

CONNECTIONAL TABLE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2024 and 2023

And Report of Independent Auditor

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THE UNITED METHODIST CHURCH
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Report of Independent Auditor

To the Board of Directors
Connectional Table of The United Methodist Church
Chicago, Illinois

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

Opinion

We have audited the accompanying financial statements of Connectional Table of The United Methodist Church (“CT”), which comprise the statements of financial position as of December 31, 2024 and 2023, 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 CT as of December 31, 2024 and 2023, 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.

Basis for Opinion

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

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.

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 CT’s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor’s 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 auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted auditing standards, 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 CT'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 CT'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.

Cherry Bekaert LLP

Charlotte, North Carolina
June 26, 2025

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|-------------------|---------------------|
| ASSETS | | |
| Due from General Council on Finance and Administration ("GCFA") Cash Balance Pool ("CBP") | \$ 803,783 | \$ 961,427 |
| Other receivables | 121,876 | - |
| Prepaid expenses | 3,496 | 42,727 |
| Operating lease right-of-use assets | 3,164 | - |
| Property and equipment, net | - | 352 |
| Total Assets | \$ 932,319 | \$ 1,004,506 |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable | \$ 806 | \$ 4,073 |
| Operating lease right-of-use liabilities | 3,164 | - |
| Accrued liabilities | 27,182 | 46,326 |
| Total Liabilities | 31,152 | 50,399 |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Undesignated | 431,350 | 447,179 |
| Board-designated | 469,817 | 506,928 |
| Total Net Assets | 901,167 | 954,107 |
| Total Liabilities and Net Assets | \$ 932,319 | \$ 1,004,506 |

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

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|--|--------------------------|--------------------------|
| Revenue Without Donor Restrictions: | | |
| Allocation from World Service Fund | \$ 475,920 | \$ 526,896 |
| Services received from GCFA | 41,532 | 41,313 |
| Benefit Trust distribution | 67,122 | 52,714 |
| Interest income from GCFA CBP | 41,350 | 33,558 |
| Total Revenue Without Donor Restrictions | <u>625,924</u> | <u>654,481</u> |
| Expenses: | | |
| Program Services: | | |
| Services for meetings | 131,534 | 79,479 |
| Supporting Services: | | |
| Management and general | <u>547,330</u> | <u>439,368</u> |
| Total Expenses | <u>678,864</u> | <u>518,847</u> |
| Change in net assets without donor restrictions | (52,940) | 135,634 |
| Net assets without donor restrictions, beginning of year | <u>954,107</u> | <u>818,473</u> |
| Net assets without donor restrictions, end of year | <u><u>\$ 901,167</u></u> | <u><u>\$ 954,107</u></u> |

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

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2024

| | Program Services | Supporting Services | |
|--------------------------------------|-------------------------|----------------------------|-------------------|
| | Services for | Management | |
| | Meetings | and General | Total |
| Salaries and wages | \$ - | \$ 253,191 | \$ 253,191 |
| Employee benefits | - | 72,316 | 72,316 |
| Retiree benefits | - | 7,061 | 7,061 |
| Administration provided by GCFA | - | 41,532 | 41,532 |
| Rent and occupancy | - | 6,258 | 6,258 |
| Meetings | 119,676 | 86,159 | 205,835 |
| Staff travel | 4,725 | 31,407 | 36,132 |
| Professional fees | 3,321 | 10,000 | 13,321 |
| Supplies | - | 2,586 | 2,586 |
| Telephone and web service | - | 2,840 | 2,840 |
| Postage, shipping, and freight | - | 277 | 277 |
| Repairs and maintenance | - | 5,996 | 5,996 |
| Depreciation | - | 352 | 352 |
| Promotion and marketing expense | - | 8,964 | 8,964 |
| Legal fees | - | 319 | 319 |
| Insurance | - | 12,059 | 12,059 |
| Service fees paid to GCFA | 3,812 | 1,500 | 5,312 |
| Promotional and information material | - | 1,756 | 1,756 |
| Other expense | - | 2,757 | 2,757 |
| Total Expenses | <u>\$ 131,534</u> | <u>\$ 547,330</u> | <u>\$ 678,864</u> |

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

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2023

| | Program Services | Supporting Services | |
|--------------------------------------|-------------------------|----------------------------|-------------------|
| | Services for | Management | |
| | Meetings | and General | Total |
| Salaries and wages | \$ - | \$ 245,503 | \$ 245,503 |
| Employee benefits | - | 64,744 | 64,744 |
| Retiree benefits | - | 3,781 | 3,781 |
| Administration provided by GCFA | - | 41,313 | 41,313 |
| Rent and occupancy | - | 4,963 | 4,963 |
| Meetings | 49,311 | 50 | 49,361 |
| Staff travel | 18,715 | 28,804 | 47,519 |
| Professional fees | 10,008 | 13,285 | 23,293 |
| Supplies | - | 552 | 552 |
| Telephone and web service | - | 3,904 | 3,904 |
| Postage, shipping, and freight | 700 | 208 | 908 |
| Repairs and maintenance | - | 4,528 | 4,528 |
| Depreciation | - | 2,052 | 2,052 |
| Promotion and marketing expense | - | 444 | 444 |
| Insurance | - | 9,306 | 9,306 |
| Service fees paid to GCFA | - | 9,307 | 9,307 |
| Promotional and information material | - | 1,698 | 1,698 |
| Other expense | 745 | 4,926 | 5,671 |
| Total Expenses | <u>\$ 79,479</u> | <u>\$ 439,368</u> | <u>\$ 518,847</u> |

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

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2024 AND 2023

| | 2024 | 2023 |
|---|------------------------|--------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (52,940) | \$ 135,634 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | | |
| Depreciation | 352 | 2,052 |
| Due from GCFA CBP | 157,644 | (126,936) |
| Other receivables | (121,876) | 19 |
| Prepaid expenses | 39,231 | (40,416) |
| Accounts payable | (3,267) | 2,301 |
| Accrued liabilities | (19,144) | 27,346 |
| Net cash flows from operating activities | <u>-</u> | <u>-</u> |
| Net change in cash and cash equivalents | - | - |
| Cash and cash equivalents, beginning of year | <u>-</u> | <u>-</u> |
| Cash and cash equivalents, end of year | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |
| Supplemental disclosure of noncash financing information: | | |
| Right-of-use assets obtained in exchange for new operating lease liabilities | <u><u>\$ 4,316</u></u> | <u><u>\$ -</u></u> |

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

CONNECTIONAL TABLE OF THE UNITED METHODIST CHURCH NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 1—Nature of the organization

As stated in *The Book of Discipline of The United Methodist Church*, “the purpose of Connectional Table (“CT”) is for the discernment and articulation of the vision for the church and the stewardship of the mission, ministries, and resources of The United Methodist Church (the “Church”) as determined by the actions of the General Conference and in consultation with the Council of Bishops. As part of the total mission of the Church, CT is to serve as a steward of the vision and resources for mission and ministry, provide fiscal responsibility, and establish policies and procedures to carry out the mission of the Church”.

Funding for CT’s operations is significantly provided by allocations received from the General Funds of the Church based on a four-year budget developed from projections of expected program costs and from specified grants to be administered by CT. For the years ended December 31, 2024 and 2023, these allocations accounted for 76% and 81%, respectively, of CT’s total revenue. CT’s continued existence is partially dependent upon the Church’s future support. The Church’s future support is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant). While contributions from congregations can vary from year to year, Connectional Table receives a priority allocation from World Service Fund, referred to as “fixed charges”, that result in annual allocations that do not fluctuate significantly from year to year and are primarily impacted by the four-year budgets developed at each General Conference.

Note 2—Summary of significant accounting policies

The financial statements have been prepared on the accrual basis of accounting. CT’s significant accounting policies are described below:

Basis of Presentation – To ensure the observance of limitations and restrictions placed on the use of resources, CT 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 CT. Separate accounts are maintained for each fund.

For reporting purposes, however, CT’s 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 CT and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CT. These net assets may be used at the discretion of CT’s management and the Board of Directors. CT 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 of Directors.

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 CT or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. CT had no net assets with donor restrictions at December 31, 2024 and 2023.

CONNECTIONAL TABLE OF THE UNITED METHODIST CHURCH NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

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.

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 restrictions. 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.

Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Allocation from World Service Fund – The World Service Fund (the “Fund”) is the basic benevolence fund of the Church. The Fund makes annual allocations to support the activities of the various organizations of the Church. Such amounts are recognized as revenue in the accompanying financial statements in the period for which the allocation is made. Certain World Service Funds are reported within net assets with donor restrictions, as the restrictions placed on them by General Conference are more specific than the broad limits of its mission as described in the Book of Discipline.

Services Received from Personnel of an Affiliate – Services received from personnel of the General Council on Finance and Administration (“GCFA”) for which GCFA does not charge CT have been measured at the cost recognized by GCFA in providing those services. The revenue and expense relating to those services received are presented in the related party Note 5 and totaled \$41,532 and \$41,313 for the years ended December 31, 2024 and 2023, respectively.

Use of Estimates – Management of CT has made estimates and assumptions relating to the reporting of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Due from GCFA Cash Balance Pool – The amounts presented as due from GCFA Cash Balance Pool (“CBP”) in the accompanying financial statements represent CT’s portion of the CBP portfolio managed by GCFA on behalf of certain agencies and related organizations of The United Methodist Church. The amount due from this pool effectively represents the amount of cash deposits that are available to CT 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 CT’s name, they are not classified as cash and cash equivalents but rather are considered an amount due from GCFA. The CBP includes funds invested in demand deposits, corporate bonds, taxable municipal bonds, mutual funds, and notes from other United Methodist related organizations.

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Distributions of the investment return on the CBP are characterized as interest income and are based on GCFA's policy in the following steps:

1. The net pool return for the month to be paid by GCFA to the beneficiary agencies is the 1-month U.S. Treasury Bill Rate prevailing as of the 3 PM close of the first business day of the month plus a spread between 35 to 50 basis points. GCFA can modify the spread at its discretion, in which case the CBP beneficiaries will be notified of the new spread prior to the end of the prior month. This spread can be either an addition or subtraction from the 1-month U.S. Treasury Bill Rate. In months when the return of the CBP is less than 50 basis points, the payout to the CBP beneficiaries will be set at 50 basis points. In months when the return of the CBP is more than 50 basis points, the payout to the CBP Beneficiaries shall not exceed the return of the CBP.
2. The net pool return will be earned on all monies deposited up to the individual agency limit of 1.5 times the average CBP balance for the previous two years. Above this limit, the agency will earn a net portfolio return of 1-month U.S. Treasury Bill Rate minus 15 basis points.

GCFA allocates interest earned to the agencies invested monthly. For the years ended December 31, 2024 and 2023, GCFA allocated \$41,350 and \$33,558 of interest income, respectively. The overall return for the CBP for the years ended December 31, 2024 and 2023 was 4.42% and 3.83%, respectively. The overall rate of return for each agency will fluctuate based on balances throughout the year and the prevailing U.S. Treasury Bill Rates over time.

While interest income can be earned based on the performance of the pooled investment funds, CT 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. GCFA is the owner of the residual risk of the investment portfolio. The operating cash requirements of the general agencies are centrally managed by GCFA.

The allocation of funds in the CBP as of December 31, 2024 and 2023 was as follows:

| | 2024 | 2023 |
|--------------------------------------|---------------|---------------|
| Texas Methodist Foundation loan fund | 15.3% | 14.4% |
| Mutual funds | 33.0% | 35.4% |
| Short-term collateralized loan fund | 0.4% | 0.2% |
| Fixed income | 4.4% | 5.5% |
| Corporate bonds | 43.6% | 42.2% |
| Cash | 3.3% | 2.3% |
| | <u>100.0%</u> | <u>100.0%</u> |

Other Receivables - Other Receivables consists of a reimbursement due to CT for a training event held in 2024 and a refund from a hotel for excess charges related to General Conference held in 2024. The total amount for both of these receivables was subsequently received by CT in 2025.

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

Note 2—Summary of significant accounting policies (continued)

Equipment – Equipment is recorded at cost, less accumulated depreciation. Depreciation is computed using the straight-line method with a modified half-year convention over estimated useful lives of three years for computer equipment and five years for furniture and office equipment. The modified half-year convention treats property placed in service or retired during the first half of the year as being made on the first day of the year. Thus, a full-year's depreciation under this method is allowed on property placed in service in the first six months, and no depreciation is allowed on property placed in service in the second six months. CT capitalizes assets with a cost greater than \$1,000.

Functional Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Direct identifiable expenses are charged to programs and supporting services.

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

CT 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 CT include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax.

Note 3—Liquidity and availability of resources

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

| | 2024 | 2023 |
|---|-------------------|-------------------|
| Financial assets at year-end: | | |
| Due from GCFA CBP | \$ 803,783 | \$ 961,427 |
| Other receivables | 121,876 | - |
| Total financial assets | <u>925,659</u> | <u>961,427</u> |
| Less amounts not available to be used for general expenditure within one year: | | |
| Board-designated funds | <u>469,817</u> | <u>506,928</u> |
| Financial assets available to meet general expenditure within one year | <u>\$ 455,842</u> | <u>\$ 454,499</u> |

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

Note 3—Liquidity and availability of resources (continued)

CT considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. As part of CT's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash in excess of daily requirements is invested in GCFA's CBP. This fund established by CT may be drawn upon, if necessary, to meet unexpected liquidity needs.

CT has certain board-designated assets limited to use, which are more fully described in Note 4 and are not available for general expenditure within one year in the normal course of operations. However, board-designated assets established by the Board of Directors may be drawn upon, if necessary, to meet unexpected liquidity needs.

Note 4—Board-designated net assets

Certain net assets without donor restrictions have been designated by the Board of Directors for the following purposes at December 31:

| | 2024 | 2023 |
|-----------------------------------|-------------------|-------------------|
| General Conference | \$ 88,322 | \$ 122,928 |
| Board Meeting | 107,495 | 110,000 |
| Operating reserves | 274,000 | 274,000 |
| Total board-designated net assets | <u>\$ 469,817</u> | <u>\$ 506,928</u> |

The operating reserve was established by CT to provide for liquid funds in the event of short-term cash flow needs for unanticipated events that would necessitate the use of reserves to continue the operations and mission of the organization.

Note 5—Related party transactions

CT receives World Service Fund allocations from the General Funds of the Church, which are administered by GCFA to support the activities of CT. In addition, GCFA provides various services to CT, such as general ledger processing and maintenance, cash management, and group insurance plan administration.

CT had the following transactions with GCFA:

| | 2024 | 2023 |
|---|-------------|-------------|
| Statements of Financial Position: | | |
| Due from GCFA CBP | \$ 803,783 | \$ 961,427 |
| Statements of Activities: | | |
| Revenue: | | |
| Allocation from World Service Fund | 475,920 | 526,896 |
| Services received from GCFA | 41,532 | 41,313 |
| Benefit Trust distribution | 67,122 | 52,714 |
| Interest income from GCFA CBP | 41,350 | 33,558 |
| Expenses: | | |
| Administration provided by GCFA | 41,532 | 41,313 |
| Rent paid to Harvard-Epworth UMC | 4,800 | - |
| Service fees paid to GCFA | 5,312 | 9,307 |
| Employee benefits - group insurance expense | 37,890 | 29,944 |

CONNECTIONAL TABLE OF THE UNITED METHODIST CHURCH NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

Note 6—Employee benefits

Retirement Benefits – CT sponsors the United Methodist Personal Investment Plan (“UMPIP”), a Section 403(b) defined contribution church plan. UMPIP allows each plan sponsor to elect the employer contribution formula. CT makes bi-weekly contributions to each eligible employee’s account held by Wespath Benefits and Investments (“Wespath”) based on 9% of annual employee compensation. Total contributions made by CT during 2024 and 2023 were \$27,652 and \$25,842, respectively.

Health, Life, and Other Employee Benefits – The General Agencies of The United Methodist Church Benefit Plan (the “Plan”), which qualifies for treatment as a multiemployer plan under ASC 715, *Compensation – Retirement Benefits*, provides medical, dental, life, and long- and short-term disability defined benefits to participants of the 11 general agencies, all Bishops covered by the Episcopal Fund, and employees of other United Methodist related organizations. Effective January 1, 2004, Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

CT provides health, dental, life, and other employee benefits for its active employees and health, dental, and life benefits to non-Medicare eligible retirees through the Plan. Retirees who are Medicare eligible, and who elect to enroll, are eligible for a Health Reimbursement Account up to \$2,250 annually and \$2,000 annually for their spouse, if applicable. Unused reimbursement funds continue to roll over to subsequent years until death of the retiree or their spouse, whichever is later.

All of CT’s active employees are covered by the Plan. The cost of the benefits is recognized as group insurance expense as premiums are paid. The total cost of benefits for active employees was \$30,829 and \$26,163 for the years ended December 31, 2024 and 2023, respectively. The retiree benefit expense was \$7,061 and \$3,781 for the years ended December 31, 2024 and 2023, respectively.

The Plan’s unfunded accumulated postretirement benefit obligation was approximately \$26,250,000 and \$26,626,000 and the Plan’s unfunded expected postretirement benefit obligation was approximately \$35,502,000 and \$36,004,000 as of December 31, 2024 and 2023, respectively.

Wespath 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, not to exceed 6% of the fair market value of Benefit Trust assets at year-end for which GCFA is the beneficiary to be available for distribution in the subsequent year in order to reimburse the participating agencies, through GCFA, for their funding of active and retiree employee benefits. In December of 2022, the Benefit Trust agreement was amended to increase the annual distribution rate to a percentage not to exceed 8% beginning with Benefit Trust distributions on or after January of 2023. Subsequent to year-end, in May of 2023, the agreement was amended to change the fair value measurement date from December 31st of the prior year to June 30th of the previous year starting on June 1, 2023. The fair value of the Benefit Trust’s assets (not plan assets) for which GCFA is the beneficiary was approximately \$154,822,000 and \$156,194,000 as of December 31, 2024 and 2023, respectively. The total amount available for reimbursement in 2024 and 2023 was \$11,947,000 and \$11,887,000, respectively, of which CT’s share, excluding retiree health benefits, was \$67,122 and \$52,714 received in 2024 and 2023, respectively.

**CONNECTIONAL TABLE OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

Note 7—Leases

CT leases office space from Harvard-Epworth United Methodist Church, a related party.

Right-of-use (“ROU”) assets and lease liabilities are recognized at the commencement date based on the present value of the future minimum lease payments over the lease term. Renewal and termination clauses that are factored into the determination of the lease term if it is reasonably certain that these options would be exercised by CT.

Lease assets are amortized over the lease term unless there is a transfer of title or purchase option reasonably certain of exercise, in which case the asset life is used. CT has elected to utilize the risk-free discount rate to calculate lease assets and liabilities.

The following is a schedule of future minimum lease payments:

Year Ending December 31:

| | |
|-----------------------------|-----------------|
| 2025 | \$ 3,200 |
| Less present value discount | (36) |
| | <u>\$ 3,164</u> |

2024

| | |
|--|----------|
| Cash paid for amounts included in the measurement of lease liabilities | |
| Operating cash flows from operating leases | \$ 1,200 |
| ROU assets obtained in exchange for new operating lease liabilities | \$ 4,316 |
| Weighted-average remaining lease term in years for operating leases | 0.67 |
| Weighted-average discount rate for operating leases | 3.88% |

Note 8—Subsequent events

Management has evaluated subsequent events through June 26, 2025, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.