

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2023, 2022 and 2021**  
**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 the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

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

### Basis for Opinion

We conducted our audits 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 Audits 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 audits. 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 Audits 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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

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

*Smith and Howard*

Atlanta, GA  
May 8, 2024

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2023, 2022 AND 2021**

**ASSETS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Cash and cash equivalents	\$ 4,587,381	\$ 6,439,911	\$ 4,599,218
Certificates of deposit	2,749,898	1,944,395	2,170,725
Interest receivable	41,290	41,402	42,434
Investments - Foundation	11,608,985	11,578,566	13,631,120
Investments - held for others	180,670,451	180,192,188	206,116,072
Loans receivable, net	34,282,892	35,371,351	31,672,848
Prepaid expenses and other receivables	20,536	21,898	18,904
Cash surrender value of life insurance	280,550	198,087	185,874
Right-of-use asset	113,073	175,546	237,858
Property and equipment, net	<u>10,116</u>	<u>17,696</u>	<u>22,108</u>
 Total Assets	 <u>\$ 234,365,172</u>	 <u>\$ 235,981,040</u>	 <u>\$ 258,697,161</u>

**LIABILITIES AND NET ASSETS**

Liabilities			
Accounts payable and accrued expenses	\$ 121,069	\$ 136,011	\$ 144,491
Managed assets held for others	154,379,586	156,951,584	177,275,860
Endowment funds held for others	25,107,181	22,071,154	26,959,658
Charitable remainder trust and gift annuity benefits payable	509,087	521,130	615,353
Charitable remainder trust and gift annuity deferred benefits payable	698,180	725,008	956,583
Lease liability	117,814	180,596	241,389
Unsecured promissory notes payable	<u>42,736,882</u>	<u>45,654,437</u>	<u>40,152,330</u>
 Total Liabilities	 <u>223,669,799</u>	 <u>226,239,920</u>	 <u>246,345,664</u>
 Net Assets			
Without donor restrictions	7,331,430	6,850,086	8,914,186
With donor restrictions	<u>3,363,943</u>	<u>2,891,034</u>	<u>3,437,311</u>
 Total Net Assets	 <u>10,695,373</u>	 <u>9,741,120</u>	 <u>12,351,497</u>
 Total Liabilities and Net Assets	 <u>\$ 234,365,172</u>	 <u>\$ 235,981,040</u>	 <u>\$ 258,697,161</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u>
Revenue and Other Support			
Contributions	\$ 34,051	\$ 100,687	\$ 134,738
Asset management fees	651,587	-	651,587
Interest income from loan program	1,684,138	-	1,684,138
Investment return	1,205,536	365,501	1,571,037
Other income	36,045	-	36,045
Change in value of split interest agreements	-	81,406	81,406
Net assets released from restrictions	<u>74,685</u>	<u>(74,685)</u>	<u>-</u>
Total Revenue and Other Support	<u>3,686,042</u>	<u>472,909</u>	<u>4,158,951</u>
Expenses			
Program services			
Loans and certificates	2,068,635	-	2,068,635
Investment management	709,788	-	709,788
Planned giving and training	<u>257,882</u>	<u>-</u>	<u>257,882</u>
Total program services	3,036,305	-	3,036,305
Supporting services			
General and administrative	<u>168,393</u>	<u>-</u>	<u>168,393</u>
Total Expenses	<u>3,204,698</u>	<u>-</u>	<u>3,204,698</u>
Change in Net Assets	481,344	472,909	954,253
Net Assets, Beginning of Year	<u>6,850,086</u>	<u>2,891,034</u>	<u>9,741,120</u>
Net Assets, End of Year	<u>\$ 7,331,430</u>	<u>\$ 3,363,943</u>	<u>\$ 10,695,373</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</u> <u>Restrictions</u>	<u>With Donor</u> <u>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 FUNCTIONAL EXPENSES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Program Services</u>			<u>Programs Subtotal</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Loans and Certificates</u>	<u>Investment Management</u>	<u>Planned Giving and Training</u>		<u>General and Administrative</u>		
Salaries	\$ 293,504	\$ 372,210	\$ 145,804	\$ 811,518	\$ 64,883	\$ 876,401	
Payroll taxes and benefits	52,703	72,089	46,176	170,968	11,517	182,485	
Interest expense	1,356,485	-	-	1,356,485	1,958	1,358,443	
Grants to beneficiaries	-	108,638	-	108,638	-	108,638	
Professional fees	38,814	-	-	38,814	27,176	65,990	
Rent	19,340	19,822	13,536	52,698	12,572	65,270	
Marketing and publicity	10,728	14,313	7,883	32,924	2,858	35,782	
Travel and meetings	2,744	3,944	3,076	9,764	19,804	29,568	
Computer and data processing	22,496	88,880	14,168	125,544	14,113	139,657	
Office expense	5,830	7,770	4,276	17,876	1,559	19,435	
Insurance	8,828	8,828	5,885	23,541	5,885	29,426	
Other expense	75	-	11,938	12,013	1,805	13,818	
Depreciation	3,164	3,164	2,109	8,437	2,109	10,546	
Telephone	1,640	1,840	1,359	4,839	961	5,800	
Repair and maintenance	1,379	1,379	919	3,677	919	4,596	
Dues and subscriptions	1,053	1,369	753	3,175	274	3,449	
Fees	-	5,542	-	5,542	-	5,542	
Loan adjustments	249,852	-	-	249,852	-	249,852	
Total Functional Expenses	<u>\$ 2,068,635</u>	<u>\$ 709,788</u>	<u>\$ 257,882</u>	<u>\$ 3,036,305</u>	<u>\$ 168,393</u>	<u>\$ 3,204,698</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**

	<u>Program Services</u>			<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Loans and Certificates</u>	<u>Investment Management</u>	<u>Planned Giving and Training</u>	<u>Programs Subtotal</u>	<u>General and Administrative</u>	
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**

	<u>Program Services</u>			<u>Programs Subtotal</u>	<u>Supporting Services</u>		<u>Total Expenses</u>
	<u>Loans and Certificates</u>	<u>Investment Management</u>	<u>Planned Giving and Training</u>		<u>General and Administrative</u>		
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	
Total Functional Expenses	<u>\$ 1,460,830</u>	<u>\$ 988,765</u>	<u>\$ 430,947</u>	<u>\$ 2,880,542</u>	<u>\$ 209,916</u>	<u>\$ 3,090,458</u>	

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2023, 2022, AND 2021**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:			
Change in net assets	\$ 954,253	\$ (2,610,377)	\$ 739,936
Adjustments to reconcile change in net assets to net cash provided (required) by operating activities			
Depreciation	10,547	10,317	16,362
Provision for loan losses	249,852	-	150,000
Loss on disposal of assets	-	-	43,402
Operating lease expense	62,860	62,860	62,304
Payments on operating lease liability obligations	(63,169)	(61,341)	(59,555)
Change in value of split interest agreements	(81,406)	121,165	53,389
Unrealized (gains) losses on investments	(1,555,244)	2,300,696	(1,187,864)
Investment funds appropriated for expenditure	352,430	348,928	377,543
Changes in operating assets and liabilities:			
Interest receivable	112	1,032	8,585
Prepaid expenses and other assets	1,362	(2,994)	(7,062)
Cash surrender value of life insurance	(82,463)	(12,213)	(11,073)
Accounts payable and accrued expenses	(14,942)	(8,480)	(11)
Net Cash Provided (Required) by Operating Activities	<u>(165,808)</u>	<u>149,593</u>	<u>185,956</u>
Cash Flows from Investing Activities:			
Purchase of property and equipment	(2,967)	(5,905)	(22,342)
Purchases of investments	(778,117)	(1,729,026)	(2,636,811)
Sales of investments	2,331,243	1,745,025	1,739,447
Investment funds appropriated for expenditure	(352,430)	(348,928)	(377,543)
Net sale (purchase) of certificates of deposit	(805,503)	226,330	237,446
New mortgage loans made to churches	(3,844,372)	(15,773,472)	(4,340,299)
Repayments received on loans principal	5,777,850	5,084,661	3,834,221
Net Cash Provided (Required) by Investing Activities	<u>2,325,704</u>	<u>(10,801,315)</u>	<u>(1,565,881)</u>
Cash Flows from Financing Activities:			
Proceeds from unsecured promissory notes payable	14,961,947	31,482,441	3,284,870
Repayment of unsecured promissory notes payable	(17,879,502)	(25,980,334)	(7,109,646)
Loan participations, net	(1,094,871)	6,990,308	(265,955)
Net Cash Provided (Required) by Financing Activities	<u>(4,012,426)</u>	<u>12,492,415</u>	<u>(4,090,731)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,852,530)	1,840,693	(5,470,656)
Cash and Cash Equivalents, Beginning of Year	<u>6,439,911</u>	<u>4,599,218</u>	<u>10,069,874</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,587,381</u>	<u>\$ 6,439,911</u>	<u>\$ 4,599,218</u>
<u>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</u>			
Cash paid during the years for:			
Interest on unsecured promissory notes payable	<u>\$ 1,356,400</u>	<u>\$ 851,127</u>	<u>\$ 944,871</u>

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

**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.

Adoption of New Accounting Policy

During 2023, the Foundation adopted the requirements of Accounting Standards Update (“ASU”) 2016-13, *Financial Instruments – Credit Losses* Accounting Standards Codification (“ASC”) 326. This ASU introduces a “current expected credit loss” (“CECL”) model which requires all expected credit losses for financial instruments held at the reporting date to be based on historical experience, current conditions, and reasonable supportable forecasts. The CECL model replaces the existing incurred loss method and is applicable to the measurement of credit losses of financial assets. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Foundation that are subject to the guidance in ASC 326 were loans and interest receivables. There was no material impact to the financial statements or footnotes upon adoption of this new accounting policy.

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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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

Risks and Uncertainties (Continued)

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.

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 Statements 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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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

Investments – Held for Others (Continued)

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.

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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

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.

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>2023</u>				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>NAV(*)</u>	<u>Total</u>
Certificates of Deposit	\$ -	\$ 2,749,898	\$ -	\$ -	\$ 2,749,898
Investments - Foundation					
Money market	\$ 445,510	\$ -	\$ -	\$ -	\$ 445,510
Non-publicly traded funds	-	-	-	11,163,475	11,163,475
	<u>\$ 445,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,163,475</u>	<u>\$ 11,608,985</u>
Investments - Held for Others					
Money market	\$ 3,001,042	\$ -	\$ -	\$ -	\$ 3,001,042
Certificates of deposit	-	2,750,000	-	-	2,750,000
Mutual funds	-	-	-	-	-
Common stocks	15,042	-	-	-	15,042
Non-publicly traded funds	-	-	-	174,904,367	174,904,367
	<u>\$ 3,016,084</u>	<u>\$ 2,750,000</u>	<u>\$ -</u>	<u>\$ 174,904,367</u>	<u>\$ 180,670,451</u>
Unsecured Promissory Notes					
Issued by the Foundation	\$ -	\$ 42,736,882	\$ -	\$ -	\$ 42,736,882



**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fair Values Measured on Recurring Basis (Continued)

	<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	-	-	-	11,126,655	11,126,655
	<u>\$ 451,911</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,126,655</u>	<u>\$ 11,578,566</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	-	-	-	176,203,962	176,203,962
	<u>\$ 3,238,226</u>	<u>\$ 750,000</u>	<u>\$ -</u>	<u>\$ 176,203,962</u>	<u>\$ 180,192,188</u>
Unsecured Promissory Notes					
Issued by the Foundation	\$ -	\$ 45,654,437	\$ -	\$ -	\$ 45,654,437
	<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**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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>2023</u>	<u>2022</u>	<u>2021</u>
Wespath Fixed Fund (1)	\$ 27,270,707	\$ 29,470,771	\$ 38,085,204
Wespath Inflation Protection Fund (2)	7,192,908	8,386,758	4,781,679
Wespath Multiple Asset Fund (3)	81,148,938	73,215,842	81,604,676
Wespath US Equity Fund (4)	53,917,519	54,737,907	65,352,925
Wespath International Equity Fund (5)	16,537,770	20,310,694	24,936,706
Wespath US Treasury IPF (6)	-	1,208,645	1,099,101
	<u>\$ 186,067,842</u>	<u>\$ 187,330,617</u>	<u>\$ 215,860,291</u>

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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- (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.

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.

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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, 2023, 2022 and 2021, the Foundation does not have any material contract assets, liabilities, or other receivables related to contracts from customers.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenue Recognition

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.

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, 2020.

Reclassifications

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

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**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.

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.

**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 3 – ENDOWMENT FUNDS (Continued)**

- 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.

- 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, 2023, 2022, and 2021.

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 – ENDOWMENT FUNDS (Continued)**

The following is a reconciliation of the beginning and ending balances of the Foundation's endowment net assets for the years ended December 31, 2023, 2022, and 2021:

	<b>Board Designated Endowment Funds</b>		
	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
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	382,711	133,163	515,874
Investment return, net	61,479	-	61,479
Appropriation of assets for expenditure	<u>(12,714)</u>	<u>-</u>	<u>(12,714)</u>
Endowment net assets, December 31, 2023	<u>\$ 431,476</u>	<u>\$ 133,163</u>	<u>\$ 564,639</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.

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, 2023, the Foundation's portion of the loan portfolio had interest rates ranging from 1.00% to 5.25% depending on the loan.



**GEORGIA UNITED METHODIST FOUNDATION, INC.**  
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**NOTE 4 – LOANS RECEIVABLE, NET (Continued)**

Major classifications of loans are as follows.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Term loans	\$ 43,351,526	\$ 44,960,561	\$ 34,207,638
Construction period loans	125,243	449,686	513,798
	43,476,769	45,410,247	34,721,436
Less: participations on term loans	(8,294,025)	(9,388,896)	(2,398,588)
Less: allowance for loan losses	(899,852)	(650,000)	(650,000)
	<u>\$ 34,282,892</u>	<u>\$ 35,371,351</u>	<u>\$ 31,672,848</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, 2023, 2022 and 2021, 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, 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. On August 16, 2023, the Foundation filed an Offering to issue up to \$40 million unregistered, unsecured promissory notes through August 15, 2024.

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

2024	\$ 28,513,975
2025	12,715,387
2026	1,348,864
2027	158,656
	<u>\$ 42,736,882</u>

Term notes have maturity dates ranging from one year to four years and paid interest in the range of 1% to 5.25% during 2023 depending upon the term of the certificate and the amount deposited.

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
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**NOTE 5 – UNSECURED PROMISSORY NOTES PAYABLE (Continued)**

Included in the unsecured promissory notes payable are notes payable of \$12,606,686, \$12,127,302, and \$6,630,315 as of December 31, 2023, 2022 and 2021, 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 6.09% and a maturity date of June 2024. 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, 2023, 2022 and 2021.

**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, 2023, the Foundation's operating lease liability was comprised of the following:

Gross operating lease liability	\$ 118,090
Less: Imputed interest	<u>(276)</u>
Present value of operating lease liability	117,814
Less: current portion of operating lease liability	<u>(65,077)</u>
Long-term operating lease liability	<u>\$ 52,737</u>

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

2024	\$ 65,077
2025	<u>52,737</u>
	<u>\$ 117,814</u>

**GEORGIA UNITED METHODIST FOUNDATION, INC.  
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**NOTE 8 – NET ASSETS**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Subject to expenditure for specified purpose:</b>			
Donor advised funds	\$ 2,612,618	\$ 2,269,709	\$ 2,696,891
Split interest agreements	268,859	187,453	308,618
Grant fund	347,921	299,327	295,900
Clergy financial leadership academy	-	-	1,357
Missions	1,382	1,382	1,382
	<u>3,230,780</u>	<u>2,757,871</u>	<u>3,304,148</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>\$ 3,363,943</u>	<u>\$ 2,891,034</u>	<u>\$ 3,437,311</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Undesignated	\$ 4,609,677	\$ 4,299,820	\$ 6,175,653
Board designated			
Program restriction	266,226	239,994	304,863
General operations	165,249	142,716	174,709
Liquidity reserve	2,290,278	2,167,556	2,258,961
Total board designated	<u>2,721,753</u>	<u>2,550,266</u>	<u>2,738,533</u>
	<u>\$ 7,331,430</u>	<u>\$ 6,850,086</u>	<u>\$ 8,914,186</u>

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**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>2023</u>	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 4,587,381	\$ 6,439,911	\$ 4,599,218
Investments and certificates of deposit	195,029,334	193,715,149	221,917,917
Loans receivable, net	34,282,892	35,371,351	31,672,848
Other	<u>321,840</u>	<u>239,489</u>	<u>228,308</u>
Financial assets, at year end	<u>234,221,447</u>	<u>235,765,900</u>	<u>258,418,291</u>
Less amounts not available for general expenditures within one year:			
Board designated funds	(2,721,753)	(2,550,266)	(2,738,533)
Donor restricted funds	(3,363,943)	(2,891,034)	(3,437,311)
Loan receivable due after one year	(31,748,624)	(30,584,903)	(28,616,907)
Investments held for others	<u>(180,670,451)</u>	<u>(180,192,188)</u>	<u>(206,116,072)</u>
	<u>(218,504,771)</u>	<u>(216,218,391)</u>	<u>(240,908,823)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 15,716,676</u>	<u>\$ 19,547,509</u>	<u>\$ 17,509,468</u>

The Foundation is principally supported by contributions, asset management fees, interest income and investment return. The Foundation 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 \$46,588, \$52,857, and \$58,221 for the years ending December 31, 2023, 2022 and 2021, respectively.

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**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 \$64,588, \$94,304, and \$43,549 at December 31, 2023, 2022 and 2021, respectively.
- Several members of the Board of Trustees have established endowments managed by the Foundation with a total market value of \$63,776, \$57,456, and \$60,503 at December 31, 2023, 2022 and 2021, respectively.

**NOTE 12 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 8, 2024, the date the financial statements were available to be issued.