "RISK FACTORS – Restrictions on Transfers" below.
4. ***Repayments to Investors.*** The Foundation's principal sources of cash for payment of the Certificates will be loan repayments from local United Methodist churches and other borrowers under the Loan Program, interest earned on those loans, income without donor restriction from other investments, proceeds from the sale of new Certificates, reinvestment or rollover of maturing Certificates ("***Renewals***") and other assets and funds without donor restriction of the Foundation. The amount of cash generated by the Foundation could be reduced below the amount needed to pay interest and principal on the Certificates if the Foundation: (i) experiences significant delinquencies with respect to loan repayments; (ii) fails to obtain regulatory authorization, if and when required, to continue the sale of its Certificates; or (iii) experiences a lower than projected rollover rate of maturing Certificates. See "LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES."
5. ***Reliance on Loan Payments to Fund Obligations under Certificates.*** The Foundation has structured the Loan Program such that the interest payment obligations on outstanding Certificates and the direct administrative cost of the Loan Program will be fully funded from interest payments received on loans made through the Loan Program. Since 2009, interest payments from the Loan Program have generated sufficient proceeds to fund all interest payment obligations due each year on outstanding

Certificates. The Foundation does not have a significant ongoing revenue source, other than loan payment proceeds, which can be dedicated to such payment obligations on outstanding Certificates; therefore, the Foundation is relying primarily on such loan payment proceeds to fund Loan Program overhead and interest-payment obligations on the Certificates. The Foundation maintains a liquidity reserve fund (approximately \$2,368,452 as of March 31, 2023) and a standby line of credit in the principal amount of \$750,000 against the risk of temporary shortfalls in funding sources for Certificate payment obligations. See “LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES.” Even with these interim funding sources, the Foundation can provide no assurance that, in the event of material amounts of loan-payment delinquencies or defaults in the Loan Program, the Foundation would readily be able to find an alternate source of funding to pay these expenses and interest costs.

6. ***Dependence on Sales of New Certificates and Renewals of Maturing Certificates.***

The Foundation depends on the sale of new Certificates and Renewals to meet its principal repayment obligations under the Certificates. Without additional interim financing, the Foundation must maintain a principal amount of outstanding Certificates that is approximately equal to the then-current outstanding principal amount of loans under the Loan Program. Due to the differences in the terms of maturities of Certificates as compared with the repayment terms of loans under the Loan Program, the maintenance of this balance requires either a high rate of Renewals or sales of new Certificates in amounts approximately equal to the principal amount of redeemed or non-renewed Certificates, or a combination of both. If the combination of the principal amount of new Certificates and the principal amount of rollover Certificates is less than necessary to maintain equivalency with the principal balance of outstanding loans, loan repayments plus other already available interim sources of payment will likely be insufficient to meet the maturing payment obligations on redeemed or non-renewed maturing Certificates. See “LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES.” The rate of Renewals has been higher than originally projected by the Foundation. There is no assurance that the Foundation will continue to maintain such rates of Renewal or even be able to achieve the projected levels of Renewals, procure sufficient amounts of funding from other sources or, if its rate of Renewals is below its expectations, make a sufficient number of sales of new Certificates in a given period to make up the shortfall in required funds. Further, if there is a significant concentration of Certificates with a single investor who does not choose Renewal upon the date of maturity for the Certificates held by such investor, then the Foundation may be required to obtain additional interim financing and there is no assurance that the Foundation could procure sufficient amounts of funding from other sources or make a sufficient number of sales of new Certificates in a given period to make up the shortfall if such a large investor were not to choose Renewal.

A complete termination of its ability to effect Renewals of maturing Certificates and sell new Certificates could leave the Foundation without sufficient funds with which to meet its payment obligations on maturing Certificates, even assuming the Foundation elects to pay out the maturing Certificates over a three-year period and use its liquidity reserve and standby line of credit as interim funding sources. See “DESCRIPTION OF THE CERTIFICATES – Certificates” and “LIQUIDITY RESERVE POLICIES;

INVESTING ACTIVITIES.” In such a circumstance, the Foundation may be required to seek debt financing from institutional lenders or other outside third parties, or liquidate Foundation assets without donor restriction, in order to cover such funding shortfalls. The Foundation can give no assurance that it would be able to procure such loans or make sales of Foundation assets in sufficient amounts to cover the funding requirements in question. In addition, the sale of new Certificates and Renewals requires an annual application for qualification from the Securities Division of the Secretary of State’s Office. The failure to obtain qualification could result in the inability to sell new Certificates or obtain Renewals, which could result in the Foundation being unable to repay its maturing Certificates.

7. ***Liability.*** Neither the denomination known as The United Methodist Church nor any of its connectional units including, without limitation, the Conferences or any congregation therein, will be liable for the repayment of the Certificates. Investors must rely solely upon the ability of the Foundation to raise capital or liquidate assets for repayment.
8. ***Income Tax Considerations.*** Investors will not receive a charitable deduction for purchasing the Certificates. The interest earned on the Certificates will be taxable as ordinary income to an investor regardless of whether the interest is paid out, or reinvested under the terms of an outstanding certificate. See “TAX CONSIDERATIONS.”
9. ***Ability of Borrowers to Repay Mortgage Loans.*** The Foundation will occasionally require that a congregation applying for a loan have conducted a capital funds campaign from which it has obtained pledges to meet its repayment obligations for the initial three years of the loan. The Foundation generally lends money under the Loan Program for longer terms ranging from 5 to 20 years. The ability of churches or other borrowers under the Loan Program to repay their loans from the Foundation for such additional years will primarily depend on voluntary member contributions or similar conditions beyond the control of the borrower or the lender. As a result, churches that experience a reduction in contributions may experience difficulty in repaying their loans. Member contributions to churches are impacted by several factors including the general state of the economy and significant increases or decreases in the number of church members. Where deemed necessary by the Foundation, a loan may be guaranteed by a connectional unit of the North Georgia Conference or South Georgia Conference individually, or by an individual acceptable to the Foundation. Some of these guarantors may also depend on voluntary contributions as a primary source of their revenues.

Loans with payments past due over thirty days are considered delinquent, at which time management of the Foundation begins increased monitoring of these loans and may restructure loans as necessary. The inability of a borrower to make timely payments on its loan could adversely affect the Foundation’s ability to make interest and principal payments on the Certificates. See the risk factor entitled “Reliance on Loan Payments to Fund Obligations under Certificates.”

10. ***Loan Policies; Delinquencies.*** Due to the relationship of the Foundation with its borrowers, the Foundation expects that its policies with regard to delinquencies under

the Loans may be less stringent than loan policies of commercial lenders. As a supporting organization of The United Methodist Church (the “*Church*”), the Foundation’s lending priorities are informed by a desire to further the missionary purposes of the Conferences. Such lending priorities could adversely affect the Foundation’s delinquency rate.

If the Foundation were to foreclose on a secured property, there is no assurance that a subsequent purchaser of the foreclosed property would pay a price equal to or greater than the amount of the loan, since the value of the property may be lower than the amount of the loan. Moreover, church properties are generally single-purpose facilities and thus have a restricted resale market.

11. ***Security for Loans.*** Loans made pursuant to the Loan Program will primarily be secured by a first-priority security deed (mortgage) on the property which has been purchased, improved or renovated and which is owned by the borrower. On occasion, the loan may be secured by a first mortgage on property owned by another entity in the connectional system of either of the Conferences. If a loan is made for the purchase of unimproved land, an appraisal may be required. In other cases, the Foundation has ordinarily not obtained formal appraisals of such secured properties, but properties are inspected when deemed necessary. The borrower’s plans for the property and arrangements for repayment will be reviewed by the Foundation’s Director of Lending Programs. It is possible that the value of a specific property might be less than estimated, resulting in a loan-to-value ratio for such property higher than intended under the Foundation’s lending criteria. In general the policy of the Foundation will be to require that the value of the property securing a loan exceed the principal amount of the loan, based upon the Foundation’s estimated valuation of the property.
12. ***Change in Laws.*** There may be future changes in federal or state laws that may affect the Foundation’s ability to continue to sell the Certificates. See “RISK FACTORS – Repayments to Investors” above.
13. ***Repayment Deferral.*** While the Foundation intends to pay principal and interest on each Certificate as it matures, the Foundation may elect, in its discretion, to repay the principal amount of a Certificate presented for payment in three equal annual installments together with interest, accrued at such Certificate’s stated rate See “CERTIFICATES”. The Foundation reserves the right at any time to defer payment in accordance with these provisions, if necessary to maintain prudent liquidity and net worth ratios, although, to date, this right has never been exercised. Investors may experience a delay in receipt of the full principal amount of a Certificate presented for payment in the future, should the Foundation elect to exercise this payment deferral right.
14. ***Restrictions on Transfers.*** The Certificates are not negotiable, and there is no market for the Certificates. In addition, the Certificates may be sold, assigned, pledged or otherwise transferred only with the consent of the Foundation. Moreover, since the

Certificates have been issued without registration under the Securities Act of 1933, as amended (the “*Act*”), the Certificates may be transferred only in a transaction which is the subject of an effective registration under the Act, or in a transaction which is exempt from the registration requirements of the Act, or which is otherwise in compliance with the registration requirements of the Act.

15. ***Recall of Certificates.*** The Foundation reserves the right to recall any of its Certificates for repayment at any time, upon six months prior written notice to the holders thereof, without early withdrawal penalties and upon payment of the principal amount and accrued interest, plus a redemption premium of two and one half percent (2.5%) of the principal amount so redeemed. To date, the Foundation has never exercised this right of recall.
16. ***Competition.*** The interest rates payable on the Certificates will face competition from various commercial and money market instruments. If in any period commercial interest rates should become higher than those then being paid by the Foundation, holders of the Certificates could require repayments (either by demanding repayment or by failing to exercise such holder’s Renewal right) at a rate higher than projected by the Foundation, resulting in a negative effect on the Foundation’s ability to repay its outstanding investment obligations.
17. ***Concentration.*** There are risks related to geographic concentration of Loan Recipients. Changes in economic conditions of the State of Georgia could affect the ability of the churches or organizations, as a group, to repay the loans. Further, while the Foundation does not currently have significant concentrations with any single congregation or connectional unit under the Loan Program, such concentrations could develop. If any of these Loan Recipients are unable to make payments on their loan under the Loan Program the Foundation may be unable to meet its obligations under the Term Notes. As of March 31, 2023, the Foundation’s three largest outstanding unparticipated loans or loan commitments involve loans to large, long-established United Methodist congregations/organizations in the metro Atlanta and Augusta areas.
18. ***Early Withdrawal Penalty.*** If the holder (or holders) of a Certificate presents such Certificate for prepayment, the Foundation will, subject to its discretionary right to pay the principal in three annual installments, repay the principal amount of the Certificate and charge an early withdrawal penalty, which shall be equal to four months interest, but not to exceed the actual interest earned. The terms of the Certificates do not provide for partial redemptions or partial prepayments.
19. ***Alternate Interest Payment Adjustment to Interest Reinvestment Certificates.*** Georgia usury law contains certain prohibitions against a creditor’s charging interest on unpaid interest amounts. While the Foundation believes that the general interest accrual terms of its Interest Reinvestment Certificates would not violate such prohibitions, the precise application of such prohibitions is not clear. The Foundation has included in its Interest Reinvestment Certificates an alternate method of interest calculation and payment, called the Alternate Interest Payment Adjustment, which

would become applicable if the general interest accrual and payment terms of the Interest Reinvestment Certificates were found to be prohibited by Georgia usury laws. See “GENERAL TERMS APPLICABLE TO ALL CERTIFICATES – Payment of Interest.” In the event the Alternate Interest Payment Adjustment were triggered with respect to the Interest Reinvestment Certificates, the holders of such Certificates might receive a materially lower overall return on their investment than would have been the case under the general interest accrual and payment terms of such Interest Reinvestment Certificates, and could be required to accept, in the future, quarterly cash payments of accrued interest on such Certificates, in lieu of automatic reinvestment of such interest.

20. ***Market Risks.*** The Foundation’s liquid assets invested in readily marketable securities are subject to various market risks which may result in losses if market values of investments decline. The Foundation reserves the right to use proceeds from the sale of Certificates to invest in certain short-term, marketable interest-bearing securities, in order to maintain reasonable liquidity reserves. See “USE OF PROCEEDS” and “LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES.” If these instruments decline in value as a result of market forces, the financial condition and liquidity position of the Foundation will be adversely impacted.
21. ***The Foundation is involved in activities other than operation of the Loan Program.*** The Foundation has a wider range of activities than operation of the Loan Program. See “THE FOUNDATION”. Although the Loan Program has dedicated staff to administer the Loan Program, the Board and the management of the Foundation have other programs and responsibilities that do not involve administration of the Loan Program. Accordingly, the Loan Program will not be the sole focus and priority of the Foundation’s Board and management.
22. ***Reliance Upon Contributions.*** The Foundation’s loans under the Loan Program are made to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia), whose ability to repay the loans depends primarily upon contributions that such congregations, connectional units, churches and nonprofits receive from their members. In recent years several mainline Protestant denominations have struggled with the issue of same sex marriage. Changes in related policies in the Episcopal and Presbyterian Churches have resulted in some churches and individual members leaving their respective denominations. At a meeting of the General Conference of The United Methodist Church in February 2019, the General Conference approved changes to its governing documents which allows churches to "disaffiliate" from the denomination. Occurrences of disaffiliation and/or other related events could cause the Church to no longer function as one connectional system as described under “THE CHURCH AND THE GEORGIA CONFERENCES - The Church”. Disaffiliations are actively occurring and will likely continue through at least December 2023. Additionally, disaffiliations result in excess costs incurred by churches. The General Conference of the United Methodist Church (Legislative Body), which was scheduled for May 2020, has been delayed until 2024 due to concerns over the COVID-19 pandemic. In addition to the excess costs incurred by disaffiliating churches, a decades long decline in the membership and attendance of mainline

protestant churches continues. A potential consequence of the foregoing is that individual Loan Recipients may become unable to meet their obligations to the Foundation, which in turn may then be unable to meet its obligations pursuant to the Certificates. While the underwriting criteria for The Foundation's loan program includes detailed analysis of each potential borrower's ability to repay and secondary sources of repayment, such as collateral, events at both the denominational level and the local level as well as outside events such as Federal tax legislation may negatively affect contributions at the borrower level and therefore also affect a borrower's ability to repay loans on schedule. Should this happen in sufficient numbers, there may be a material negative impact on the Foundation's ability to meet its obligations pursuant to the Certificates.

23. ***Data Security Risks.*** In connection with the Offering, the Foundation processes and stores sensitive business and personal information about our Investors. This information may include social security numbers, bank account numbers, names and addresses, and other types of sensitive information. The Foundation maintains firewalled networks, access control of our computer systems and automated threat detection of computer data to reduce data security risks.

While the Foundation, with the assistance of its IT consultant, establishes safeguards from human and technological error to reduce the risk exposure to internal and external malicious threats, the Foundation's data could still be subject to unauthorized access or data breaches due to human error, fraud, or malice on the part of employees or third parties, or resulting from accidental technological failure.

24. ***COVID-19 Pandemic and Associated Economic Risks.*** The pandemic associated with COVID-19 and variants thereof, has had, and is likely to continue to have, an effect on the economy as a whole, which could include future economic downturns that could adversely affect the ability of individual churches to meet their obligations under their outstanding loans. As referenced in "RISK FACTORS – Reliance Upon Contributions" above, such churches' ability to repay their loans is primarily dependent on contributions received from the churches' members. In addition to general economic trends, a reduction in attendance due to COVID-19, including any resurgence, variation, or worsening thereof, could also result in a reduction of member contributions. Due to the COVID-19 pandemic, several churches with then-outstanding loans elected to defer payments on such loans. Although the Foundation has taken steps to increase liquidity in light of the COVID-19 pandemic, should future payment deferrals occur in sufficient numbers, there may be a material negative impact on the Foundation's ability to meet its obligations pursuant to the Certificates.

25. ***Inflationary Pressures and Rising Interest Rates.*** The Foundation's loans under the Loan Program are made to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia), whose ability to repay the loans depends primarily upon contributions that such congregations, connectional units, churches and nonprofits receive from their members, who are negatively affected by inflation. If such members decrease their

contributions due to current and future inflationary pressures, it could adversely affect the ability of the Loan Recipients to pay interest and principal on our loans. Additionally, rising interest rates, whether due to the activities of the central banking systems in the U.S. and abroad in an effort to combat increasing inflationary pressures or due to other unrelated market developments, could render the return on the Notes to be comparatively less attractive as an investment than other securities that may be available for purchase by a prospective investor.

## THE OFFERING

The Foundation has been engaged in a continuous offering of Certificates to Eligible Subscribers (as hereinafter defined) since 2005. In previous years, the offering has been effectuated at various times either pursuant to an exemption from registration, or pursuant to an effective registration statement with the Georgia Securities Commission, under the Georgia Act and its predecessor statute. As of December 31, 2022, the Foundation had \$45,484,010 in Certificates outstanding from prior offerings.

The Certificates covered by this Offering Memorandum are being offered pursuant to an exemption from registration under the Georgia Act, provided by regulations adopted under that statute, for certain securities issued by qualified “church extension funds”. The Foundation, as a church extension fund, is hereby offering up to \$40,000,000 aggregate principal amount in Certificates, pursuant to that exemption.

The Certificates offered hereby will be issued in a principal amount of not less than \$5,000, as specified by the subscriber, and having maturities of one, two, three or four years, as selected by the subscriber. See “DESCRIPTION OF THE CERTIFICATES” for a summary of the terms and conditions of the Certificates. The Certificates will be unsecured general obligations of the Foundation, and will not constitute obligations of the Church, generally, the North Georgia Annual Conference of the Church (the “North Georgia Conference”), the South Georgia Annual Conference of the Church (the “South Georgia Conference”, and collectively, the “Conferences”), any individual congregation of the Church or any other connectional unit of or person affiliated with the Church (including those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia). See “THE FOUNDATION” and “THE CHURCH AND THE GEORGIA CONFERENCES” below.

The proceeds from the offering of the Certificates will be used principally to make first mortgage loans to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia), whose ability to repay the loans depends primarily upon contributions that such congregations, connectional units, churches and nonprofits receive from their members., pursuant to the Foundation’s Loan Program, as well as to fund Loan Program reserves. See “USE OF PROCEEDS” and “THE LOAN PROGRAM.” The Foundation reserves the right to use its other funds without donor restriction for loans under the Loan Program, but, since 2008, the Loan Program has been funded solely from the proceeds of sales of Certificates. The Certificates are not secured by any particular loan to specific borrowing entities who are participants in the Loan Program.

The Certificates are offered only for cash consideration and only to persons or entities which are residents in the State of Georgia and are members of or contributors to or participants in the Church or its connectional units (as defined below), or are ancestors, descendants or successors in interest to such persons (each an “*Eligible Subscriber*”, collectively, “*Eligible Subscribers*”). See “THE CHURCH AND THE GEORGIA CONFERENCES.” Each subscriber will be required to complete an application for purchase of the Certificates, in the form attached hereto as **Appendix B**, in which, among other things, such subscriber will be required to make

representations evidencing that such subscriber meets the qualifications for an Eligible Subscriber. The completed application must be submitted, along with tender of payment for the Certificates, to the Treasurer of the Foundation. The Foundation reserves the right to accept or reject any application, in whole or in part, in its sole discretion. The Foundation will return any rejected application, along with the funds which accompanied it, to the prospective subscriber submitting such application.

The Foundation reserves the right to accept subscriptions for less than all of the Certificates offered hereby. Subscriptions from Eligible Subscribers which are accepted by the Foundation will be accepted in the order received. None of the proceeds of this offering are to be escrowed pending completion of the offering or satisfaction of any other condition. Proceeds of the sale of the Certificates offered hereby will be invested temporarily in short-term investments of the Foundation's choosing pending their use in funding loans under the Loan Program.

This Offering Memorandum amends and supersedes the information contained in any previous offering memorandum in connection with the sale of Certificates by the Foundation, including the Offering Memorandum for the period from August 16, 2022 to August 15, 2023. Reference is made to the audited financial statements for the fiscal years ending December 31, 2022, 2021 and 2020 of the Foundation, included herein as **Appendix A**, for information with respect to the Certificates issued to date pursuant to the terms of this offering.

## THE CHURCH AND THE GEORGIA CONFERENCES

### The Church

The Church established its roots in America in the 18th century. The Church represents the confluence of three streams of tradition: Methodism, the Church of the United Brethren in Christ and the Evangelical Association. The present United Methodist Church was organized in 1968 with the merger of the Methodist Church and the Evangelical United Brethren Church. The Church is comprised of approximately 30,543 organized churches throughout the United States and 12,866 outside the United States, with approximately 11 million members worldwide.

The Church as a denomination is not a separate legal entity. The denomination is a composition of individuals, local churches, districts, annual conferences, jurisdictional conferences, a general conference and organizations that are created by them to carry on their work. All of these organizations promote the purpose of the denomination. Some of these organizations are local and some are national. Each one generally is legally responsible for its own activities and liabilities unless there is a contractual agreement to the contrary. All of these organizations are connected by their common religious heritage and by their common purpose to further the work of the denomination. These organizations are referred to in this Offering Memorandum as “connectional units” and they compose the Church as it is commonly known. The Church is neither hierarchical nor congregational. It is a “connectional system” in which all of the various organizations are connected by their common religious heritage and their purpose to further the work of the Church. Hence, the term “connectional system” and the term “connectional units” are used in this Offering Memorandum.

The Church does not have a centralized administration. Each local United Methodist Church congregation is an entity governed by its members subject to the provisions of The Book of Discipline of The United Methodist Church (“*The Book of Discipline*”). The highest authority of the Church is the General Conference, which meets once every four years, and is composed of delegates elected by the annual conferences of The United Methodist Church. The delegation is comprised of United Methodists, one-half of whom are ordained clergy and one-half of whom are lay persons. Each General Conference may modify The Book of Discipline. The Book of Discipline provides the basic structure for the Church’s general agencies, which are responsible for furthering the fundamental goals of the Church.

The United Methodist Church is actively engaged in ecumenical activities, including activities across the broader Methodist family. The Foundation is equally committed to strong ecumenical relationships across the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the State of Georgia). In this way, the Foundation seeks to be in productive partnership with congregations and organizations with historic ties to the Methodist Church in Georgia.

### The North Georgia Conference and South Georgia Conference

The North Georgia Conference and South Georgia Conference are each annual conferences within the connectional system of the Church. The Church’s annual conferences are geographically

defined associations of United Methodist congregations and other connectional units which collaborate on common organizational, administrative and evangelical matters, including collective administrative, educational and outreach programs, certain common funding issues and election of delegates to the quadrennial meetings of the Church's General Conference. As their name implies, the annual conferences hold general meetings, once per year, of delegates from each of their respective constituent units. The administrative head of an annual conference is its Bishop, who is appointed for one or more four-year terms by the Church's General Conference.

The North Georgia Conference consists of The United Methodist congregations and other connectional units located in the northern half of the State of Georgia. Headquartered in Atlanta, the North Georgia Conference is presently comprised of 688 United Methodist Church congregations with an aggregate of 303,740 lay members and 1,392 clergy. The administrative head of the North Georgia Conference is its Bishop, Robin Dease, who began her service as Bishop on January 1, 2023.

The South Georgia Conference consists of The United Methodist congregations and other connectional units located in the southern half of the State of Georgia. Headquartered in Macon, the South Georgia Conference is presently comprised of 274 United Methodist Church congregations with an aggregate of 41,000 lay members and approximately 213 clergy. The administrative head of the South Georgia Conference is its Bishop, David Graves, who began his service as Bishop on September 1, 2021.

## THE FOUNDATION

### General

The North Georgia United Methodist Foundation, Inc. (the “*North Georgia Foundation*”), a Georgia not-for-profit corporation, was organized in 1984 for the purpose of supporting the functions of the North Georgia Conference, particularly, managing and administering funds of the North Georgia Conference and its connectional units, promoting and receiving gifts and bequests to such entities and using such gifts and bequests for the charitable, religious and educational purposes of such entities. The South Georgia United Methodist Foundation, Inc. (the “*South Georgia Foundation*”), a Georgia not-for-profit corporation, was organized in 1978 for the purpose of supporting the functions of the South Georgia Conference, particularly, managing and administering funds of the South Georgia Conference and its connectional units, promoting and receiving gifts and bequests to such entities and using such gifts and bequests for the charitable, religious and educational purposes of such entities. Effective January 1, 2010, the South Georgia Foundation merged with the North Georgia Foundation to form the Georgia United Methodist Foundation, Inc. (previously defined as the “*Foundation*”) to support the functions of the North Georgia Conference, the South Georgia Conference, and the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the State of Georgia).

The Foundation is the issuer of the Certificates. The Foundation conducts business at its main office located at 15 Technology Parkway South, Suite 125, Peachtree Corners, Georgia 30092.

Historically, the business of the Foundation has been to serve as a vehicle for receipt and administration of current or deferred gifts and bequests of real and personal property for the benefit of Church related connectional units or other charities, as well as assisting in structuring trust arrangements as vehicles for charitable donations, either directly to the Foundation or to other Church related connectional units. Ancillary to these activities, the Foundation also provides collective investment services under which North Georgia Conference and South Georgia Conference congregations or affiliated organizations can invest long-term funds, such as capital or endowment funds, to achieve efficiencies of larger-sized investments. As a result of the foregoing activities, while the Foundation holds certain funds without donor restriction which it has received through direct bequests or earnings on Foundation assets without donor restriction, a majority of the assets held by the Foundation are restricted funds which are held and invested by the Foundation for the benefit of specific beneficial owners of such funds, and are not beneficially owned by the Foundation. The Foundation is not registered as an investment company under the Investment Company Act of 1940.

The Foundation has also historically been active in advising and assisting congregations within the Conferences in planning fundraising campaigns and planned giving programs.

Under the terms of its Articles of Incorporation and By-laws, the Foundation is governed by a Board of Trustees (previously defined as the “*Board*”) comprised of elected

members, each of whom serves a three-year term, as well as the Bishops of both Conferences, the Treasurer of each respective Conference and the President, Chief Financial Officer/Treasurer, and Vice President of Development of the Foundation, each of whom serves *ex officio*. The Board elects the officers of the Foundation. See “MANAGEMENT.” The Foundation has no shareholders.

The Foundation currently has nine budgeted staff positions, six of which are full-time salaried positions, and three of which are part-time. One position which is filled by a contract employee, the Director of Lending Programs, is dedicated exclusively to the administration and operation of the Loan Program and its related funding. Other Foundation staff devote portions of their time to the Loan Program and administration of the offering of Certificates, and the Foundation allocates ratable portions of the compensation of these employees to the overhead costs of the Loan Program, in proportion to their time expended on such matters. See “MANAGEMENT – Officers.”

The Foundation has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Tax Code*”), and a public charity. As a result of its 501(c) (3) status, the income of the Foundation which is derived from its charitable purposes is exempt from federal income taxation. Should you choose to purchase a Certificate, the income derived therefrom as a creditor of the Foundation (such as holders of the Certificates) is not tax exempt. See “TAX CONSIDERATIONS.”

The Foundation is an autonomous legal entity, the obligations of which (including the Certificates offered hereby) are not guaranteed by the Church, the North Georgia Conference, the South Georgia Conference or by any other annual conference, any local church congregation, or any other council, conference, board, agency or other connectional unit of the Church. The Foundation does not guarantee, and its management believes that it is not legally responsible for, any liabilities or obligations of the Church or any of the connectional units of the Church.

## **The Loan Program**

As an outgrowth of its historic activities in advising and assisting congregations concerning fundraising and planned giving, the Foundation’s Board in 2004 authorized the establishment of the Loan Program for the purpose of providing a source of funding to Church congregations and other connectional units within the Conferences for purchase, construction, improvement, renovation and refinancing of churches, parsonages, educational buildings and other related facilities. See “THE LOAN PROGRAM,” below, for a description of the policies, procedures and administration of the Loan Program. The Loan Program was funded initially with a combination of funds without donor restriction available to the Foundation for discretionary investment and proceeds of sales of Certificates. Since July, 2008, the Loan Program activities have been funded through proceeds of Certificate sales, regular loan payments and earnings from existing mortgage loans. In addition, the Foundation has, from time to time, in its discretion, sold participation rights in certain of its loans to third party financial institutions or to other investors such as family and non-profit foundations. Most (but not all) of such participation rights have been granted with respect to larger loans in the

Foundation's loan portfolio, and have been used at various times as a means to mitigate the concentration risk created by such larger loans, as well as to generate cash flow for the Foundation. The Foundation has typically retained servicing obligations with respect to those loans in which it has sold participation rights. As of March 31, 2023, the Foundation had sixty four (64) loans outstanding with a total principal value, net of participations, of \$34,307,345. As of March 31, 2023, the Foundation had sold participation rights, representing an aggregate of \$8,919,295 principal amount, with respect to a total of five of the loans in its portfolio. Such participations represented participation rights ranging from 25.0% to 100% of the total loan in which the participation had been sold. The Foundation expects that it will, in the future, continue to sell participations in various loans in its portfolio, as the Foundation deems appropriate, in its discretion, for prudent management of the portfolio, loan concentration and other financial risks.

The Foundation, through the Loan Program, makes permanent loans for fixed terms ("**Permanent Loans**") and loans to finance new construction, the terms of which vary based on the completion of the construction ("**Construction Loans**"). The Permanent Loans generally bear interest at a fixed rate for five years and then reset. The Permanent Loans currently bear interest at rates between 4.00% and 5.25% per annum and have maturities generally between five and twenty years. The Construction Loans carry fixed interest rates, determined by prevailing rates as of the time the loan is made. The Construction loans currently bear interest at rates between 4.5% and 5.25% per annum. The Foundation will seek to set the interest rates and payment terms of loans made under the Loan Program at levels sufficient to cover the Foundation's projected payment obligations under any outstanding Certificates (or similar obligations relating to the Loan Program), as well as the Foundation's administrative costs of administering the Certificates and the Loan Program. Any earnings on loans made through the Loan Program which are not necessary for the payment of the foregoing expenses will be available to fund additional mortgage loans pursuant to the Loan Program or to pay general administrative expenses of the Foundation. See "THE LOAN PROGRAM."

## SELECTED FINANCIAL DATA

The table below sets forth certain selected financial data with respect to assets and revenues of the Foundation for its three most recently completed fiscal years. It should be noted that the table below contains only data with respect to the assets without donor restriction and revenues without donor restriction of the Foundation, and does not include assets or revenues subject to either temporary or permanent restrictions or dedicated to a particular purpose. The data in the table with respect to the fiscal years ended December 31, 2022, 2021 and 2020 has been compiled by management from the Foundation's audited financial statements and should be read in conjunction with the Foundation's most recent audited financial statements, including the footnotes thereto, included as **Appendix A** to this Offering Memorandum.

### Georgia United Methodist Foundation Selected Financial Data

	2020	2021	2022
Cash, cash equivalents and readily marketable securities (combined) (without donor restriction)	\$21,185,875	\$17,149,626	\$17,269,925
Total Assets (without donor restriction) <sup>(1)</sup>	\$52,660,794	\$49,143,778	\$52,897,818
Net Assets (without donor restriction)	\$8,598,698	\$8,914,186	\$6,850,086
Total loans receivable	\$31,550,815	\$32,322,848	\$36,021,351
Amount of unsecured loans receivable	\$0	\$0	\$0
Percent of unsecured loans receivable	0.0%	0.0%	0.0%
Loan delinquencies as a percent of total loans	0.0%	0.0%	0.0%
Total Certificates payable <sup>(2)</sup>	\$43,806,679	\$39,981,903	\$45,484,010
Amount of Certificates matured or redeemed during year	\$19,880,320	\$24,144,597	\$26,645,153
Other long-term debt	\$0	\$0	\$0
Change in Net Assets (without donor restriction)	\$1,530,578	\$315,488	(\$2,064,100)

(1) Includes other miscellaneous assets (such as furniture and equipment) and gives effect to provision for loan loss reserves.

(2) Excludes Certificates issued to the Foundation of \$170,427.

The data in the table below with respect to the three months ended March 31, 2023 has been compiled from unaudited data prepared by the Foundation's management. It should be noted that the table below contains only data with respect to the assets without restriction and revenues without restriction of the Foundation and does not include assets or revenues subject to either temporary or permanent restrictions or dedicated to a particular purpose.

**Georgia United Methodist Foundation  
Assets and Revenues without Donor Restrictions**

<b>Three Months ended March 31, 2023</b>	
Cash, cash equivalents and readily marketable securities	\$16,274,621
Total Assets (without donor restriction) <sup>(1)</sup>	\$50,178,817
Net Assets	\$7,076,783
Total loans receivable	\$34,307,345
Amount of unsecured loans receivable	\$0
Percent of unsecured loans receivable	0.0% 0.0%
Loan delinquencies as a percent of total loans receivable	
Total Certificates payable <sup>(2)</sup>	\$43,199,093
Amount of Certificates redeemed during three months to March 31, 2023	\$8,255,755
Other long-term debt	\$0
Change in Net Assets (without donor restriction) (since December 31, 2022)	\$226,697

(1) Includes other miscellaneous assets (such as furniture and equipment), and gives effect to provision for loan loss reserves.

(2) Excludes Certificates issued to the Foundation of \$290,427.

## DESCRIPTION OF THE CERTIFICATES

The securities offered hereby consist of unsecured promissory notes of the Foundation (herein referred to as Certificates). The rates of interest payable on the Certificates are set by the Foundation, in its discretion, at the date of issuance of each such Certificate, and thus will vary from Certificate to Certificate depending on the time of issuance thereof.

In general, the rates of interest applicable to the various Certificates will be determined by the Foundation in light of a combination of factors, including the average rate of return being realized by the Foundation on loans outstanding under its Loan Program, the Foundation's costs and expenses of administering the Loan Program and the then-prevailing rates of return being paid to investors in similar investments. Generally, the rates of interest applicable to the various types of Certificates will not vary more frequently than monthly.

The Foundation will supplement this Offering Memorandum from time to time so as to disclose the then-prevailing interest rates applicable to its various categories of Certificates, and will advise each subscriber of the rate of interest which will apply, upon issuance, to the specific type or types of Certificates in which such subscriber applies to invest. Further, the current prevailing interest rates are posted on the Foundation's website at <http://gumf.org/certificates/>.

### **Certificates**

Each Certificate will bear interest at the rate per annum determined by the Foundation for a Certificate of the specified duration as of the date of issuance of such Certificate, with separate interest rate determinations being applicable to each of the One Year Certificates, the Two Year Certificates, the Three Year Certificates and the Four Year Certificates. All Certificates will accrue interest daily from the date of issue and interest will either be paid quarterly, or reinvested as principal under such Certificate and paid at maturity, depending upon the payment terms selected by the investor. See "GENERAL TERMS APPLICABLE TO ALL CERTIFICATES – Payment of Interest." Each Certificate will bear interest for the full term of the Certificate at the rate set on the date of issuance of such Certificate. Any change in interest rates by the Foundation will affect only (i) new Certificates issued after the change in rate, or (ii) outstanding Certificates subject to Renewal.

The Foundation, at least thirty (30) days prior to maturity, will give written notification to the holder (or holders) of a Certificate specifying that the Certificate is approaching maturity, that the holder has the option of Renewal for an additional term (subject to the Foundation's ability to effectuate such Renewal in compliance with applicable securities laws) prior to its maturity, and the applicable interest rate if the holder of the Certificate elects Renewal (the "Renewal Interest Rate"), as more fully described below. At such time, the Foundation shall also provide to each such holder of a Certificate the Foundation's most current Offering Memorandum with respect to the Certificates, the then prevailing interest rates applicable to Certificates and notice regarding the holder's 72-hour right of rescission (as described on the inside cover of the Offering Memorandum). If the Foundation has not received, by the maturity date of such Certificate, written notice from the Certificate holder that the holder wishes to exercise its right of Renewal (at the Renewal Interest Rate), the Certificate

will be automatically redeemed upon maturity, without the need for written notice from the holder.

The Foundation will repay at maturity the full principal and any accrued but unpaid interest due on a Certificate to holders who have not given the Foundation written notice that they wish to renew such Certificate.

With regard to holders of Certificates who have elected to exercise their right of Renewal at or prior to the maturity of such Certificates, the Foundation will, at the maturity of those Certificates, comply with such holder of Certificates' request for Renewal (that is, it will "roll-over" the Certificates), provided the Foundation is able to do so, in compliance with applicable securities laws (and subject to the 72-hour rescission right described above). In the case of certificated Certificates, the Certificates subject to Renewal will be evidenced by the same document as was originally issued to evidence such Certificate at the time of its original issuance. The Certificates subject to Renewal will bear interest at the Renewal Interest Rate, which is the interest rate prevailing at the date of such extension for the same kind of Certificates as those subject to Renewal or, if the same kind of Certificates are not then being offered, on Certificates which are substantially similar to those subject to Renewal. If the Foundation is not able to comply with a Renewal request in compliance with applicable securities laws, the Foundation will redeem such Certificate, in the same manner as if the holder thereof had given no written notice of Renewal.

If the holder of a Certificate, prior to the maturity date, presents a demand for prepayment of such Certificate, the Foundation will, subject to its right to pay the principal in installments as described in the next paragraph, on the sixtieth (60th) day following its receipt of such demand, repay the principal amount of the Certificate, less an early withdrawal penalty which shall be equal to four months interest, but not to exceed the actual interest earned.

The terms of the Certificates do not provide for partial prepayment or partial redemptions (whether registered in the names of an individual or of multiple owners) of Certificates. Payment of a Certificate (whether at maturity or at prepayment) may be obtained only for the full amount of the Certificate, plus any accrued interest. Early redemption penalties may be applicable, as described above.

At either the maturity of an un-renewed Certificate, or upon the holder's early-payment demand for payment in full of a Certificate, the Foundation will have the right, should it elect to do so: (i) to repay the principal in three equal annual installments beginning thirty (30) days after demand, along with interest accrued at such Certificate's stated rate; and (ii) deduct any applicable early withdrawal penalty (calculated in the manner described in the preceding paragraph) from the first annual payment. While it is the Foundation's intention to pay principal and interest as demanded, without utilizing such delayed-payment terms, whenever possible, no assurance can be given that the Foundation will be willing or able to make repayments without invoking these rights. The Foundation has not had to take advantage of the foregoing option since the inception of the Certificates program.

## Outstanding Certificate Summary

The following table is a summary of the Foundation's outstanding Certificates as of December 31, 2022.

### Georgia United Methodist Foundation Outstanding Certificate Summary

<b>Principal Amounts Due at Maturity</b>					
<b>Category of Obligation</b>	<b>Total Amount Outstanding</b>	<b>&lt; 1 year</b>	<b>1-2 years</b>	<b>2-3 years</b>	<b>3-4 years</b>
Certificates	\$45,484,010	\$20,034,901	\$22,169,214	\$2,043,597	\$1,236,298
Other debt obligations	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$45,484,010</b>	<b>\$20,034,901</b>	<b>\$22,169,214</b>	<b>\$2,043,597</b>	<b>\$1,236,298</b>

In the fiscal year ending December 31, 2022, the Foundation received total gross proceeds of \$13,990,955 from the sale of Certificates (not including \$17,491,487 aggregate principal amount representing Renewals). During the same period, the Foundation paid out a total of \$25,980,334 to Certificate holders (net of the aggregate principal amount of Renewals as described above) upon maturities and redemptions.

## GENERAL TERMS APPLICABLE TO ALL CERTIFICATES

### Application to Purchase Certificates

All Certificates will be issued pursuant to the Application to Purchase a Certificate, which is found in **Appendix B** to this Offering Memorandum. New Certificates may be purchased in minimum amounts of \$5,000.

Except in the case in which a subscriber expressly requests that a physical instrument be issued to evidence his or her Certificates, the Certificates will be uncertificated, and a subscriber for Certificates will not receive a physical certificate evidencing the Foundation's payment obligations to him or her in respect of his or her Certificates. Rather, the Foundation will maintain a ledger of investors, reflecting the amount and terms of each specific investor's respective Certificates, and will establish an account for each such investor. Upon making an investment in the Certificates, each investor will receive a statement confirming that such investor has made an investment, setting forth the specified principal amount and term (One Year, Two Year, Three Year or Four Year), the specified rate, and stating that such Certificate shall payable on the terms and conditions specified for such type of Certificate in this Offering Memorandum. Certificate holders will, upon request, be entitled to receive, not later than forty-five (45) days following the end of each calendar quarter, a statement of account for such investor's Certificates, reflecting outstanding principal balance, changes in applicable interest rates (if any) and interest accruals and/or payments, with respect to such respective calendar quarter.

### Form of Ownership

The Foundation will register the ownership of Certificates, upon issuance, as designated by the purchaser's application. Applicants may elect sole ownership or joint ownership. The only available form of joint ownership permitted by the Foundation for Certificates offered hereby is joint tenancy with right of survivorship (under which the interest of a deceased joint tenant passes to the other named joint tenant(s)). Under Georgia law, in the absence of a specification otherwise, a joint ownership of securities—such as the Certificates—is presumed to be a joint tenancy with right of survivorship. Unless instructions to the contrary are specifically provided to the Foundation, all named joint owners will be presumed to own equal shares of the jointly registered Certificate.

Any permitted voluntary early redemption of a jointly-owned Certificate, and any Renewal of a jointly-owned Certificate, can only be effected with the consent of all the joint owners.

Any payments in respect of a jointly-registered Certificate (whether interest earnings or of redemption proceeds) will be made in the form of check payable jointly to all the registered owners, unless the Foundation has received explicit instructions, signed by all such joint owners, to make payment in a different form. Unless instructed otherwise in a writing signed by all the joint owners, the Foundation will report all interest earnings on any jointly-owned Certificate using only the taxpayer identification number of the first owner named on the registration of the Certificate.

## **Cash Sale**

The Certificates will be sold for cash, at face value, and the Foundation offers no financing terms for the purchase of Certificates. Certificates will be issued only upon payment of the full cash price by the investors purchasing the Certificates.

## **Payment of Interest**

Each Certificate may be purchased either: (i) as a Certificate on which interest is accrued and paid quarterly within fifteen (15) days after each respective calendar quarter-end (an “interest payment Certificate”); or (ii) as a Certificate on which, except as adjusted by the Alternate Interest Payment Adjustment (as defined below), the quarterly interest accruals are reinvested and added to the principal of such Certificate (an “*Interest Reinvestment Certificate*”). An Interest Reinvestment Certificate will accrue interest as of March 31, June 30, September 30 and December 31 of each year in which the Certificate is outstanding, with such reinvested interest thereafter bearing an equal rate of interest as the applicable rate on the Certificate. All principal, as well as accrued but unpaid interest, on an Interest Reinvestment Certificate will be repaid upon maturity of that Certificate (unless such Certificate is renewed in accordance with its terms – see “DESCRIPTION OF THE CERTIFICATES – Certificates”).

The “Alternate Interest Payment Adjustment,” with respect to an Interest Reinvestment Certificate, is a change in the method of calculation and payment of interest which shall automatically occur if, at any time prior to the maturity date of such Certificate, applicable law governing the interest payable under such Certificate is amended or judicially interpreted to prohibit the payment of interest on amounts of interest reinvested as contemplated by the terms of an Interest Reinvestment Certificate. In such a case, the accrued but unpaid amounts due under such Interest Reinvestment Certificate shall be restated such that accrued but unpaid principal thereunder shall equal only the original principal amount of such Certificate, and accrued but unpaid interest under such Certificate shall equal the lesser of (i) the remainder after subtracting the original principal amount of such Certificate from the aggregate of accrued but unpaid principal and interest which would be payable pursuant to such Interest Reinvestment Certificate in the absence of effectuation of the Alternate Interest Payment Adjustment, or (ii) the amount of interest which would accrue, on a cumulative but not compounded basis, on such original principal amount, at the rate of six percent (6%) per annum, simple interest, from the original issuance date of such Certificate until the date the accrued amounts thereunder are so restated. In the event of the triggering of the Alternate Interest Payment Adjustment with respect to any Interest Reinvestment Certificate, all interest accruing under such Certificate following the date such adjustment is triggered shall be accrued and paid as if such Certificate were an interest payment Certificate, rather than an Interest Reinvestment Certificate.

## **Transfer**

The Certificates will be transferable only with the consent of the Foundation and only upon presentation to the Foundation of appropriate documents of transfer. Moreover, since the Certificates have been issued without registration under the Act, the Certificates may be transferred only in a transaction which is the subject of an effective registration under the Act, or in a transaction which

is exempt from the registration requirements of the Act, or which is otherwise in compliance with the registration requirements of the Act.

### **No Trust Indenture or Sinking Fund**

The Certificates will not be issued pursuant to any trust indenture, nor is there any indenture trustee or other agent appointed to represent the interests of investors. The Board has directed that the Foundation will maintain a liquid reserve in the form of cash and securities which mature in one year or less and which in the aggregate at all times equal at least an amount equal to the sum of ten percent (10%) of the first \$1,000,000 in principal amount of Certificates outstanding and five percent (5%) of such principal amount in excess of \$1,000,000. The Board may modify this practice from time to time.

### **No Priority or Direct Rights in Foundation Assets**

The Certificates will represent general unsecured indebtedness of the Foundation. Holders of the Certificates will have no direct interest in the loans made pursuant to the Loan Program, or the proceeds thereof, or in any other assets of the Foundation. Holders of the Certificates will have no rights, either individually or as a group, to enforce, or require enforcement of any security interest securing any of the loans made pursuant to the Loan Program, or any other terms of such loans. Holders of the Certificates will not have an equity interest in the Foundation and will have no right to vote on matters brought before the Foundation's Board. Holders of Certificates will be unsecured creditors of the Foundation, entitled, subject to the qualifications set forth in the following sentence, to an equal claim upon the Foundation's assets with all other unsecured creditors of the Foundation. Notwithstanding the foregoing, the holder of a Certificate is deemed to have consented to the subordination of any claims which such holder may have in respect of rights of payment under such Certificate, insofar as such rights might give rise to a claim on assets of the Foundation denominated or accounted for as restricted assets, or on income derived from or proceeds of such restricted assets, to the rights of the designated beneficiaries of such restricted assets, as reflected on the books and records of the Foundation from time-to-time.

### **Limit on Sales**

The Foundation reserves the right to withdraw all or any part of the Certificates offered hereby at any time and without notice. The Foundation also reserves the right to reject any subscription for any of the Certificates offered hereby, for any reason, as determined in its sole discretion.

### **Right to Call**

The Foundation will have the right to call any of its Certificates at any time upon six (6) months prior written notice, by payment of the principal amount of such Certificates together with accrued interest plus a premium equal to two and one-half percent (2.5%) of the principal sum of the Certificate. In the case of such a call of Certificates, the particular Certificate called for redemption will be chosen randomly, by lot. Early withdrawal penalties will not be imposed on any Certificates called for redemption by the Foundation.

## Notices

Any notice permitted or required to be given in connection with the Certificates shall be given in writing, and shall be given (i) by personal delivery in hand to the addressee of such notice, (ii) by an overnight commercial carrier from which confirmation of delivery is obtained, if sent for overnight delivery with all applicable fees prepaid, to the applicable address for such notice, or (iii) by deposit in the United States mail, with required first class postage pre-paid and addressed to the applicable address specified herein for such notice. Such notice shall be deemed to be received and effective: (i) upon delivery, if delivered by personal delivery; (ii) if delivered by overnight commercial carrier, on the date on which delivery to the applicable address is confirmed according to the records of the carrier; and (iii) if sent by first class US mail, on the third day after the day on which the notice, properly addressed to the applicable address, with first class postage prepaid, was mailed. Such notices which are sent to the Foundation shall be sent to the following address, or such other address of which the Foundation has subsequently given written notice to the Certificate holder in accordance with the provisions for notice described above in this paragraph:

Georgia United Methodist Foundation  
Attn: Treasurer  
PO BOX 922087  
Peachtree Corners, GA 30010

Correspondingly, such notices which are sent to a Certificate holder shall be sent to the address provided by such Certificate holder in its Application to Purchase a Certificate, or such other address of which the Certificate holder has subsequently given written notice to the Foundation in accordance with the provisions for notice described above in this Section.

## **METHOD OF OFFERING**

The offer and sale of the Certificates is restricted solely to persons or entities which are Eligible Subscribers. Each subscriber for Certificates will be required to represent that he, she or it meets the criteria for an Eligible Subscriber and is purchasing the Certificates for investment and for his, her or its own account, and not for transfer or resale.

The Certificates are being offered and sold only through officers and employees of the Foundation. No underwriting or selling agreements exist between the Foundation and any third party in connection with the offering, and the Foundation will not pay any direct or indirect commissions or other remuneration in connection with any sales of the Certificates.

The Foundation's executive officers will solicit offers to buy the Certificates in the State of Georgia. In addition, when the opportunity arises, other trustees of the Foundation may speak generally with regard to the nature and purpose of the Foundation's work and those presentations may include descriptions of the Loan Program and the Certificates.

There is no minimum amount of proceeds which must be raised pursuant to this offering, inasmuch as the Foundation has available other funds without donor restriction with which to fund mortgage loans under the Loan Program and will limit the amount of mortgage loans under the Loan Program to that which can be funded using the combination of such funds without donor restriction and with the proceeds of sales of the Certificates. (The Foundation has not used funds without donor restriction, other than proceeds of Certificate sales, to fund lending under the Loan Program since 2008). Accordingly, subscriptions from eligible subscribers will be accepted in the order received, without regard to the total number or amount of Certificates subscribed for pursuant to this offering. The Foundation reserves the right to accept or reject any subscription for Certificates, for any reason, in its sole discretion.

The Foundation reserves the right at any time and without notice to withdraw all or any unsold portion of the Certificates offered hereby. If the entire amount of the offering is not needed for the purposes intended, this offering may be withdrawn and the acceptance of subscriptions suspended.

## **USE OF PROCEEDS**

The proceeds from this offering of Certificates, in conjunction with certain other available funds without donor restriction of the Foundation, will be used principally to make first-lien mortgage loans to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia), under our Loan Program. The Foundation will solicit applications from potential Loan Recipients for such mortgage loans and new loans will be made, from time to time, in accordance with the Foundation's loan policies. The proceeds of this offering will not be allocated for any specific loan or loans. The Foundation may, from time to time, in its discretion, impose maximum and/or minimum amounts for loans made by the Foundation. In addition to the foregoing, proceeds received by the Foundation from this Offering may be used for repayment of Certificates as they mature and redemption of Certificates when requested by the holders of such Certificates.

The Foundation will use a portion of the proceeds of the offering to invest in short-term, marketable interest-bearing securities in order to maintain reasonable liquid reserves. See "LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES." In addition, a portion of the proceeds of this offering will be temporarily invested in short-term investments in marketable securities, pending their investment in mortgage loans originated pursuant to the Loan Program, with earnings on such short-term investments used to fund Loan Program reserves and Foundation operating expenses.

There is no minimum amount of proceeds which must be raised pursuant to this offering, inasmuch as the Foundation has available other funds without donor restriction with which to fund mortgage loans under the Loan Program, and will limit the amount of mortgage loans under the Loan Program to that which can be funded using the combination of such funds without donor restriction and the proceeds of sales of the Certificates. Accordingly, there is no minimum number or amount of Certificates which must be sold pursuant to this offering, and no minimum amount of proceeds of Certificate sales which must be received for purposes of the Loan Program. See "THE LOAN PROGRAM" and "METHOD OF OFFERING."

No underwriters or broker-dealers are participating in this offering, and no discounts or commissions will be paid in connection with sales of the Certificates. Sales of the Certificates will be made solely through certain officers and employees of the Foundation. All expenses of this Offering, including printing, mailing, attorneys' fees, accountants' fees and regulatory filing fees, will be paid by the Foundation from its general funds without donor restriction.

## TAX CONSIDERATIONS

The following general discussion sets forth certain anticipated federal income tax consequences of the purchase, ownership or disposition of the Certificates. The discussion of anticipated federal income tax consequences is based on the Internal Revenue Code of 1986, as amended (the “*Code*”), and the regulations adopted pursuant to the Code. The discussion below does not purport to address all aspects of federal taxation that may be relevant to particular investors in light of their individual circumstances, or to certain types of investors subject to special treatment under the federal income tax laws. More specifically, this discussion does not address U.S. federal alternative minimum tax, additional tax on net investment income, or estate and gift tax consequences or any aspect of state, local or non-U.S. taxation. Moreover, there can be no assurance that contrary positions to those positions expressed below will not be taken by the Internal Revenue Service. Prospective investors are advised to consult their own tax advisors regarding the federal income tax consequences from the purchase, ownership or disposition of the Certificates, as well as any tax consequences arising under the laws of the State of Georgia, or any local government, or any foreign government.

Payments of stated interest on the Certificates will be taxable as ordinary income at the time the stated interest is received or accrued, in accordance with your method of accounting for federal income tax purposes. Therefore, unless the Certificate holder is exempt from federal income tax by Section 501(a) (or another Section) of the Code, the Certificate holder must include the interest earned in his or her income on an annual basis. Prospective investors should be aware that interest on a Certificate as to which interest is reinvested (rather than being paid periodically in cash) may be deemed, for income tax purposes, to be earned ratably (on the basis of an original issue discount formula) over the life of the Certificate, rather than as received, and thus the holder of such Certificate may be deemed to have received taxable interest income in years in which such holder has received no cash payments with respect to such Certificate.

Unless an exception to the reporting requirement applies, the Foundation will report annually (or more frequently if required) to the Certificate holders and to the Internal Revenue Service with respect to the interest paid or credited to such Certificate holders. The Foundation will notify investors of interest received or accrued on Certificates by sending them Federal Income Tax Form 1099, or such comparable form, by January 31 of each year. Unless instructed otherwise in a writing signed by all the joint owners, the Foundation will report all interest earnings on any jointly-owned Certificate using only the taxpayer identification number of the first owner named on the registration of the Certificate.

The Foundation has been determined by the Internal Revenue Service to be an organization described in Section 501(c)(3) of the Tax Code, and a public charity. However, an investment in the Certificates does not entitle the investor to an income tax deduction and will not qualify as a charitable contribution under Section 170 of the Code.

Under the Code, a Certificate holder, other than a corporation, may, under certain circumstances, be subject to “backup withholding” at a rate of 28% with respect to payments on the Certificates. This withholding generally applies if the non-corporate Certificate holder:

- Fails to furnish the Foundation such holder’s social security number or other taxpayer identification number (“TIN”);
- Furnishes the Foundation an incorrect TIN;
- Fails to report properly interest, dividends, or other “reportable payments” as defined in the Code; or
- Under certain circumstances, fails to provide the Foundation or such holder’s broker with a certified statement, signed under penalty of perjury, that the TIN provided is correct and that such holder is not subject to backup withholding.

Each non-corporate subscriber for Certificates will be asked to provide, as part of his or her application to purchase a Certificate, a statement of the type described in the foregoing final clause.

See “FORMS FOR APPLICATION TO PURCHASE A CERTIFICATE,” contained in **Appendix B** to this Offering Memorandum. Non-corporate Certificate holders should consult their own tax advisors as to their qualification for exemption from backup withholding and the procedures for obtaining the exemption.

If the holder of any Certificate(s) sells or otherwise transfers Certificate(s) for an amount other than its face value, taxable gain or loss may result, as with any sale or other transfer of an investment.

## LIQUIDITY RESERVE POLICIES; INVESTING ACTIVITIES

### General

In accordance with a policy of maintaining reasonable reserves in relation to its obligations under the Certificates, the Foundation maintains a portion of its assets without donor restriction in investments which are liquid, or easily liquidated, which will consist primarily of marketable interest-bearing securities such as U.S. Government obligations and corporate bonds.

The Foundation intends to maintain such investments in an amount deemed sufficient to meet normal interest payments as they accrue and to repay principal amounts on outstanding investment obligations as they are presently projected to mature. To this end, the Board has adopted a policy of maintaining a reserve of cash and liquid securities with short to medium term maturities (the “*Reserve*”), which shall not be less than ten percent (10%) of the first \$1,000,000 principal amount, and five percent (5%) of any principal amount in excess of \$1,000,000, of the Certificates at any one time outstanding. Earnings from investment of such reserve funds are retained in the accounts in which reserve funds are maintained, either to increase the amount of such reserves or to be used to fund additional investment in mortgage loans under the Loan Program. In addition to the Reserve, the Foundation maintains cash, cash equivalents, readily marketable securities and available lines of credit such that the Foundation remains in compliance with laws applicable to the Foundation.

In addition to such reserves, the Foundation has a committed unsecured line of credit with Renasant Bank, Johns Creek, Georgia, in the principal amount of \$750,000 (the “*Credit Line*”), on which the Foundation may draw from time to time to bridge timing differences between payments due under Certificates and payment receipts under the Loan Program, thereby providing additional access to funds for payment of unanticipated early redemptions or non-renewals of the Certificates.

The Board is responsible for setting and altering the Foundation’s investment policies. Equity and Fixed Income investments are managed by Wespath Investment Management, which is the investment management division of Wespath Benefits and Investments, a general agency of The United Methodist Church. The Foundation reserves the right to change these investment and reserve policies at any time in the future.

### Summary of Investment Balances

The following table summarizes the Foundation’s investment balances (by investment category) as of March 31, 2023. The table does not include loans receivable and does not include cash or cash equivalents other than temporary cash balances directly related to securities investments. Accordingly, the table does not reflect either mortgage loans originated under the Loan Program or proceeds of Certificate sales being held as cash balances either pending use to fund Loan Program mortgage loans or to fund Loan Program reserve requirements.

**Georgia United Methodist Foundation  
Summary of Investments as of 3/31/2023**

Type of Investment	Market Value	Percentage of Portfolio
Money Market Funds <sup>(1)</sup>	\$174,068	2.3%
Wespath Fixed Income Fund	\$1,494,489	20.0%
Wespath U S Equity Fund	\$3,881,857	52.0%
Wespath International Equity Fund	\$1,352,639	18.1%
Wespath Inflation Protection Fund	\$570,315	7.6%
<b>Total Investments - Foundation</b>	<b>\$7,473,668</b>	<b>100.0%</b>

(1) Represents temporary cash balances directly related to investments in other categories in this table.

The Foundation's aggregate realized and unrealized gain (loss) for all of its investments for the fiscal years ended December 31, 2022, 2021 and 2020 was (\$1,836,313), \$975,033 and \$1,480,124, respectively.

The Foundation reserves the right, at any given time, to liquidate, discontinue or alter its investment portfolio within the guidelines described above.

## **THE LOAN PROGRAM**

### **General**

The purpose of the Loan Program is to make first-lien mortgage loans to Church congregations, connectional units within the Conferences, and to other entities within the Methodist family of Georgia (those churches and nonprofits with historic ties to the Methodist Church in the state of Georgia) for use by such Loan Recipients in connection with the purchase, construction, expansion or major improvement of churches, parsonages or mission buildings, or the refinancing of loans made for those purposes (as more particularly described below).

The Foundation does not anticipate engaging in any significant borrowing or lending activities other than its lending activities pursuant to the Loan Program and its borrowing pursuant to the Certificates and similar indebtedness incurred to finance the Loan Program.

### **Loan Policies**

Loan guidelines and a formal loan review process have been established by the Foundation for loans made pursuant to the Loan Program. Loan Program loans may be used for any of the following: (1) the acquisition or construction of a new congregation's first church property or facility; (2) the renovation, expansion and/or remodeling of existing church facilities; (3) site purchases to establish new congregations; and (4) the refinancing of existing mortgages and loans involving parsonages or conference buildings.

The Foundation generally expects to limit a Loan Program loan to an amount which would not require annual debt payments exceeding one-third of the annual total anticipated revenues (which may include capital campaign receipts) available to the borrowing congregation and would not cause total debt of such congregation to exceed three times the annual operating income. Foundation personnel administering the Loan Program will review an applicant's projected cash flows for multiple years to ascertain the capacity of the applicant to repay the loan. When a loan in excess of this guideline is made, the Foundation may require that one of the Conferences or one of their respective agencies or connectional units guarantee the loan. A guarantor would be required to guarantee the full amount of the loan, and may be required to grant a security interest in some or all of its real property to secure the loan or its guarantee.

The Foundation will occasionally require that a congregation applying for a loan must have conducted a capital funds campaign (a program for providing financial support for the loan) from which it has obtained pledges to meet its debt repayment requirements for the initial three years of the loan. Alternatively, the applicant will be required to provide some other evidence that the debt repayment will be made from other identified sources for the initial three years. An exception to this requirement will apply to newly-organized congregations which cannot comply with this requirement, but in those cases the Foundation will require that the loan be guaranteed.

The Foundation will generally lend money under the Loan Program for terms ranging from 5 to 20 years, but in special circumstances may approve a longer term. All loans will call

for payment of principal and interest in equal monthly or quarterly installments. The Foundation will permit loans to be prepaid at any time without penalty.

The rate of interest to be charged on mortgage loans made pursuant to the Loan Program will be set, based on the then-prevailing financial market conditions and loan underwriting requirements. Rates on permanent loans will be set in relation to (but not necessarily at) market rates of interest for comparable-term loans prevailing at the time such loan is funded.

From time to time, the Foundation may, in its discretion, reduce interest rates from the rate set on its loans to prevailing market rates.

The Foundation will accept requests for loans made by a written application which has been reviewed and recommended by the applicable committees or boards required by the Book of Discipline or other relevant governing documents. Each application will be processed and reviewed by the Foundation Staff. The Foundation will generally complete a physical inspection of the property upon which the construction or renovation is to take place. An appraisal may be required in instances where the county tax records do not support the amount of the requested loan. The staff refers applications for loans to a loan committee comprised of officers of the Foundation (the “*Officers Loan Committee*”), which will review and approve or deny the application. Applications for loans exceeding \$300,000 must also be reviewed, and approved or denied, by the Loan Committee of the Foundation’s Board of Trustees (the “*Loan Committee*”). See “MANAGEMENT.”

The Foundation has, from time to time, in its discretion, sold participation rights in certain of its loans to third party financial institutions or to other investors such as family and non-profit foundations. Such participations have represented participation rights ranging from 25% to 100% of the total loan in which the participation had been sold. The Foundation expects that it will, in the future, continue to sell participations in various loans in its portfolio, as the Foundation deems appropriate, in its discretion, for prudent management of the portfolio, loan concentration and other financial risks. In addition, the Foundation reserves the right, in its discretion, in certain cases where the maximum loan available under the Foundation’s lending criteria would not be sufficient to finance a proposed project, to fund a larger loan by entering a participation agreement with another lending institution at the outset of such larger loan. In either type of participation arrangement, the participation agreement provides that both lenders hold ownership interests in the loan documents and in the agreements ancillary to the loan (such as title insurance and other relevant insurance). Where the loan participation agreement is entered from the outset of the loan, the loan may be evidenced by separate promissory notes from the borrower to each participating lender, with the loan participation agreement specifying the agreement among the participants as to their relative rights and duties in respect of the loan and loan documentation. To date, in all its participation arrangements, the Foundation has retained the rights and duties as documentary custodian, collection agent and servicing agent with regard to the loan in question, and the Foundation expects that it will ordinarily (but not necessarily) continue that practice with respect to future participation arrangements into which it may enter. The Foundation does not presently intend that it will enter into any mortgage loan participation in which any other participant’s participation rights are payable over a shorter term than the rights held by the Foundation, or in which the other participant holds a participation equal to less than ten percent (10%) of the

Foundation's percentage of participation in the loan. However, the Foundation reserves the right to vary from these criteria with regard to any particular loan, if in its sole judgment such variation is warranted.

Borrowers who wish to be eligible to borrow more than \$75,000 from the Foundation to build, renovate or expand buildings and improvements will generally be required to hire a general contractor that can obtain a performance or construction bond with a corporate surety acceptable to the Foundation. If the general contractor cannot obtain such a bond, or if the borrower has elected to use volunteer labor or uses a construction manager in lieu of a general contractor, the Foundation may not make a construction loan to that borrower and will suggest that the borrower approach another lending institution for construction lending. The Foundation, however, may provide permanent financing on those projects after construction has been completed satisfactorily and meets the Foundation's lending criteria.

The Foundation may purchase or refinance loans originally made by other connectional units within the Church or by commercial lenders, provided such loans have been made upon substantially the same terms and conditions as loans which are made by the Foundation, and further provided that the then-present financial condition of the borrower meets the guidelines of the Foundation. It is the Foundation's policy to only acquire loans which are not in default.

The Directors Loan Committee will review each loan made by the Foundation (other than loans of under \$300,000, which may be approved by the Foundation's Officer's Loan Committee). The reviewing committee will consider the cost of the construction, major improvements or purchase, and the financial ability of the applicant congregation (or other borrower) to repay the loan.

The loan process will be substantially the same as would be followed in the underwriting of conventional commercial first mortgage loans by institutional lenders. The loan and security documents will be in the customary form used in the State of Georgia. Title insurance and hazard insurance with extended coverage will be required.

## Outstanding Loans Summary

The following table is a summary of the Foundation's outstanding loans receivable under the Loan Program as of March 31, 2023.

### GEORGIA UNITED METHODIST FOUNDATION OUTSTANDING LOANS SUMMARY

#### Principal Amounts Due

Category of Loan	Total Amount Outstanding	Principal Amounts Due				
		< 1 year	1-3 years	3-7 years	7-10 years	10+ years
Secured Loans <sup>(1)</sup>	\$34,307,345	\$2,869,987	\$3,533,038	\$7,621,904	\$6,061,295	\$14,221,121
Total	\$34,307,345	\$2,869,987	\$3,533,038	\$7,621,904	\$6,061,295	\$14,221,121

(1) Loans are primarily secured by real or personal property, and/or guaranteed by a third party.

#### Loan Concentrations

As of March 31, 2023, the Foundation's three largest outstanding, unparticipated loans involved loans to large, long-established United Methodist affiliated churches/organizations. These borrowers are located in the metro Atlanta and Augusta areas. All three of the loans are fully funded amortizing loans.

The largest of these, made in June 2021, had an outstanding principal balance at March 31, 2023 of \$3,099,880, is secured by liens on the borrowing organization's property, plant, furniture and fixtures, and involves terms which subject the borrower to annual financial reporting requirements and certain other covenants.

The second loan, which closed in January 2020, had an outstanding principal balance at March 31, 2023 of \$2,948,469. The loan is secured by liens on the borrowing entity's property, plant, furniture and fixtures and involves terms which subject the borrower to annual financial reporting and certain other covenants.

The third loan closed in September 2020, had an outstanding principal balance at March 31, 2023 of \$1,879,341. The loan is secured by liens on the congregation's property, plant, furniture and fixtures and involves terms which subject the borrower to annual financial reporting requirements and certain other covenants.

The Foundation may in the future, at its sole discretion, sell participations in any of these (or any other) loans to other United Methodist Church related entities for the purpose, among others, of mitigating subsequently perceived concentration risks.

## **Loan Delinquencies**

On December 31, 2022, the Foundation had no loans in the Loan Program that were past due. For the fiscal year ended December 31, 2022 the Foundation had no losses from loans under the Loan Program.

## MANAGEMENT

### Board of Trustees

Pursuant to the Foundation's Articles of Incorporation (as amended), the management of the affairs of the Foundation is vested in its Board of Trustees (previously defined as the "Board"). Pursuant to the Foundation's By-laws, the Board consists of between 18 and 21 elected members (the exact number being set from time to time by the Board), who are elected by the Board at its annual meeting and each of whom is subject to confirmation by the Conferences. The elected members of the Board serve terms of three years each, with the timing of such terms staggered so that approximately one-third of the elected members of the Board are elected in each calendar year.

Elected members of the Board may serve two consecutive three-year terms but are then ineligible for re-election for at least one year. In any given year, at least two members elected must reside within the territory of the South Georgia Conference, and at least two members elected must reside within the territory of the North Georgia Conference. There are currently twenty elected members of the Board. In addition to its elected members, the Board has eight ex officio members: the Bishop of the North Georgia Conference, the Treasurer and Director of Administrative Services of the North Georgia Conference, the Bishop of the South Georgia Conference, the Director of Administrative Services of the South Georgia Conference, the President, Regional Vice President, Senior Vice President/Chief Financial Officer/Treasurer, and the Vice President of Development of the Foundation. Each ex officio member serves as a non-voting member of the Board for so long as he or she holds such respective office.

The current members of the Foundation's Board are as follows:

- *C. Bert Bennett (Trustee)* is a resident of Albany, Georgia. Mr. Bennett is a partner in the Draffin & Tucker LLP CPA Firm. Mr. Bennett was a Trustee from 2015 until 2021. He returned to the board in 2022. His term expires in 2026.
- *Lauren G. Isom (Trustee)* is a resident of Midland, Georgia. Ms. Isom is a Financial Planner with Griner-Isom Financial Strategies. Ms. Isom became a trustee in 2020. Her term as Trustee expires in 2026.
- *Rev. Millie L. Kim (Trustee)* is a resident of Rome, Georgia. Rev. Kim is the Senior Pastor at the Second Avenue United Methodist Church in Rome, Georgia. Rev. Kim became a trustee in 2022. Her term expires in 2026.
- *Rev. Doreen Smalls (Trustee)* is a resident of Cordele, Georgia. Rev. Smalls serves as Southwest District Superintendent of the South Georgia Conference. Rev. Smalls became a trustee in 2020. Her term expires in 2026.
- *Calvin R. Stamps (Trustee)* is a resident of Atlanta, Georgia. Mr. Stamps is founder and managing partner of Bretwood Capital Partners LLC. Mr. Stamps was a Trustee from 2015 until 2021. He returned to the board in 2023. His term expires in 2026.

• *Rev. Dr. Robert Beckum (Trustee)* is a resident of Columbus, Georgia. He is the Executive Director of the SOMA Foundation, a non-profit organization. Dr. Beckum became a trustee in 2022. His term expires in 2025.

• *Rev. Dr. Rodrigo Cruz (Trustee)* is a resident of Lilburn, Georgia. He is the District Superintendent of the North Central District of the North Georgia Conference of the UMC. Dr. Cruz became a trustee in 2022. His term expires in 2025.

• *Kathryn H. Dennis (Trustee)* is a resident of Macon, Georgia. Ms. Dennis has been president of the Community Foundation of Central Georgia since June 2002. Ms. Dennis has been a Trustee since 2017. Ms. Dennis will serve a two-year term as Past Chair. Her term expires in 2025.

• *Ruth A. Knox (Trustee)* is a resident of Thomson, Georgia. Ms. Knox is a retired President of Wesleyan College in Macon, Georgia. Ms. Knox was a Trustee from 2011 until 2017. She returned to the board in 2018. Her term expires in 2025.

• *Russell Lipford (Trustee)* is a resident of Macon, Georgia. Mr. Lipford is a partner at CLH CPAs, LLC, a public accounting firm in Warner Robins, GA. Mr. Lipford became a trustee in 2022. His term expires in 2025.

• *Rev. Dr. William B. Neal III (Trustee)* is a resident of McDonough, Georgia. Rev. Neal is a recently retired pastor of the North Georgia Conference. Rev. Neal has been a Trustee since 2019. His term expires in 2025.

• *Rev. Karen Webster Parks (Trustee)* is a resident of Atlanta, Georgia. Rev. Parks is currently serving as Pastor at St. James UMC in Alpharetta, Georgia. Rev. Parks became a trustee in 2022. Her term expires in 2025.

• *Georgia G. Slagle (Trustee)* is a resident of Macon, Georgia. Ms. Slagle is a Vice President and CPA with Howard, Moore & McDuffie, PC. Ms. Slagle has been a trustee since 2019. Her term expires in 2025.

• *Katrina Hansen Voegtlin (Trustee)* is a resident of Atlanta, Georgia. Ms. Voegtlin is the Assistant Controller at the Robert W. Woodruff Foundation. Ms. Voegtlin became a trustee in 2022. Her term expires in 2025.

• *Rev. Elaine Wilder (Trustee)* is a resident of Suwanee, Georgia. Rev. Wilder is currently serving the Level Creek UMC in Suwanee, Georgia. Rev. Wilder has been a trustee since 2019. Her term expires in 2025.

• *Charles L. Bachman, Jr.* is a resident of Marietta, Georgia. Mr. Bachman is an attorney with Gregory, Doyle, Calhoun & Rogers, LLC, a law firm. Mr. Bachman was a trustee from 2014 until 2020. He returned to the board in 2021. His term expires in 2024.

• *Brittney Haynes (Trustee)* is a resident of Atlanta, Georgia. Ms. Haynes is Director,

Corporate Communications at Sharecare, Inc. Ms. Haynes became a trustee in 2021. Her term expires in 2024.

- *Cater C. Thompson (Trustee)* is a resident of Macon, Georgia. Ms. Thompson is an attorney with Jones Cork, LLP, a law firm. Ms. Thompson became a trustee in 2021. Her term expires in 2024.

- *William A. Vogel (Trustee)* is a resident of Atlanta, Georgia. He is the Chief Executive Officer at Montag & Caldwell, an investment management company. Mr. Vogel served as a Trustee from 2011 until 2017. He returned to the board in 2018. His term expires in 2024.

- *Rev. Will Zant (Trustee)* is a resident of Atlanta, Georgia. He is currently serving as pastor of Haygood Memorial UMC in Atlanta, Georgia. Rev. Zant became a trustee in 2020. His term expires in 2026.

- *Suzanne Jones (ex officio Trustee)* has served as the Treasurer and Director of Administrative Services of the South Georgia Conference since January 2023.

- *Allison Berg (ex officio Trustee)* became the Treasurer and Director of Administrative Services of the North Georgia Conference in 2022. Allison previously served as Associate Vice President of Finance at Emory University.

- *Laudis H. “Rick” Lanford (ex officio Trustee and Regional Vice President of the Foundation)* is a resident of Juliette, Georgia. Dr. Lanford served as North Central District Superintendent in Macon through June 2020. Dr. Lanford joined the Georgia United Methodist Foundation as Regional Vice President in June 2020.

- *Russell H. Jones, MBA (ex officio Trustee and Senior Vice President/CFO, Treasurer of the Foundation)* is a resident of Atlanta, Georgia. Mr. Jones has been Treasurer of the Foundation since 1999. Before that, he served as the Assistant Treasurer of the North Georgia Conference of the UMC for seven years.

- *David W. Graves (ex officio Trustee)* is a resident of the Alabama-West Florida Conference in the Southeastern Jurisdiction of The United Methodist Church. Bishop Graves was assigned as the Bishop of the South Georgia Conference effective September 1, 2021. He previously served as the United Methodist bishop of the Alabama-West Florida Conference.

- *Robin Dease (ex officio Trustee)* is a resident of Atlanta, Georgia, and was assigned as the Bishop of the North Georgia Conference effective January 1, 2023.

- *Keith E. Lawder (ex officio Trustee and Interim President of the Foundation)* is a resident of Peachtree Corners, Georgia. Rev. Lawder has served as a pastor of three United Methodist Churches in North Georgia. Prior to his appointment as a Pastor, Rev. Lawder worked for Wachovia Corporation for 31 years, retiring as Senior Risk Officer for Georgia. He has been formerly a Trustee of the Foundation from 2011 through 2020 and

was formerly named President and CEO of the Foundation in 2016, serving in such role through 2020. Rev. Lawder began serving again as a Trustee and Interim President in 2023.

The Board may take action at any duly convened meeting at which a quorum is present.

Under the terms of the Foundation's By-laws, a quorum consists of one-third of the total number of trustees then in office. The vote of a majority of the trustees present at a meeting at which a quorum is present shall be effective as the action of the Board unless otherwise provided in the Foundation's Articles of Incorporation or Bylaws. The full Board has scheduled meetings approximately two times per year. The members of the Board receive no compensation for their service as members of the Board.

The By-Laws require the Board to appoint an Executive Committee, which is empowered to exercise all authority of the Board between meetings of the Board other than the power to appoint members of the Board, the power to merge or dissolve the Foundation or to sell substantially all its assets, or the power to amend the Foundation's Articles of Incorporation or By-laws. The Executive Committee consists of the Foundation's Chairperson, Past Chairperson, Vice Chairperson, President, all Vice Presidents and Senior Vice Presidents, Secretary and Treasurer, and may also include up to four other members of the Board (at least one of whom must reside within the boundaries of the South Georgia Conference). The current Members of the Foundation's Executive Committee are Ruth A. Knox (Chairperson), Kathryn H. Dennis (Past Chairperson), Doreen Smalls (Vice-Chairperson), Charles L. Bachman (Secretary), Rev. Keith E. Lawder (Interim President), Laudis H. "Rick" Lanford (Regional Vice President), Russell H. Jones (Senior Vice President/CFO), William B. Neal III, Katrina H. Voegtlin and William A. Vogel.

In addition to the Executive Committee, other Board Committees include, but are not necessarily limited to the following: Loan Committee and Personnel Committee. The By-laws also provide that the Board may establish the following additional committees: Investment Committee, Nominations Committee, Finance – Audit Committee and other Advisory Committees.

The Loan Committee has been established by the Board and has been given the authority to supervise administration of the Loan Program, including establishment of loan policies and procedures for the Loan Program and oversight of the administration of such policies and procedures. Under the policies of the Loan Program, any loan made through the Loan Program which is in excess of \$300,000 must be reviewed and approved by the Loan committee. The members of the Loan committee are: William B. Neal III (Chairperson), James F. Pope (Director of Lending Programs), Laudis H. "Rick" Lanford, Russell H. Jones, K. Edward Tomlinson, Thomas Martin, W. Kent Canipe, Waverly Golson, Allen Hoskyn, Jack Leonard, Caroline Reddington and Lori Tucker (Loan Administrator).

Biographical information concerning Rev. Neal III, Rev. Lanford and Mr. Jones can be found above. Biographical information concerning Mr. Pope can be found below, under the sub-caption "Director of Lending." Rev. K. Edward Tomlinson was, until his retirement from

that position in 2013, a North Georgia Conference District Superintendent and Assistant to the Bishop of the North Georgia Conference; he currently serves Lanier UMC, Cumming, Georgia, as a retired Supply Minister. Rev. Thomas Martin III was, until June 2014, a District Superintendent in the South Georgia Conference, having served in the South Georgia Conference since 1984; he currently serves Haddock/Sunshine UMC, Macon, Georgia, as a retired Supply Minister. Mr. Canipe was the previous Director of Lending Programs until his retirement in December 2017. Mr. Golson is a retired Senior Vice President with SunTrust Bank. Rev. Hoskyn is a Missional Strategy Associate with the Center for Congregational Excellence with the North Georgia Conference of The United Methodist Church. Mr. Leonard is a retired commercial banker, having served as a senior credit officer for several large banks. Ms. Reddington is a Senior Vice President with PNC Financial Services Group, Inc. Rev. Tomlinson, Rev. Martin, Rev. Hoskyn, and Rev. Neal have been included in the Directors Loan Committee because of their extensive experience and familiarity at the congregational level with their respective Conferences and with the individual congregations of those respective Conferences.

**Officers**

In accordance with the By-laws, the Foundation has a Chairperson, a Vice Chairperson, a President, one or more Vice Presidents, a Secretary and a Treasurer, each of which is elected by, reports to and serves at the discretion of the Board. Of these, only the President, Regional Vice President, and the Treasurer are full-time employees of the Foundation. The President is the Chief Executive Officer of the Foundation, having charge of the day-to-day management and administration of the affairs of the Foundation. The Treasurer is the Chief Financial Officer of the Foundation.

The current officers of the Foundation are:

<u>NAME</u>	<u>OFFICE</u>
Ruth A. Knox	Chairperson
Doreen Smalls	Vice Chairperson
Rev. Keith E. Lawder	Interim President
Laudis H. “Rick” Lanford	Regional Vice President
Russell H. Jones	Senior Vice President/CFO/Treasurer
Charles L. Bachman	Secretary

Biographical information concerning Ms. Knox, Rev. Smalls, Rev. Lawder, Rev. Lanford, Mr. Jones, and Mr. Bachman is provided above under the sub-caption “Board of Trustees.”

**Director of Lending**

The responsibility for management and administration of the day-to-day operations of the Foundation’s Loan Program has been delegated by the Board of Trustees to the Foundation’s Director of Lending Programs, James F. Pope. Mr. Pope has been engaged by the Foundation pursuant to a consulting agreement under which Mr. Pope is compensated for the time he spends on the Loan Program for the Foundation on an hourly basis. Mr. Pope was the founding CEO of Keyworth Bank based in Johns Creek. Following Keyworth Bank’s merger with Renasant Bank, Mr. Pope served as the Chairman of the North Georgia Region for Renasant Bank until his retirement in July 2017. Previously, Mr. Pope held leadership positions with NCNB (Bank of America) and was President and COO of Ironstone Bank, an affiliate of First Citizens Bank. Mr. Pope is a graduate of Appalachian State University and the Executive Program at the Darden School of the University of Virginia. Mr. Pope has served as the Director of Lending Programs since January 2018.

Day-to-day responsibility for management and administration of the issuance and payment of the Certificates has been delegated to the Foundation’s accounting department, led by the Foundation’s Treasurer, Russell H. Jones.

Certain loan review functions and certain loan approvals under the Foundation’s Loan Program are assigned by the Foundation’s loan policies to the Officers Loan Committee. See “THE LOAN PROGRAM – Loan Policies.” The Officers Loan Committee consists of management personnel appointed by the Board, and serves at the discretion of the Board. The current members of the Officers Loan Committee are Rev. Keith E. Lawder, James F. Pope and Russell H. Jones.

The aggregate direct and indirect remuneration, including without limitation, salaries, health and other insurance benefits, and pension or retirement plans, paid during the Foundation’s last completed fiscal year by the Foundation and affiliates of the Foundation to the executive officers and directors of the Foundation are set forth below:

Name	Year Ended December 31, 2022
Executive Officer (if ≥ \$150,000):	
1. Mathew A. Pinson – President	\$266,558
2. Russell Jones – Senior Vice President/ CFO/Treasurer	\$198,703
3. Laudis H. “Rick” Lanford – Regional Vice President	\$195,927
Aggregate Direct and Indirect	

Remuneration for the Executive Officers and Directors of the Foundation	\$661,188
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Other than for the above salaries paid to the directors who are officers of the Foundation and Certificate obligations that have been purchased by officers and directors of the Foundation, there have been no material transactions, nor any proposed, between the Foundation and any director or officer. No officer has any employment contract with the Foundation.

No officer or director of the Foundation has, during the past ten years, been convicted of any criminal matter (other than for traffic violations and other minor misdemeanors) or has been the subject of any order, judgment, or decree of any court enjoining such person from any activities associated with the offer or sale of securities or limiting the right of the person to engage in any activity in connection with the purchase or sale of any security or to be associated with persons engaged in that activity.

The address for each trustee, ex-officio trustee and officer listed above is:

PO Box 922087, Peachtree Corners, Georgia 30010.

## **LITIGATION**

As of the date of this Offering Memorandum, there were no suits, actions or other legal proceedings or claims pending against the Foundation or, to the knowledge of the Foundation, its officers or directors.

## AUDITORS

The audited financial statements of the Foundation as of and for the years ended December 31, 2022, 2021 and 2020 are included in **Appendix A** to this Offering Memorandum. The financial statements as of and for the year ended December 31, 2022 were audited by Smith + Howard PC, Certified Public Accountants. The financial statements as of and for the year ended December 31, 2021 were audited by Carr, Riggs & Ingram, LLC, Certified Public Accountants. The financial statements as of and for the years ended December 31, 2020 were audited by Brooks, McGinnis & Company, LLC, Certified Public Accountants.

## **ADDITIONAL INFORMATION**

The Foundation will provide current audited financial statements to Certificate holders for previously completed fiscal years upon request. The Foundation will provide audited financial statements for its most recently completed fiscal year within 180 days of the end of the fiscal year, upon request. The Foundation will automatically send a copy of audited year-end financial statements to each of its Certificate holders to the email address provided on such Certificate holder's "Application To Purchase a Certificate," or, if such email address has not been provided, then to such Certificate holder's physical mailing address.

Persons interested in purchasing Certificates or who are holders of Certificates can obtain additional information about the offer, the Loan Program or the Foundation by contacting the Foundation in the following manner:

Georgia United Methodist Foundation  
PO BOX 922087  
Peachtree Corners, GA 30010  
Telephone: 770-449-6726  
Facsimile: 770-449-6680  
E-mail: [info@gumf.org](mailto:info@gumf.org)

**APPENDIX A**  
**FINANCIAL STATEMENTS**

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2022, 2021 and 2020**  
**with**  
**INDEPENDENT AUDITORS' REPORT**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of  
Georgia United Methodist Foundation, Inc.

### Opinion

We have audited the accompanying financial statements of Georgia United Methodist Foundation, Inc. (the "Foundation"), which comprise statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2022, and the changes in their net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("GAAP").

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for one year after the date of this report.

### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation'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.

***Other Matter – Prior Years Financial Information***

The prior years comparative information and the financial statements of the Foundation as of December 31, 2021 and 2020 and for the years then ended were audited by other auditors, whose report dated May 26, 2022, expressed an unqualified opinion on those financial statements.

*Smith and Howard*

May 1, 2023

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022, 2021 AND 2020**

**ASSETS**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Assets			
Cash and cash equivalents	\$ 6,439,911	\$ 4,599,218	\$ 10,069,874
Certificates of deposit	1,944,395	2,170,725	2,408,171
Interest receivable	41,402	42,434	51,019
Investments - Foundation	11,578,566	13,631,120	11,545,892
Investments - held for others	180,192,188	206,116,072	173,887,394
Loans receivable, net	35,371,351	31,672,848	31,050,815
Prepaid expenses and other receivables	21,898	18,904	11,842
Cash surrender value of life insurance	198,087	185,874	174,801
Right-of-use asset	175,546	237,858	301,713
Property and equipment, net	<u>17,696</u>	<u>22,108</u>	<u>59,530</u>
 Total Assets	 <u>\$ 235,981,040</u>	 <u>\$ 258,697,161</u>	 <u>\$ 229,561,051</u>

**LIABILITIES AND NET ASSETS**

Liabilities			
Accounts payable and accrued expenses	\$ 136,011	\$ 144,491	\$ 144,502
Managed assets held for others	156,951,584	177,275,860	147,170,147
Endowment funds held for others	22,071,154	26,959,658	24,803,594
Charitable remainder trust and gift annuity benefits payable	521,130	615,353	538,884
Charitable remainder trust and gift annuity deferred benefits payable	725,008	956,583	1,012,762
Lease liability	180,596	241,389	302,495
Unsecured promissory notes payable	<u>45,654,437</u>	<u>40,152,330</u>	<u>43,977,106</u>
 Total Liabilities	 <u>226,239,920</u>	 <u>246,345,664</u>	 <u>217,949,490</u>
 Net Assets			
Without donor restrictions	6,850,086	8,914,186	8,598,698
With donor restrictions	<u>2,891,034</u>	<u>3,437,311</u>	<u>3,012,863</u>
 Total Net Assets	 <u>9,741,120</u>	 <u>12,351,497</u>	 <u>11,611,561</u>
 Total Liabilities and Net Assets	 <u>\$ 235,981,040</u>	 <u>\$ 258,697,161</u>	 <u>\$ 229,561,051</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contributions	\$ 49,137	\$ 261,574	\$ 310,711
Asset management fees	671,476	-	671,476
Interest income from loan program	1,486,730	-	1,486,730
Investment loss	(1,836,313)	(462,898)	(2,299,211)
Other income	26,092	-	26,092
Change in value of split interest agreements	-	(121,165)	(121,165)
Net assets released from restrictions	<u>223,788</u>	<u>(223,788)</u>	<u>-</u>
Total Revenue and Other Support	<u>620,910</u>	<u>(546,277)</u>	<u>74,633</u>
Expenses			
Program services			
Loans and certificates	1,329,477	-	1,329,477
Investment management	841,278	-	841,278
Planned giving and training	<u>321,866</u>	<u>-</u>	<u>321,866</u>
Total program services	2,492,621	-	2,492,621
Supporting services			
General and administrative	<u>192,389</u>	<u>-</u>	<u>192,389</u>
Total Expenses	<u>2,685,010</u>	<u>-</u>	<u>2,685,010</u>
Change in Net Assets	(2,064,100)	(546,277)	(2,610,377)
Net Assets, Beginning of Year	<u>8,914,186</u>	<u>3,437,311</u>	<u>12,351,497</u>
Net Assets, End of Year	<u>\$ 6,850,086</u>	<u>\$ 2,891,034</u>	<u>\$ 9,741,120</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contributions	\$ 31,729	\$ 580,505	\$ 612,234
Asset management fees	635,141	-	635,141
Interest income from loan program	1,470,186	-	1,470,186
Investment return	975,033	229,230	1,204,263
Other loss	(38,041)	-	(38,041)
Change in value of split interest agreements	-	(53,389)	(53,389)
Net assets released from restrictions	<u>331,898</u>	<u>(331,898)</u>	<u>-</u>
Total Revenue and Other Support	<u>3,405,946</u>	<u>424,448</u>	<u>3,830,394</u>
Expenses			
Program services			
Loans and certificates	1,460,830	-	1,460,830
Investment management	988,765	-	988,765
Planned giving and training	430,947	-	430,947
Total program services	<u>2,880,542</u>	<u>-</u>	<u>2,880,542</u>
Supporting services			
General and administrative	<u>209,916</u>	<u>-</u>	<u>209,916</u>
Total Expenses	<u>3,090,458</u>	<u>-</u>	<u>3,090,458</u>
Change in Net Assets	315,488	424,448	739,936
Net Assets, Beginning of Year	<u>8,598,698</u>	<u>3,012,863</u>	<u>11,611,561</u>
Net Assets, End of Year	<u>\$ 8,914,186</u>	<u>\$ 3,437,311</u>	<u>\$ 12,351,497</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contributions	\$ 466,554	\$ 282,021	\$ 748,575
Asset management fees	478,555	-	478,555
Interest income from loan program	1,498,072	-	1,498,072
Investment return	1,480,124	398,881	1,879,005
Government grant	163,300	-	163,300
Other income	9,322	-	9,322
Change in value of split interest agreements	-	36,501	36,501
Net assets released from restrictions	<u>201,754</u>	<u>(201,754)</u>	<u>-</u>
Total Revenue and Other Support	<u>4,297,681</u>	<u>515,649</u>	<u>4,813,330</u>
Expenses			
Program services			
Loans and certificates	1,395,762	-	1,395,762
Investment management	648,523	-	648,523
Planned giving and training	<u>512,290</u>	<u>-</u>	<u>512,290</u>
Total program services	2,556,575	-	2,556,575
Supporting services			
General and administrative	<u>210,528</u>	<u>-</u>	<u>210,528</u>
Total Expenses	<u>2,767,103</u>	<u>-</u>	<u>2,767,103</u>
Change in Net Assets	1,530,578	515,649	2,046,227
Net Assets, Beginning of Year	<u>7,068,120</u>	<u>2,497,214</u>	<u>9,565,334</u>
Net Assets, End of Year	<u>\$ 8,598,698</u>	<u>\$ 3,012,863</u>	<u>\$ 11,611,561</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2022**

	Program Services			Supporting Services		Total
	Loans and Certificates	Investment Management	Planned Giving and Training	Programs Subtotal	General and Administrative	
Salaries	\$ 281,372	\$ 336,018	\$ 197,616	\$ 815,006	\$ 75,356	\$ 890,362
Payroll taxes and benefits	64,787	89,145	56,376	210,308	14,564	224,872
Interest expense	861,885	-	-	861,885	6	861,891
Grants to beneficiaries	-	263,375	-	263,375	-	263,375
Professional fees	43,064	-	-	43,064	36,240	79,304
Rent	20,642	19,842	13,708	54,192	12,268	66,460
Marketing and publicity	10,477	10,498	7,013	27,988	6,970	34,958
Travel and meetings	4,506	6,951	4,892	16,349	20,008	36,357
Computer and data processing	16,693	86,642	10,456	113,791	10,360	124,151
Office expense	8,854	7,377	4,943	21,174	4,866	26,040
Insurance	9,027	9,027	6,018	24,072	6,018	30,090
Other expense	600	800	15,440	16,840	1,264	18,104
Depreciation	3,095	3,095	2,063	8,253	2,064	10,317
Telephone	1,534	1,747	1,307	4,588	880	5,468
Repair and maintenance	1,851	1,851	1,234	4,936	1,234	6,170
Dues and subscriptions	1,090	1,454	800	3,344	291	3,635
Fees	-	3,456	-	3,456	-	3,456
<b>Total Functional Expenses</b>	<b>\$ 1,329,477</b>	<b>\$ 841,278</b>	<b>\$ 321,866</b>	<b>\$ 2,492,621</b>	<b>\$ 192,389</b>	<b>\$ 2,685,010</b>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2021**

	Program Services			Supporting Services		Total
	Loans and Certificates	Investment Management	Planned Giving and Training	Programs Subtotal	General and Administrative	
Salaries	\$ 235,566	\$ 318,770	\$ 278,371	\$ 832,707	\$ 83,471	\$ 916,178
Payroll taxes and benefits	50,127	75,782	90,072	215,981	15,701	231,682
Interest expense	930,963	-	-	930,963	-	930,963
Grants to beneficiaries	-	454,235	-	454,235	-	454,235
Professional fees	37,595	-	7,020	44,615	63,061	107,676
Rent	15,936	23,246	14,260	53,442	12,461	65,903
Marketing and publicity	10,354	14,032	12,263	36,649	3,665	40,314
Travel and meetings	1,791	2,616	3,462	7,869	9,370	17,239
Computer and data processing	7,097	68,168	4,753	80,018	4,753	84,771
Office expense	7,207	9,413	8,346	24,966	2,376	27,342
Insurance	6,838	9,573	5,470	21,881	5,470	27,351
Loan loss provision	150,000	-	-	150,000	-	150,000
Other expense	26	35	30	91	3,401	3,492
Depreciation	4,091	5,727	3,272	13,090	3,272	16,362
Telephone	946	1,574	1,439	3,959	680	4,639
Repair and maintenance	1,368	1,916	1,095	4,379	1,095	5,474
Dues and subscriptions	925	1,252	1,094	3,271	328	3,599
Fees	-	2,426	-	2,426	812	3,238
<b>Total Functional Expenses</b>	<b>\$ 1,460,830</b>	<b>\$ 988,765</b>	<b>\$ 430,947</b>	<b>\$ 2,880,542</b>	<b>\$ 209,916</b>	<b>\$ 3,090,458</b>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2020**

	Program Services			Supporting Services		Total Expenses
	Loans and Certificates	Investment Management	Planned Giving and Training	Programs Subtotal	General and Administrative	
Salaries	\$ 194,779	\$ 272,722	\$ 334,421	\$ 801,922	\$ 68,158	\$ 870,080
Payroll taxes and benefits	40,568	53,645	110,703	204,916	12,200	217,116
Interest expense	1,073,588	-	-	1,073,588	107	1,073,695
Grants to beneficiaries	-	221,148	-	221,148	-	221,148
Professional fees	29,115	-	10,200	39,315	92,549	131,864
Rent	18,321	18,541	13,608	50,470	12,067	62,537
Marketing and publicity	5,151	6,869	9,168	21,188	1,716	22,904
Travel and meetings	921	739	2,999	4,659	3,061	7,720
Computer and data processing	11,933	48,958	7,662	68,553	6,412	74,965
Office expense	6,478	8,657	12,026	27,161	2,175	29,336
Insurance	7,933	7,934	5,289	21,156	5,289	26,445
Other expense	-	-	-	-	1,803	1,803
Depreciation	3,726	3,726	2,484	9,936	2,484	12,420
Telephone	1,195	1,255	1,667	4,117	757	4,874
Repair and maintenance	1,430	1,429	953	3,812	953	4,765
Dues and subscriptions	624	833	1,110	2,567	208	2,775
Fees	-	2,067	-	2,067	589	2,656
<b>Total Functional Expenses</b>	<b>\$ 1,395,762</b>	<b>\$ 648,523</b>	<b>\$ 512,290</b>	<b>\$ 2,556,575</b>	<b>\$ 210,528</b>	<b>\$ 2,767,103</b>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:			
Change in net assets	\$ (2,610,377)	\$ 739,936	\$ 2,046,227
Adjustments to reconcile change in net assets to net cash provided by operating activities			
Depreciation	10,317	16,362	12,420
Provision for loan losses	-	150,000	-
Loss on disposal of assets	-	43,402	-
Operating lease expense	62,860	62,304	15,669
Payments on operating lease liability obligations	(61,341)	(59,555)	(14,887)
Change in value of split interest agreements	121,165	53,389	(36,501)
Unrealized (gains) losses on investments	2,300,696	(1,187,864)	(1,871,989)
Investment funds appropriated for expenditure	348,928	377,543	369,084
Changes in operating assets and liabilities:			
Interest receivable	1,032	8,585	(8,172)
Prepaid expenses and other assets	(2,994)	(7,062)	9,344
Cash surrender value of life insurance	(12,213)	(11,073)	(11,026)
Accounts payable and accrued expenses	(8,480)	(11)	35,746
Net Cash Provided by Operating Activities	<u>149,593</u>	<u>185,956</u>	<u>545,915</u>
Cash Flows from Investing Activities:			
Purchase of property and equipment	(5,905)	(22,342)	(38,657)
Purchases of investments	(1,729,026)	(2,636,811)	(2,053,833)
Sales of investments	1,745,025	1,739,447	1,914,070
Investment funds appropriated for expenditure	(348,928)	(377,543)	(369,084)
Net sale (purchase) of certificates of deposit	226,330	237,446	(48,698)
New mortgage loans made to churches	(23,387,479)	(4,340,299)	(8,385,546)
Repayments received on loans principal	12,698,668	3,834,221	5,404,633
Net Cash Required by Investing Activities	<u>(10,801,315)</u>	<u>(1,565,881)</u>	<u>(3,577,115)</u>
Cash Flows from Financing Activities:			
Proceeds from unsecured promissory notes payable	31,482,441	3,284,870	8,786,329
Repayment of unsecured promissory notes payable	(25,980,334)	(7,109,646)	(4,586,703)
Loan participations, net	6,990,308	(265,955)	(750,695)
Net Cash Provided (Required) by Financing Activities	<u>12,492,415</u>	<u>(4,090,731)</u>	<u>3,448,931</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,840,693	(5,470,656)	417,731
Cash and Cash Equivalents, Beginning of Year	<u>4,599,218</u>	<u>10,069,874</u>	<u>9,652,143</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,439,911</u>	<u>\$ 4,599,218</u>	<u>\$ 10,069,874</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>			
Cash paid during the years for:			
Interest on unsecured promissory notes payable	<u>\$ 851,127</u>	<u>\$ 944,871</u>	<u>\$ 1,081,983</u>
Assets acquired through operating lease agreement	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 301,713</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 1 – NATURE OF THE ORGANIZATION**

The Georgia United Methodist Foundation, Inc. (the “Foundation”) is a religious, not-for-profit corporation providing services to the North and South Georgia Annual Conferences of the United Methodist Church and other organizations or entities that share either current or historical common bonds and connections with the United Methodist Church or that are controlled by or are associated with the United Methodist Church, or affiliated with the general church, and from individual residents of the State of Georgia. The Foundation manages investment funds; accepts and manages gifts for planned giving, endowments, and account holders; and provides loans and stewardship services to the above referenced groups of United Methodist and related entities.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The Foundation follows accounting standards set by the Financial Accounting Standards Board (“FASB”). The FASB sets accounting principles generally accepted in the United States of America (“GAAP”).

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risks and Uncertainties

The Foundation’s financial instruments that are exposed to concentrations of credit risk consist primarily of cash and cash equivalents and investments. At times, cash and cash equivalent balances exceed federally insured amounts. The Foundation believes it reduces risks associated with balances in excess of federal insured amounts by maintaining its cash with major financial institutions with sound financial standing. Investment securities are exposed to various risks, such as interest rate risk, market risk, and credit risk.

The Foundation receives deposits related to its certificate program from either individuals that reside in or entities that are located in the state of Georgia. The Foundation also makes loans to churches and other borrowers throughout the state of Georgia. Limiting the geographic area in which the Foundation operates may increase the Foundation's exposure to certain business concentrations.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Risks and Uncertainties (Continued)

Regular attendance in most mainline Protestant denominations and many individual congregations has declined since the 1970's. Also, some denominations, including The United Methodist Church, are considering legislation, which might alter church policy regarding same sex marriage and ordination of LGBTQ individuals. Specifically, the General Conference of The United Methodist Church, and individual Annual Conferences, have adopted plans that allow local churches to disaffiliate from the denomination. Churches that vote to disaffiliate may choose to be independent, or they may choose to join another denomination. The Foundation anticipates providing services to churches with historic ties to the Methodist church in Georgia. Individual churches may face financial hardships to include difficulty meeting all obligations on a timely basis. The Foundation believes that the risk of such events materially impacting the quality of the Foundation's loan portfolio is mediated by prudent underwriting practices, adequate collateral margins, close monitoring, and strong reserves.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

Investments - Foundation

The Foundation reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments – Held for Others

The Foundation holds and manages investments, which belong to the Annual Conferences and United Methodist churches, institutions, and agencies. The corresponding liability for these investments have been reported as "Managed Assets Held for Others" on the Statements of Financial Position.

The Foundation receives, manages and administers endowment funds, which belong to the Annual Conferences and United Methodist churches, institutions, agencies and individuals. These accounts have different restrictions based on the original donors' intent. The requirements primarily center on annual and quarterly distributions to a charitable entity, such as a cemetery, church, scholarship fund, etc. The corresponding liability for these investments is reported as "Endowment Funds Held for Others" on the Statements of Financial Position.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments – Held for Others (Continued)

The Foundation receives gift annuities for its benefit and for the benefit of third parties which stipulate that periodic payments be made from the gifts to designated parties for the lives of those parties. The Foundation uses the rates published by the American Council of Gift Annuities to compute and establish the periodic payments that will be paid over the life of the annuity and classifies this amount as annuities payable, which is included in “Charitable Remainder Trust and Gift Annuity Benefits Payable” on the statements of financial position. The Foundation uses the Social Security Administration’s life-expectancy tables to compute the estimates of present value. The estimated remaining amount of the gift that will be paid to a third-party charity upon the death of the annuitant is included in “Charitable Remainder Trust and Gift Annuity Deferred Benefits Payable.” If a portion of the gift annuity is to be left to the Foundation, the excess of the annuity gift over the present value of the estimated liability is recorded as a contribution. Any change in the present value of the annuity payable is charged or credited to income annually.

The Foundation also receives contributions which are various types of split interest agreements. These accounts are treated in the same manner as the gift annuities except that the amount of the periodic payment to the beneficiary is recomputed annually. At the end of the trust term, or upon the death of the beneficiary, any remaining balance is paid to the designated charitable beneficiary or to the Foundation if the Foundation is the beneficiary.

Fair Values Measured on Recurring Basis

FASB establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to unobservable inputs in which little or no market data exists (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* - Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, assets or liabilities;

*Level 2* - Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly;

*Level 3* - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair values for investments are determined by reference to quote market prices and other relevant information generated by market transactions.

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

The investments measured at net asset value practical expedient are composed of investments in private investment funds and designed for long-term growth.

Unsecured promissory notes payable are deposit instruments issued by the Foundation carried at cost. For disclosure purposes, the fair value of fixed maturity private placement deposit certificates is estimated by discounting the future cash flows using the rates currently offered for certificates of deposit with similar remaining maturities. These are considered Level 2 investments.

The tables below represents fair value measurement hierarchy of the assets and liabilities at fair value as of December 31:

	<u>2022</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 1,944,395	\$ -	\$ -	\$ 1,944,395
Investments - Foundation					
Money market	\$ 451,911	\$ -	\$ -	\$ -	\$ 451,911
Non-publicly traded funds	-	-	-	8,194,209	8,194,209
	<u>\$ 451,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,194,209</u>	<u>\$ 8,646,120</u>
Investments - Held for Others					
Money market	\$ 3,038,195	\$ -	\$ -	\$ -	\$ 3,038,195
Certificates of deposit	-	750,000	-	-	750,000
Mutual funds	164,262	-	-	-	164,262
Common stocks	35,769	-	-	-	35,769
Non-publicly traded funds	-	-	-	179,136,408	179,136,408
	<u>\$ 3,238,226</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 179,136,408</u>	<u>\$ 183,124,634</u>
Unsecured Promissory Notes					
Issued by the Foundation	\$ -	\$ 45,654,437	\$ -	\$ -	\$ 45,654,437

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

	<u>2021</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 2,170,725	\$ -	\$ -	\$ 2,170,725
Investments - Foundation					
Money market	\$ 714,343	\$ -	\$ -	\$ -	\$ 714,343
Non-publicly traded funds	-	-	-	12,916,777	12,916,777
	<u>\$ 714,343</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,916,777</u>	<u>\$ 13,631,120</u>
Investments - Held for Others					
Money market	\$ 2,195,733	\$ -	\$ -	\$ -	\$ 2,195,733
Certificates of deposit	-	750,000	-	-	750,000
Mutual funds	182,060	-	-	-	182,060
Common stocks	44,765	-	-	-	44,765
Non-publicly traded funds	-	-	-	202,943,514	202,943,514
	<u>\$ 2,422,558</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 202,943,514</u>	<u>\$ 206,116,072</u>
Unsecured Promissory Notes					
Issued by the Foundation	\$ -	\$ 40,152,330	\$ -	\$ -	\$ 40,152,330

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

	<u>2020</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 2,408,171	\$ -	\$ -	\$ 2,408,171
Investments - Foundation					
Money market	\$ 453,561	\$ -	\$ -	\$ -	\$ 453,561
Non-publicly traded funds	-	-	-	11,092,331	11,092,331
	<u>\$ 453,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,092,331</u>	<u>\$ 11,545,892</u>
Investments - Held for Others					
Money market	\$ 2,788,351	\$ -	\$ -	\$ -	\$ 2,788,351
Certificates of deposit	-	750,000	-	-	750,000
Mutual funds	475,296	-	-	-	475,296
Common stocks	21,620	-	-	-	21,620
Non-publicly traded funds	-	-	-	169,852,127	169,852,127
	<u>\$ 3,285,267</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 169,852,127</u>	<u>\$ 173,887,394</u>
Unsecured Promissory Notes					
Issued by the Foundation	\$ -	\$ 43,977,106	\$ -	\$ -	\$ 43,977,106

Investments Measured at Net Asset Value Per Share or Equivalent (\*)

In accordance with GAAP, certain investments that are measured using the 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 carrying values disclosed in the accompanying statement of financial position. The following table discloses the nature and risks of the significant alternative investments at December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Wespath Fixed Fund (1)	\$ 29,470,771	\$ 38,085,204	\$ 52,893,284
Wespath Inflation Protection Fund (2)	8,386,758	4,781,679	2,250,000
Wespath Multiple Asset Fund (3)	73,215,842	81,604,676	13,296,475
Wespath US Equity Fund (4)	54,737,907	65,352,925	83,329,209
Wespath International Equity Fund (5)	20,310,694	24,936,706	29,175,490
Wespath US Treasury IPF (6)	1,208,645	1,099,101	-
	<u>\$ 187,330,617</u>	<u>\$ 215,860,291</u>	<u>\$ 180,944,458</u>

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Investments Measured at Net Asset Value Per Share or Equivalent (\*) (Continued)

There are no unfunded commitments associated with these investments. The redemption period for all funds is up to 15 days for amounts over \$2,000,000. Amounts under \$2,000,000 do not have a redemption period before they can be liquidated.

- (1) Wespath Fixed Income Fund – The Fixed Income Fund’s investment objective is to earn current income while preserving capital by primarily investing in a diversified mix of Fixed Income securities.
- (2) Wespath Inflation Protection Fund – The Fund’s investment objective is to earn current income, while preserving capital, and to protect principal from long-term loss of purchasing power due to inflation through investments such as inflation-linked securities, inflation-sensitive commodities Derivatives, Senior Secured Floating Rate Loans, Securitized Products, Real Assets, Alternative Investments, and cash and Cash Equivalents.
- (3) Wespath Multiple Asset Fund – The Multiple Asset Fund seeks 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.
- (4) Wespath US Equity Fund – The US Equity Fund’s investment objective is to attain long-term capital appreciation by investing in a broadly diversified portfolio that primarily includes Equities of companies domiciled in the U.S. and traded on a regulated U.S. stock exchange, and to a lesser extent, U.S. Private Equity and U.S. Private Real Estate.
- (5) Wespath International Equity Fund – The International Equity Fund’s investment objective is to attain long-term capital appreciation from a diversified portfolio of primarily non-U.S. domiciled companies traded on a stock exchange, non-U.S. Equity index Futures and, to a lesser extent, non-U.S. Private Equity and Private Real Estate.
- (6) Wespath US Treasury Inflation Protection Fund – The Fund seeks to provide investors with current income and to protect principal from long-term loss of purchasing power due to inflation by investing primarily in U.S. Treasury Inflation Protected Securities (TIPS).

Loans

The Foundation extends loans to United Methodist churches in the North and South Georgia Annual Conferences and related entities. Term loans are for periods of five years to twenty years, with an interest rate reset every five years. Construction loans are generally for periods of up to one year, with fixed interest rates. The loans receivable are generally secured by property, plant, and equipment of the borrower and bear interest at various rates.

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at the principal balance outstanding, net of an allowance for loan losses. Interest income is accrued on the unpaid principal balance.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Loans (Continued)

Interest income on term and constructions loans is discontinued and placed on non-accrual status when, in management's opinion, collection of principal or interest is considered doubtful.

All interest accrued but not received for loans placed on non-accrual status is reversed against interest income.

Interest received on such loans is accounted for on the cash-basis method, until qualifying for return to accrual. Under the cash-basis method, interest income is recorded when the payment is received. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Allowance for Loan Losses

The allowance for loan losses is a valuation allowance for probable incurred credit losses. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance upon receipt. Management estimates the allowance balance required using loan loss experience, the nature and volume of the portfolio, information about specific borrower situations and estimated collateral values, economic conditions, and other factors. Allocations of the allowance may be made for specific loans, but the entire allowance is available for any loan that, in management's judgment, should be charged off.

The allowance consists of specific and general components.

Specific Component

The specific component relates to loans that are individually classified as impaired when, based on current information and events, it is probable that the Foundation will be unable to collect all amounts due according to the contractual terms of the loan agreement. Loans for which the terms have been modified resulting in a concession, and for which the borrower is experiencing financial difficulties, are considered troubled debt restructurings ("TDR") and classified as impaired.

Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired.

Management determines the significance of payment delays and payment shortfalls on case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Allowance for Loan Losses (Continued)

Specific Component (Continued)

TDRs are individually evaluated for impairment and included in the separately identified impairment disclosures. TDRs are measured at the present value of estimated future cash flows using the loan's effective rate at inception. If a TDR is considered to be a collateral dependent loan, the loan is reported, net, at the fair value of the collateral. For TDRs that subsequently default, the Foundation determines the amount of the allowance on that loan in accordance with the accounting policy for the allowance for loan losses on loans individually identified as impaired. The Foundation incorporates recent experience related to TDRs including, the performance of TDRs that subsequently default, into the calculation of the allowance by loan portfolio segment.

General Component

The general component covers loans that are collectively evaluated for impairment. The general allowance component includes loans that are individually evaluated but are not considered impaired. The general component is based on loss experience adjusted for current factors. The loss experience is determined by portfolio segment and is based on the actual losses experienced by the Foundation over the most recent years. This actual loss experience is supplemented with other economic factors based on the risks present for each portfolio segment, including national and local economic trends and conditions and industry conditions.

Property and Equipment

The Foundation capitalizes all expenditures in excess of \$500 and with a useful life greater than one year. Property and equipment are stated at cost or estimated fair value at time of donation. Depreciation and amortization is computed using the straight-line method over the estimated useful lives of the assets, ranging from 3-10 years.

Net Assets

Net assets, along with revenues, expenses, gains and losses, are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. Included within this category are Board-designated net assets, which are funds not specifically restricted by outside donors, but designated by the Board of Trustees for a specific purpose.
- Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that such resources be maintained in perpetuity.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Assets (Continued)

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

The Board has designated a Liquidity Reserve of liquid or near liquid assets to ensure that it can meet its obligations in relation to the Private Placement Deposit Certificates outstanding. The Foundation intends to maintain sufficient liquidity to meet normal interest payments as they accrue and to repay principal amounts on outstanding certificates as they are presently projected to mature. The reserve amount shall not be less than ten percent (10%) of the first \$1,000,000 in certificates outstanding, and five percent (5%) of any certificate amounts outstanding in excess of \$1,000,000. The reserve amount is calculated each month and the level of the reserve is adjusted the following month, as appropriate.

Revenue Recognition

The Foundation has contracts with customers for investment management services in which it earns asset management fees. Asset management fees are accounted for under ASC Topic 606, Revenue from Contracts with Customers (ASC 606), recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. The Foundation recognizes asset management revenue over time as services are rendered. Revenue is based on a percentage of the market value of the assets under management. Fees are deducted from the customer's account one billing period in arrears based on the prior period's assets under management. The Foundation's contracts with customers do not contain terms that require significant judgement to determine the amount of revenue to recognize. At December 31, 2022, 2021 and 2020, the Foundation does not have any material contract assets, liabilities, or other receivables related to contracts from customers.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis in the accompanying statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses related to salaries and wages, payroll taxes and benefits, office expense, marketing and publicity, and dues and subscriptions are allocated based on actual percentages of time spent in each functional area. Rent, insurance, depreciation, telephone, repairs and maintenance, and a portion of computer and data processing are allocated based on estimates of square foot usage.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

The Foundation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, as amended, and is classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provision or liability for federal and state income taxes has been recorded in the accompanying financial statements.

The Foundation annually evaluates all federal and state income tax positions. This process includes an analysis of whether these income tax positions the Foundation takes meet the definition of an uncertain tax position under the Income Taxes Topic of the Financial Accounting Standards Codification. In the normal course of business, the Foundation is subject to examination by the federal and state taxing authorities. In general, the Foundation is no longer subject to tax examinations for tax years ending before December 31, 2019.

Reclassifications

Certain reclassifications were made to prior year balances to conform with the current year presentation.

Subsequent Events

Management has evaluated subsequent events through the date of this report, which is the date the financial statements were available to be issued.

**NOTE 3 – ENDOWMENT FUNDS**

GAAP requires the following financial statement disclosures for the Foundation:

- Classification of net assets

Endowment funds are used to account for investments in which the principal is donor-restricted or Board-designated for a specific purpose.

- Interpretation of Relevant Law

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”), enacted in the state of Georgia, as requiring the preservation of the fair value 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, the Foundation classifies net assets with donor restriction as the original value of gifts donated to the donor restricted endowment, and the original value of subsequent gifts to the donor restricted endowment. Investment income from the donor restricted endowment is classified as net assets with donor restrictions (a purpose restriction) until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the donor stipulated purpose within the standard produce prescribed by UPMIFA.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 3 – ENDOWMENT FUNDS (Continued)**

- Interpretation of Relevant Law (Continued)

In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

- Return Objectives and Risk Parameters

The Foundation 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 Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds.

Accordingly, under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an annual return in excess of the CPI plus 3% while maintaining prudent risk limits. Actual returns in any given year may vary from the objective.

- Spending Policy and Strategies Employed for Achieving Objectives

The Foundation's spending policy reflects the fundamental objective of preserving and enhancing the resources of the Foundation, both at present and in the future. Current spending and the long-term objectives of preserving and enhancing the assets are balanced by considerations given to reasonable expectations of investment returns, contributions, operating expenses, and inflation. In the absence of donor restrictions related to appropriations from the endowment, the Foundation has a policy of appropriating for distribution each year 4.5% of a 12-quarter moving average of the endowment fund portfolio value, ending on the last trading day in September. The amount calculated is budgeted for spending during the following year. The Foundation also has a policy of appropriating for distribution each year amounts that are required to be distributed under the terms of donor-restricted endowment agreements and amounts needed to fund grants and other distributions. In establishing these policies, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at a rate that will maintain the purchasing power of the endowment assets held in perpetuity as well as to provide additional real growth through new gifts and investment return.

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 3 – ENDOWMENT FUNDS (Continued)**

- Underwater Endowment Funds

The Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Foundation has complied with UPMIFA to permit spending from an underwater endowment. There were no such deficiencies as of December 31, 2022, 2021, and 2020.

The following is a reconciliation of the beginning and ending balances of the Foundation's endowment net assets for the years ended December 31, 2022, 2021, and 2020:

	<b>Board Designated Endowment Funds</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, December 31, 2019	\$ 375,732	\$ 133,163	\$ 508,895
Investment return, net	81,801	-	81,801
Appropriation of assets for expenditure	<u>(10,846)</u>	<u>-</u>	<u>(10,846)</u>
Endowment net assets, December 31, 2020	446,687	133,163	579,850
Investment return, net	44,653	-	44,653
Appropriation of assets for expenditure	<u>(11,768)</u>	<u>-</u>	<u>(11,768)</u>
Endowment net assets, December 31, 2021	479,572	133,163	612,735
Investment loss, net	(84,224)	-	(84,224)
Appropriation of assets for expenditure	<u>(12,637)</u>	<u>-</u>	<u>(12,637)</u>
Endowment net assets, December 31, 2022	<u>\$ 382,711</u>	<u>\$ 133,163</u>	<u>\$ 515,874</u>

**NOTE 4 – LOANS RECEIVABLE, NET**

The Foundation's loan portfolio consists of loans to churches and entities associated with the Annual Conferences, and these loans were made out of a pool of funds invested with the Foundation through the Loan Program. The Foundation approves these loans based upon specific Board approved criteria, and most loans are secured by the individual entity's land, buildings, and equipment. In order to reduce its risk and to diversify the portfolio, the Foundation, under terms and limits established by the Board of Trustees, may sell portions of larger loans to other entities in the form of participations.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 4 – LOANS RECEIVABLE, NET (Continued)**

The purpose of the Foundation’s loan program is to make first-lien mortgage loans to church congregations, districts, mission institutions, and extension agencies within the Annual Conferences for the purchase, construction, expansion, or major improvements of churches, parsonages, or mission buildings or the refinancing of loans made for those purposes. Construction period loans are interest-only until the construction period is complete and the construction loan is closed into a permanent loan. Terms of the non-construction loans range from five to twenty years. Loans with terms longer than five years generally have an interest rate reset provision where the interest rate paid during the loan is reset every five years to the market rate at that time. At December 31, 2022, the Foundation’s portion of the loan portfolio had interest rates ranging from 2.00% to 5.25% depending on the loan.

Major classifications of loans are as follows.

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Term loans	\$ 44,960,561	\$ 34,207,638	\$ 31,361,227
Construction period loans	<u>449,686</u>	<u>513,798</u>	<u>2,854,127</u>
	45,410,247	34,721,436	34,215,354
Less: participations on term loans	(9,388,896)	(2,398,588)	(2,664,539)
Less: allowance for loan losses	<u>(650,000)</u>	<u>(650,000)</u>	<u>(500,000)</u>
	<u>\$ 35,371,351</u>	<u>\$ 31,672,848</u>	<u>\$ 31,050,815</u>

The Foundation considers a loan to be impaired when it is probable that it will be unable to collect all amounts due according to the original terms of the loan agreement. Impaired loans may include loans which are not accruing. Nonaccrual loans are those in which the collection of interest is not probable and all cash flows are recorded as reductions in principal. Amounts of impaired loans that are not probable of collection are charged off immediately. At December 31, 2022, 2021 and 2020, the Foundation has no loans it considered impaired.

**NOTE 5 – UNSECURED PROMISSORY NOTES PAYABLE**

The Foundation issues unsecured promissory notes payable in the form of Term Certificates to fund its Loan Program. These notes payable are issued in accordance with Georgia Securities Code Section 10 - 5 - 10(7), Exemptions From Registrations. The terms and conditions of these certificates are set forth in Offering Memorandums. Under the terms of these Offering Memorandums, the funds are not revolving. Interest is paid quarterly or reinvested as principal, depending on the payment terms selected by the investor. Upon maturity, the investor may elect to redeem or renew the certificate. Renewals are reissued under the Offering Memorandum in effect at that time.

On August 16, 2019, the Foundation filed an Offering to issue up to \$25 million unregistered, unsecured promissory notes through August 15, 2020. On August 16, 2020, the Foundation filed an Offering to issue up to \$25 million unregistered, unsecured promissory notes through August 15, 2021. On August 16, 2021, the Foundation filed an Offering to issue up to \$30 million unregistered, unsecured promissory notes through August 15, 2022. On August 16, 2022, the Foundation filed an Offering to issue up to \$30 million unregistered, unsecured promissory notes through August 15, 2023.

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 5 – UNSECURED PROMISSORY NOTES PAYABLE (Continued)**

Annual maturities of time deposits for years ending December 31 are as follows:

2023	\$ 20,167,401
2024	22,169,214
2025	2,081,524
2026	<u>1,236,298</u>
	<u>\$ 45,654,437</u>

Term notes have maturity dates ranging from one year to four years and paid interest in the range of 0.90% to 4.00% during 2022 depending upon the term of the certificate and the amount deposited.

Included in the unsecured promissory notes payable are notes payable of \$12,127,302, \$6,630,315, and \$6,940,714, as of December 31, 2022, 2021 and 2020, respectively, issued to entities that maintain managed funds at the Foundation.

**NOTE 6 – LINE OF CREDIT**

The Foundation maintains a line of credit agreement with a financial institution. Available borrowings related to the agreement are \$750,000, with an interest rate of 2.25% and a maturity date of June 2023. The line is secured with the Foundation's bank accounts and certificates of deposit at the financial institution. No balance was outstanding at December 31, 2022, 2021 and 2020.

**NOTE 7 – LEASES**

The Foundation leases certain office facilities under a non-cancelable operating lease agreement with terms exceeding one year which will expire in September 2025. The Foundation recognized the lease liability of \$317,717 and the right-of-use asset of \$317,717 on October 1, 2020, the lease commencement date, which represents the present value of future lease payments using a discount rate of 0.26%, the five-year treasury rate effective October 2020.

At December 31, 2022, the Foundation's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 181,260
Less: Imputed interest	<u>(664)</u>
Present value of operating lease liability	180,596
Less: current portion of operating lease liability	<u>(63,169)</u>
Long-term operating lease liability	<u>\$ 117,427</u>

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 7 – LEASES (Continued)**

The schedule below summarizes the future minimum annual lease obligations for the years ending December 31:

2023		\$	63,169
2024			65,077
2025			<u>53,014</u>
			181,260
Less: present value discount			<u>(664)</u>
		\$	<u><u>180,596</u></u>

**NOTE 8 – NET ASSETS**

Net assets with donor restrictions consists of the following at December 31:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Subject to expenditure for specified purpose:</b>			
Donor advised funds	\$ 2,269,709	\$ 2,696,891	\$ 2,447,047
Split interest agreements	187,453	308,618	362,007
Grant fund	299,327	295,900	68,614
Clergy financial leadership academy	-	1,357	650
Missions	<u>1,382</u>	<u>1,382</u>	<u>1,382</u>
	<u>2,757,871</u>	<u>3,304,148</u>	<u>2,879,700</u>
 <b>Subject to spending policy and appropriation:</b>			
Perpetually restricted net assets, earnings restricted for general operations	<u>133,163</u>	<u>133,163</u>	<u>133,163</u>
 Total net assets with donor restrictions	<u><u>\$ 2,891,034</u></u>	<u><u>\$ 3,437,311</u></u>	<u><u>\$ 3,012,863</u></u>

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 8 – NET ASSETS (Continued)**

The Board of Trustees has designated net assets without donor restrictions at December 31 for the following purposes:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Undesignated	\$ 4,374,745	\$ 6,175,653	\$ 5,919,027
Board designated			
Program restriction	239,994	304,863	286,855
General operations	142,716	174,709	159,832
Liquidity reserve	<u>2,167,556</u>	<u>2,258,961</u>	<u>2,232,984</u>
Total board designated	<u>2,550,266</u>	<u>2,738,533</u>	<u>2,679,671</u>
	<u>\$ 6,925,011</u>	<u>\$ 8,914,186</u>	<u>\$ 8,598,698</u>

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES**

For purposes of analyzing resources available to meet general expenditures for subsequent years, the Foundation considers financial assets that will be collected and available for programs that are ongoing to the Foundation. Financial assets available within one year are as follows:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 6,439,911	\$ 4,599,218	\$ 10,069,874
Investments	193,715,149	221,917,917	187,841,457
Loans receivable, net	35,371,351	31,672,848	31,050,815
Other	<u>239,489</u>	<u>228,308</u>	<u>225,820</u>
Financial assets, at year end	<u>235,765,900</u>	<u>258,418,291</u>	<u>229,187,966</u>
Less amounts not available for general expenditures within one year:			
Board designated funds	(2,550,266)	(2,738,533)	(2,679,671)
Donor restricted funds	(2,891,034)	(3,437,311)	(3,012,863)
Loan receivable due after one year	(30,584,903)	(28,616,907)	(26,212,767)
Investments held for others	<u>(180,192,188)</u>	<u>(206,116,072)</u>	<u>(173,887,394)</u>
	<u>(216,218,391)</u>	<u>(240,908,823)</u>	<u>(205,792,695)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,547,509</u>	<u>\$ 17,509,468</u>	<u>\$ 23,395,271</u>

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022, 2021 AND 2020**

**NOTE 9 – LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)**

The Foundation is principally supported by contributions, asset management fees, interest income and investment return. The Foundation operates with a balanced budget and anticipates having sufficient resources to cover general expenditures. As described in Note 6, The Foundation also maintains a line of credit in the amount of \$750,000, which it could draw upon in the event of an unanticipated liquidity event.

**NOTE 10 – RETIREMENT PLANS**

Foundation employees participate in two separate pension plans sponsored by Wespath. Lay employees participate in the Defined Contribution Plan, in which the Foundation contributes 6% of the employee's salary. Conference-appointed clergy participate in a Wespath pension plan that is sponsored by the Conference in which they are a member. These plans may contain both a defined contribution and a defined benefit portion. This percentage ranged between 12% and 13%. Pension expense for all employees totaled \$52,857, \$58,221, and \$63,385 for the years ending December 31, 2022, 2021 and 2020, respectively.

**NOTE 11 – RELATED PARTIES**

While the Foundation is an autonomous legal entity, its purpose has always been to support the functions of the Annual Conferences, its churches, members, and affiliates. Therefore, the great majority of its activities are with parties related to the Church, Annual Conferences and their connectional units, local church congregations, etc. Accordingly, related party transactions include the following:

- The entire balance of investments held for others consists of funds from the Annual Conferences, UMC churches, organizations and institutions, and related foundations and related individuals. The Foundation's entire Loan Program is made up of Annual Conferences, UMC churches, related foundations, and related individuals.
- Several members of the Board of Trustees belong to Churches and Conference-related entities that have loans with the Foundation.
- Several members of the Board of Trustees have invested personally in the private placement certificates of deposit totaling \$94,304, \$43,549, and \$42,529 at December 31, 2022, 2021 and 2020, respectively.
- Several members of the Board of Trustees have established endowments managed by the Foundation with a total market value of \$ \$57,456, \$60,503, and \$46,987 at December 31, 2022, 2021 and 2020, respectively.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 12 – PAYCHECK PROTECTION PROGRAM**

In April 2020, in response to the global pandemic, the Foundation applied for and received a \$163,300 loan through the Paycheck Protection Program under the CARES Act. The loan was forgiven in full in March 2021. As of December 31, 2020, the Foundation had met the conditions for full forgiveness. Therefore, the proceeds of the loan are recorded as revenue in the accompanying financial statements for the year ended December 31, 2020.

**APPENDIX B**  
**FORMS FOR APPLICATION TO PURCHASE CERTIFICATES**

- Application to Purchase a Certificate – Individual(s)
- Application to Purchase a Certificate – Custodian for a Minor
- Application to Purchase a Certificate – Trust
- Application to Purchase a Certificate – Entity



**APPLICATION TO PURCHASE A CERTIFICATE – INDIVIDUAL(S)**

**Page 2**

**PAYABLE ON DEATH OPTIONS: (Please check one)**

**Note:** *If the Certificate is held by more than one owner as joint tenants with right of survivorship, the Payable on Death option selected below will apply only upon the death of the last surviving joint tenant.*

Yes, I/we hereby designate the POD beneficiary(ies) listed below, in the respective percentages specified;

**or**

No, I/we do not wish to designate a POD beneficiary(ies).

If “yes,” please include your designated beneficiary(ies)

Beneficiary Name: \_\_\_\_\_ Percentage: \_\_\_\_\_ %

Address: \_\_\_\_\_  
Street City State Zip

Beneficiary Name: \_\_\_\_\_ Percentage: \_\_\_\_\_ %

Address: \_\_\_\_\_  
Street City State Zip

**OWNER CERTIFICATIONS:** Each of the undersigned hereby (i) acknowledges receipt of the Offering Memorandum dated August 16, 2023 of the Georgia United Methodist Foundation, Inc., (ii) confirms that he or she is 18 years of age or older, (iii) confirms that he or she is a resident of the State of Georgia, (iv) confirms that prior to receipt of the Offering Memorandum, he or she was a member of, contributor to, or participant in the United Methodist Church or a connectional unit of the Church (as defined in the Offering Memorandum), or was an ancestor, descendant or successor in interest to such a person, and (v) confirms that he or she is acquiring the Certificate(s) subscribed for hereby for investment, for his or her own account, and not for transfer or re-sale.

**TAX CERTIFICATION:** *Under the penalties of perjury, each of the undersigned owners individually certifies that he or she is a U.S. citizen or a legal U.S. Resident Alien, and that his or her social security number and the information regarding backup withholding set forth on this application are true, correct and complete.*

Please check the box if you have been notified by the Internal Revenue Service that you are subject to backup withholding.

**EMAIL NOTICE CONSENT:** Section 14-3-141 of the Georgia Code permits notice to be given by electronic transmission, by checking the box you hereby provide your revocable consent to receive notice pursuant to this Offering Memorandum by electronic transmission.

EMAIL ADDRESS FOR NOTICE:

\_\_\_\_\_

[PLEASE SIGN ON THE FOLLOWING PAGE]

**PLEASE SIGN BELOW**

**Owner**

Owner's Signature

Date

**Joint Owner (if applicable)**

Owner's Signature

Date

**NOTE:** Two signatures are required for joint ownership, regardless of any other information set forth herein.

**NO CERTIFICATE, NOR ANY INTEREST THEREIN, MAY BE SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, TO ANY PERSON OR ENTITY, EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE ISSUER OF SUCH SECURITIES.**

*FOR ADDITIONAL INFORMATION, PLEASE CALL THE FOUNDATION AT (770) 449-6726.*



**APPLICATION TO PURCHASE A CERTIFICATE – CUSTODIAN FOR MINOR**

Page 2

**GENERAL CERTIFICATIONS:**

The undersigned Custodian hereby (i) acknowledges receipt of the Offering Memorandum dated August 16, 2023 of the Georgia United Methodist Foundation, Inc., (ii) confirms that he or she is 18 years of age or older, and a resident of the State of Georgia, (iii) confirms that he or she is applying to invest in one or more Certificates as custodian for the benefit of the Minor named on the preceding page, (iv) confirms that the Minor is a resident of the State of Georgia, (v) confirms that prior to receipt of the Offering Memorandum, the Minor was a member of, contributor to, or participant in the United Methodist Church or a connectional unit of the Church (as defined in the Offering Memorandum), or was an ancestor, descendant or successor in interest to such a person, and (v) confirms that the Certificate(s) subscribed for hereby are being acquired for investment, for the account of the Minor, and not for transfer or re-sale.

**TAX CERTIFICATION:** *Under the penalties of perjury, the undersigned Custodian certifies that the taxpayer identification numbers and the information regarding backup withholding set forth in this application are true, correct and complete, and that the Minor is either a U.S. Citizen or a legal U.S. Resident Alien. The undersigned Custodian acknowledges that any interest earned on a Certificate issued pursuant to this application will be reported to the taxpayer identification number of the Minor, but will be delivered to the Custodian.*

Please check the box if the Minor has been notified by the Internal Revenue Service that the Minor is subject to backup withholding.

**EMAIL NOTICE CONSENT:** Section 14-3-141 of the Georgia Code permits notice to be given by electronic transmission, by checking the box you hereby provide your revocable consent to receive notice pursuant to this Offering Memorandum by electronic transmission.

EMAIL ADDRESS FOR NOTICE: \_\_\_\_\_

\_\_\_\_\_  
Custodian Signature

\_\_\_\_\_  
Date

**NO CERTIFICATE, NOR ANY INTEREST THEREIN, MAY BE SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, TO ANY PERSON OR ENTITY, EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE ISSUER OF SUCH SECURITIES.**

*FOR ADDITIONAL INFORMATION, PLEASE CALL THE FOUNDATION AT (770) 449-6726.*



APPLICATION TO PURCHASE A CERTIFICATE – TRUST
(Includes Required Information for IRS Form W-9)

Please complete the following application to purchase a Certificate (Please print).

TRUSTEE NAME: \_\_\_\_\_

TITLE AND DATE OF TRUST INSTRUMENT: \_\_\_\_\_
(YOU MUST ATTACH A COPY OF THE TRUST INSTRUMENT TO THIS APPLICATION)

JURISDICTION OF ORGANIZATION OF TRUST: \_\_\_\_\_

FEDERAL TAXPAYER IDENTIFICATION # OF TRUST: \_\_\_\_\_

NOTE: If the Trust is a grantor trust, please provide, instead, the name and Federal Taxpayer ID of the grantor of the Trust or other person treated as the owner of the Trust for federal income tax purposes:

Name of Grantor or Other Owner: \_\_\_\_\_

Federal Taxpayer ID of Grantor or Other Owner: \_\_\_\_\_

TRUST MAILING ADDRESS: \_\_\_\_\_

CITY, STATE, ZIP: \_\_\_\_\_

TELEPHONE: (\_\_\_\_\_) \_\_\_\_\_

EMAIL ADDRESS: \_\_\_\_\_

TOTAL AMOUNT OF INVESTMENT: \$ \_\_\_\_\_ [Minimum Investment: \$5,000.00] divided as follows:

Table with 2 columns: TERM, Investment. Rows include One Year Certificate, Two Year Certificate, Three Year Certificate, and Four Year Certificate with corresponding investment amounts.

INCOME DISTRIBUTION OPTIONS: (please check one)

- Send interest payments quarterly
Electronic Funds Transfer (ATTACH VOIDED CHECK)

Name of Bank Routing # Account #

- Check issued by the Foundation to the address above.

OR

- Reinvest interest payments quarterly

\* Please make your check payable to: Georgia United Methodist Foundation and deliver, along with this application to: Georgia United Methodist Foundation, PO Box 922087, Peachtree Corners, GA 30010

**APPLICATION TO PURCHASE A CERTIFICATE - TRUST**

Page 2

**GENERAL CERTIFICATIONS:**

The undersigned Trustee hereby (i) acknowledges receipt of the Offering Memorandum dated August 16, 2023 of the Georgia United Methodist Foundation, Inc., (ii) confirms that he, she, or it is the duly appointed and serving trustee of the Trust, (iii) confirms that he, she or it is either a U.S. Citizen, a legal U.S. Resident Alien, or an entity organized under the laws of the United States and doing business in the State of Georgia, (iv) confirms that, if an individual, he or she is a resident of the State of Georgia, and if an entity, its principal place of business is located in the State of Georgia, (v) confirms that, if the Trust is a grantor trust, the settlor is a resident of the State of Georgia, (vi) confirms that prior to receipt of the Offering Memorandum, the settlor and/or the beneficiaries of the Trust was a member of, contributor to, or participant in the United Methodist Church or a connectional unit of the Church (as defined in the Offering Memorandum), or was an ancestor, descendant or successor in interest to such a person, and (vii) confirms that the Trust is acquiring the Certificate(s) subscribed for hereby for investment, for its own account, and not for transfer or re-sale.

**TAX CERTIFICATION:** *Under the penalties of perjury, the undersigned Trustee certifies that the taxpayer identification number and the information regarding backup withholding set forth in this application are true, correct and complete. The undersigned acknowledges that any interest earned on a Certificate issued pursuant to this application: (i) in the case of a grantor trust, will be reported to the taxpayer identification number of the settlor or other person treated as owner of the Trust for income tax purposes, but will be delivered to the Trustee; or (ii) in the case of any other trust, will be reported to the taxpayer identification number of the Trust, but will be delivered to the Trustee.*

**Please check either box below *if* the statement beside it applies to the Trust:**

Please check this box if the Trust is a **grantor trust** and the settlor or other person treated as owner of the Trust for federal income tax purposes has been notified by the Internal Revenue Service that such person is subject to backup withholding.

Please check this box if the Trust is **not** a grantor trust and the Trustee has been notified by the Internal Revenue Service that the Trust is subject to backup withholding.

**EMAIL NOTICE CONSENT:** Section 14-3-141 of the Georgia Code permits notice to be given by electronic transmission, by checking the box you hereby provide your revocable consent to receive notice pursuant to this Offering Memorandum by electronic transmission.

EMAIL ADDRESS FOR NOTICE:

\_\_\_\_\_

**Signature of Authorized Person for Trustee**

**Date**

\_\_\_\_\_  
**Name of Trustee**

\_\_\_\_\_  
**Signer's Title (if applicable)**

**NO CERTIFICATE, NOR ANY INTEREST THEREIN, MAY BE SOLD OR TRANSFERRED,**

**DIRECTLY OR INDIRECTLY, TO ANY PERSON OR ENTITY, EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE ISSUER OF SUCH SECURITIES.**

*FOR ADDITIONAL INFORMATION, PLEASE CALL THE FOUNDATION AT (770) 449-6726.*



**APPLICATION TO PURCHASE A CERTIFICATE –ENTITY**

**Page 2**

**GENERAL CERTIFICATIONS:**

The undersigned hereby (i) acknowledges receipt of the Offering Memorandum dated August 16, 2023 of the Georgia United Methodist Foundation, Inc., (ii) confirms that he, she, or it is a duly authorized representative of the Entity, and has all necessary legal right, power and authority to execute this application on behalf of the Entity any by his or her signature to act for and bind the Entity, (iii) confirms that the Entity was not organized for the specific purpose of making this investment, (iv) confirms that the Entity has its principal place of business located in the State of Georgia, (v) confirms that prior to receipt of the Offering Memorandum, either or both of the Entity or the owner(s) of the Entity was a member of, contributor to, or participant in the United Methodist Church or a connectional unit of the Church (as defined in the Offering Memorandum), or was an ancestor, descendant or successor in interest to such a person, and (vi) confirms that the Entity is acquiring the Certificate(s) subscribed for hereby for investment, for its own account, and not for transfer or re-sale.

**TAX CERTIFICATION:** *Under the penalties of perjury, I certify that the taxpayer identification number and the information regarding backup withholding set forth in this application are true, correct and complete. I acknowledge that any interest earned on a Certificate issued pursuant to this application will be reported to the taxpayer identification number of the Entity.*

Please check the box if the Entity has been notified by the Internal Revenue Service that it is subject to backup withholding.

**EMAIL NOTICE CONSENT:** Section 14-3-141 of the Georgia Code permits notice to be given by electronic transmission, by checking the box you hereby provide your revocable consent to receive notice pursuant to this Offering Memorandum by electronic transmission.

EMAIL ADDRESS FOR NOTICE: \_\_\_\_\_

ENTITY NAME: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

PRINT NAME OF SIGNER: \_\_\_\_\_

TITLE OF SIGNER: \_\_\_\_\_

**NO CERTIFICATE, NOR ANY INTEREST THEREIN, MAY BE SOLD OR TRANSFERRED, DIRECTLY OR INDIRECTLY, TO ANY PERSON OR ENTITY, EXCEPT WITH THE EXPRESS WRITTEN CONSENT OF THE ISSUER OF SUCH SECURITIES.**

*FOR ADDITIONAL INFORMATION, PLEASE CALL THE FOUNDATION AT (770) 449-6726.*

**APPENDIX C**  
**NOTICE OF RESCISSION**

TO: Commissioner of Securities  
Office of the Secretary of State  
2 Martin Luther King, Jr. Dr., S.E. Suite  
802, West Tower  
Atlanta, Georgia 30334

I hereby exercise my right to rescind my purchase of a certificate to be issued by Georgia United Methodist Foundation, Inc.

This rescission is made within seventy-two (72) hours of the earliest of my execution of a written agreement to purchase said certificate, the delivery of a confirmation of sale of said certificate to me, or the payment for such certificate. I understand that the effective date of the rescission shall be the date of delivery of this Notice or the depositing of same, properly addressed and with adequate postage thereon, in the United States Mail.

DATED, this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_.

Name:

Address:

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City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_