



**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH**

**FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION**

***As of and for the Years Ended December 31, 2017
and 2016***

And Report of Independent Auditor

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
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Report of Independent Auditor

The Board of Directors of
The Board of Trustees of the United Methodist Church
Nashville, Tennessee

The Committee on Audit and Review of
The General Council on Finance and Administration of
The United Methodist Church
Nashville, Tennessee

We have audited the accompanying financial statements of the Board of Trustees of the United Methodist Church (the "Board of Trustees"), which comprise the statements of financial position as of December 31, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board of Trustees of the United Methodist Church as of December 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of investment operations and changes in funds held for others on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Changes in Financial Statement Presentation

As discussed in Note 2, the Board of Trustees of the United Methodist Church adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

A handwritten signature in black ink that reads "Cherry Bekaert LLP". The signature is written in a cursive, flowing style.

Charlotte, North Carolina
June 25, 2018

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Cash and cash equivalents	\$ 143,195	\$ 170,105
Due from GCFA short-term pooled investment fund	556,827	543,433
Accounts receivable	3,545	3,117
Investments, at fair value	16,127,782	14,755,060
Interest in oil and mineral rights	1	1
Total Assets	<u>\$ 16,831,350</u>	<u>\$ 15,471,716</u>
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 29,675	\$ 29,957
Due to beneficiaries	70,712	88,628
Funds held for others	16,019,211	14,654,773
Total Liabilities	16,119,598	14,773,358
Net assets without donor restrictions:		
Undesignated	711,752	698,358
Total Liabilities and Net Assets	<u>\$ 16,831,350</u>	<u>\$ 15,471,716</u>

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Revenue, not related to participants:		
Investment return, net	\$ 24,441	\$ 21,260
Services received from GCFA	17,925	17,717
Distribution from Benefit Trust	<u>24,153</u>	<u>37,938</u>
Total Revenue, not related to participants	<u>66,519</u>	<u>76,915</u>
Management and General Expenses, not related to participants:		
Retiree expense	35,200	36,349
Administration - donated services from GCFA	<u>17,925</u>	<u>17,717</u>
Total Expense, not related to participants	<u>53,125</u>	<u>54,066</u>
Change in net assets without donor restrictions	13,394	22,849
Net assets without donor restrictions, beginning of year	<u>698,358</u>	<u>675,509</u>
Net assets without donor restrictions, end of year	<u>\$ 711,752</u>	<u>\$ 698,358</u>

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Change in net assets without donor restriction	\$ 13,394	\$ 22,849
Adjustments to reconcile change in net assets without donor restrictions to net cash flows from operating activities:		
Change in operating assets and liabilities:		
Due from GCFA short-term pooled investment fund	(13,394)	(22,848)
Accounts receivable	(428)	2,661
Accounts payable	(282)	(8)
Net cash flows from operating activities	<u>(710)</u>	<u>2,654</u>
Cash flows from investing activities:		
Net increase (decrease) in funds held for others	1,364,438	(636,055)
Net increase in market value of investments, excluding sale of investments for distributions	(2,094,023)	(37,240)
Sale of investments held for others for distributions	721,301	670,642
Net decrease in due to beneficiaries	(17,916)	(6,317)
Net cash flows from investing activities	<u>(26,200)</u>	<u>(8,970)</u>
Change in cash and cash equivalents	(26,910)	(6,316)
Cash and cash equivalents, beginning of year	<u>170,105</u>	<u>176,421</u>
Cash and cash equivalents, end of year	<u>\$ 143,195</u>	<u>\$ 170,105</u>

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

THE BOARD OF TRUSTEES OF THE UNITED METHODIST CHURCH NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Nature of the organization

The objective and duty of the Board of Trustees of the United Methodist Church (the "Board of Trustees") "shall be to receive, collect, and hold in trust for the benefit of the United Methodist Church any and all donations, bequests, and devises of any kind or character, real or personal, that may be given, devised, bequeathed, or conveyed unto said board or to the United Methodist Church as such for any benevolent charitable, or religious purpose, and to administer the same and the income therefrom in accordance with the directions of the donor, trustor, or testator, and in the interests of the church, society, institution, or agency contemplated by such donor, trustor, or testator under the direction of the General Conference" (§1512 1968 *Book of Discipline of the United Methodist Church*). The General Council on Finance and Administration ("GCFA"), so far as may be legal, shall be the successor in trust of the Board of Trustees of the United Methodist Church (§1803 2012 *Book of Discipline of the United Methodist Church*).

Pursuant to action of the General Conference during 2004, the General Council on Ministries ("GCOM") was dissolved and the net assets transferred to the Board of Trustees of the United Methodist Church effective December 31, 2004.

Note 2—Summary of significant accounting policies

The financial statements have been prepared on the accrual basis of accounting. The Board of Trustees significant accounting policies are described below:

Basis of Presentation – To ensure the observance of limitations and restriction placed on the use of resources, the Board of Trustees maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified into funds that are in accordance with activities or objectives of the Board of Trustees. Separate accounts are maintained for each fund.

For reporting purposes, however, the Board of Trustees' financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Board of Trustees' and changes therein are classified and reported as follow:

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

Board-Designated – Represents resources set aside by the board of directors to be used for specific activities within guidelines established by the board. There were no board-designated net assets at December 31, 2017 and 2017.

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

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Board of Trustees or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. There were no net assets with donor restrictions at December 31, 2017 and 2016.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 2—Summary of significant accounting policies (continued)

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

These financial statements do not include the amounts of GCFA, except insofar as financial transactions have taken place between the Board of Trustees and GCFA. GCFA is a separate corporation under civil law and it is an operating entity distinct from the Board of Trustees, maintains separate accounts, carries on its own services and programs, and reports annually to its constituency.

Revenue – Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor-imposed restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions.

Private gifts, including unconditional pledges, are recognized as revenue in the period received. Conditional pledges are recognized when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at the date of gift. Contributions to be received after one year are discounted at an appropriate discount rate commensurate with the risks involved.

Services Received from Personnel of an Affiliate – Services received from personnel of an affiliate for which the affiliate does not charge the Board of Trustees have been measured at the cost recognized by the affiliate in providing those services. The revenue and expense relating to those services received are presented in the related party Note 6.

Investments – The Board of Trustees is a participant investor, placing its investment funds with the United Methodist Church Foundation (the “Foundation”) for their management. The Foundation has established, for accounting purposes, an initial unit value for an accounting unit of the participants' accounts based on the participants' net assets divided by the unit value. At all times, the total value of the participants' net assets divided by the total of all participants' units will equal the unit value. The unit value of the net assets is determined on a daily basis. The valuation of the participants' accounts is based on the fair value of the investments. The underlying investments in stocks and bonds are carried at fair value based primarily on quoted market prices. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis.

Due from GCFA Short-Term Pooled Investment Fund – The amounts presented as due from GCFA short-term pooled investment fund in the accompanying financial statements represent the Board of Trustees' portion of the short-term investment portfolio managed by GCFA on behalf of certain agencies and related organizations of The United Methodist Church. The amount due from this fund effectively represents the amount of cash deposits that are available to the Board of Trustees to be disbursed out of GCFA's centralized cash management system. Since these deposits are legally invested in GCFA's name and not in a separate demand account in the Board of Trustees' name, they are not classified as cash and cash equivalents, but rather are considered an amount due from GCFA. The short-term investment portfolio includes funds invested in demand deposits, corporate bonds, taxable municipal bonds, mutual funds, and notes from other United Methodist organizations. GCFA allocates interest earned on the portfolio to the participating entities. For the years ended December 31, 2017 and 2016, GCFA allocated \$24,441 and \$21,260 of interest income, respectively. While interest income can be earned based on the performance of the pooled investment funds, the Board of Trustee believes there is little to no risk exposure to losses due to the relationship with GCFA and policy under which the pooled funds are invested. The operating cash requirements of the general agencies are centrally managed by GCFA.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 2—Summary of significant accounting policies (continued)

When an agency has surplus funds, they are invested by GCFA in the short-term pooled investment fund. GCFA allocates interest earned to the agencies invested in the pool based upon their pro rata share of the pool on a monthly basis. The overall return for the short-term pooled investment fund for the years ended December 31, 2017 and 2016 was 4.38% and 4.13%, respectively. The overall rate of return for each agency may vary due to fluctuating balances throughout the year and the timing of investment gains and losses. The allocation of funds in the short-term investment pool as of December 31, 2017 and 2016 were as follows:

	<u>2017</u>	<u>2016</u>
Texas Methodist Foundation loan fund	25.8%	26.4%
Mutual funds	3.2%	3.0%
Short-term collateralized loan fund	0.5%	0.5%
Fixed income	11.4%	11.7%
Corporate bonds	59.1%	58.2%
United Methodist Development Fund	0.0%	0.2%
	<u>100.0%</u>	<u>100.0%</u>

Funds Held for Others – Funds held for others consist of funds received on the behalf of other United Methodist organizations. For accounting purposes, an initial unit value has been established by the Board of Trustees. The investment pool assigns units to participants based on the participants' net assets divided by the unit value. At all times, the total value of the investment pool's net assets divided by the total of all participants' units will equal the unit value. Participant investments received since the prior valuation date are divided by current unit value to determine the number of units that will be allocated to the participant's account.

Distributions – The Board of Trustees utilizes the total return concept in distributing investment income. In accordance with the fund's total return objective, an amount equal to 4.0% in 2017 and 3.5% in 2016, of a 20-quarter rolling average of total market value is available for expenditure in the form of an investment payout.

Interest in Oil and Mineral Rights – The interest in oil and mineral rights for the estates managed by the Board of Trustees is carried in the financial statements at a nominal value of \$1. A true fair value estimate cannot be made without incurring excessive valuation costs. Royalty income related to these interests has been recorded net of property taxes as a liability payable to the beneficiary organizations and is reflected as funds held for others in the statements of financial position.

Use of Estimates – The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the period. Actual results could differ from those estimates.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 2—Summary of significant accounting policies (continued)

Financial Instruments – Assets recorded at fair value in the statements of financial position are categorized based on the level of judgment used in the measurement of their fair value. These judgment levels, as defined by Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, are as follows:

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

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

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

Income Taxes - The Board of Trustees operates as a nonprofit corporation and is covered under GCFA's group determination letter from the Internal Revenue Service indicating that it is, except for taxes pertaining to unrelated business income, exempt from federal income taxes under Section 501 (c)(3) of the Internal Revenue Code (the “Code”). The Board of Trustees is also exempt from filing a form 990 due to its affiliation with a religious organization as described in Section 509(a) of the Code.

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

New Accounting Pronouncement – On August 18, 2016, FASB issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Board of Trustees has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31, 2017:

Financial assets at year end:	
Cash and cash equivalents	\$ 143,195
Due from GCFA short-term pooled investment fund	556,827
Accounts receivable	3,545
Investments	<u>16,127,782</u>
Total financial assets	<u>16,831,349</u>
Less amounts not available to be used for general expenditures within one year:	
Due to beneficiaries	70,712
Funds held for others	<u>16,019,211</u>
Financial assets not available to be used within one year	<u>16,089,923</u>
Financial assets available to meet general expenditures within one year	<u><u>\$ 741,426</u></u>

As part of the Board of Trustees' liquidity management plan, cash in excess of daily requirements is held in the Board of Trustees bank account, or invested in GCFA's short-term pooled investment fund.

Note 4—Investments

All investments are placed with the United Methodist Church Foundation Balanced Fund (the "Balanced Fund"). The Board of Trustees' investments in marketable securities at December 31, 2017 and 2016 consist of the following:

	2017		2016	
	Fair Value	Cost	Fair Value	Cost
Investment in UMC Foundation	<u>\$ 16,127,782</u>	<u>\$ 14,725,635</u>	<u>\$ 14,755,060</u>	<u>\$ 14,728,139</u>

The following table summarizes the Balanced Fund's financial highlight ratios as of December 31, 2017 and 2016. The yield information presented was taken from reports provided to the Foundation by its third-party investment consultant and was not included in the scope of the Board of Trustees' audit.

	Unaudited	
	2017	2016
Net investment return to average participant's accounts	14.25%	3.20%
Expenses to average participant's accounts	0.94%	0.94%

The expenses for the participant's account and the net investment return on the average participant's account above include the Foundation fees of 0.35%, which are assessed monthly.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 5—Fair value of financial instruments

For entities that calculate net asset value (“NAV”) per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2017:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption</u>	<u>Redemption Notice Period</u>
Investment in UMC Foundation*	\$ 16,127,782	none	daily	3 days

* The Board of Trustees is invested in the Foundation’s Balanced Fund. The objective of the Balanced Fund is to provide a reasonable level of current income and, simultaneously, to protect the purchasing power of the principal against inflation. The targeted allocation of the fund is 35% invested in a fixed income fund, 30% in a domestic large capitalization equity portfolio, 10% in a domestic small/mid-capitalization equity portfolio, and 25% in an international equity portfolio. This fund is designated for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation.

Note 6—Related party transactions

GCFA performs certain managerial, financial, and clerical duties for the Board of Trustees that constitute services provided by an affiliate. The Board of Trustees has recognized the cost of these services, totaling \$17,925 and \$17,717, respectively, for the years ended December 31, 2017 and 2016, as revenue and expense in the accompanying statement of financial activities. The Board of Trustees also has \$556,827 and \$543,433 due from GCFA short-term pooled investment fund, respectively (see Note 2). The Board of Trustees also holds investments that are managed by the Foundation (see Note 4).

Note 7—Employee benefits

Health, Life, and Other Employee Benefits – Upon dissolution of GCOM, the Board of Trustees received a transfer of GCOM’s net assets without donor restrictions and also became liable to fund future postretirement benefits for retired employees of GCOM. The transfer of GCOM’s net assets resulted in the original balance of net assets without donor restrictions of the Board of Trustees. The Board of Trustees provides health, dental, and life benefits to retirees of GCOM through a group plan which qualifies for treatment as a multi-employer plan under ASC 715, *Compensation-Retirement Benefits* – Substantially all retired employees are eligible to participate in the Plan if they have attained normal retirement age while in the employment of GCOM.

The General Agencies of The United Methodist Church Benefit Plan (the “Plan”) provides medical, dental, life, and long and short-term disability defined benefits to participants of 11 general agencies, all Bishops covered by the Episcopal Fund, and employees of other United Methodist related organizations. Effective January 1, 2004, Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

The Plan’s unfunded accumulated postretirement benefit obligation was approximately \$98,600,000 and \$92,000,000 and the Plan’s unfunded expected postretirement benefit obligation was approximately \$148,700,000 and \$128,000,000 as of December 31, 2017 and 2016, respectively. The Board of Trustees has no active employees in the Plan. Retired employees are beneficiaries of the Plan.

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 7—Employee benefits (continued)

Wespath Benefits and Investments has transferred certain excess pension assets to the General Agency Benefit Trust (“Benefit Trust”) established by the 1996 General Conference as of December 31, 1996. Annually, the Benefit Trust allows a stated percentage, 6% for 2017 and 2016, of the fair market value of Benefit Trust assets at year-end to be available for distribution in the subsequent year in order to reimburse the participating agencies, through GCFA, for their funding of retiree employee benefits. The fair value of the Benefit Trust’s assets (not plan assets) was \$165,800,000 and \$149,300,000 as of December 31, 2017 and 2016, respectively. The total amount available for reimbursement in 2017 and 2016 was \$8,957,614 and \$8,822,895, respectively, of which Board of Trustees’ share, excluding retiree health benefits, was \$34,935 and \$37,939, respectively. Retiree premiums, net of retiree contributions, were \$45,702 and \$36,350 for the years ended December 31, 2017 and 2016, respectively, resulting in a net retiree expense of \$11,047 in 2017, and a net Benefit Trust distribution of \$1,589 in 2016.

Note 8—Subsequent events

Management has evaluated subsequent events through June 25, 2018, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

**THE BOARD OF TRUSTEES OF
THE UNITED METHODIST CHURCH**

SCHEDULE OF INVESTMENT OPERATIONS AND CHANGES IN FUNDS HELD FOR OTHERS

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017	2016
Investment Income:		
Interest income	\$ 187	\$ 83,588
Dividend income, net of foreign tax	310,052	195,425
Royalty income, net of property tax	13,089	12,649
Total Investment Income	<u>323,328</u>	<u>291,662</u>
Direct Investment Expenses:		
Investment manager fees	36,416	29,372
Custodian fees	41,191	37,524
UMC Foundation fees	54,194	44,947
Professional fees	8,510	9,547
Total Direct Investment Expenses	<u>140,311</u>	<u>121,390</u>
Investment return, net of expenses	<u>183,017</u>	<u>170,272</u>
Net realized gain on sale of investments	512,507	158,370
Unrealized gain on investments	1,375,226	72,657
Total Net Gain on Investments	<u>1,887,733</u>	<u>231,027</u>
Investment return, net, from investment operations	2,070,750	401,299
Contributions to the Board of Trustees	27,638	-
Annual distributions and liquidations	<u>(733,950)</u>	<u>(1,037,354)</u>
Total net increase (decrease)	1,364,438	(636,055)
Funds held for others, beginning of year	<u>14,654,773</u>	<u>15,290,828</u>
Funds held for others, end of year	<u>\$ 16,019,211</u>	<u>\$ 14,654,773</u>