

**GENERAL COMMISSION ON THE
STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

As of and for the Years Ended December 31, 2020 and 2019

And Report of Independent Auditor

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
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Report of Independent Auditor

To the Board of Directors
General Commission on the Status and Role of Women
The United Methodist Church
Chicago, IL

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

We have audited the accompanying financial statements of the General Commission on the Status and Role of Women of The United Methodist Church (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, the related statements of activities, functional expenses, 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 audit 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 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 General Commission on the Status and Role of Women of The United Methodist Church as of December 31, 2020 and 2019, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Cherry Bekaert LLP

Charlotte, North Carolina
June 21, 2021

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|-------------------|
| ASSETS | | |
| Due from General Council on Finance and Administration | | |
| short-term pooled investment fund | \$ 596,232 | \$ 421,771 |
| Investment in The United Methodist Church Foundation | 141,562 | 135,571 |
| Accrued World Service Fund allocation | 270,657 | 251,532 |
| Accounts receivable | 7,517 | 31,274 |
| Prepaid expenses and other assets | 10,088 | 18,886 |
| Property and equipment, net | 4,627 | 4,463 |
| Total Assets | <u>\$ 1,030,683</u> | <u>\$ 863,497</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Accounts payable and accrued liabilities | \$ 52,014 | \$ 46,457 |
| Deferred rent expense | - | 7,297 |
| Paycheck Protection Program deferred grant revenue | 141,770 | - |
| Total Liabilities | <u>193,784</u> | <u>53,754</u> |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Invested in property and equipment | 4,627 | 4,463 |
| Undesignated | 661,341 | 606,058 |
| Total Without Donor Restrictions | <u>665,968</u> | <u>610,521</u> |
| With Donor Restrictions: | | |
| Subject to purpose restrictions | 29,368 | 63,650 |
| Endowments | 141,563 | 135,572 |
| Total With Donor Restrictions | <u>170,931</u> | <u>199,222</u> |
| Total Net Assets | <u>836,899</u> | <u>809,743</u> |
| Total Liabilities and Net Assets | <u>\$ 1,030,683</u> | <u>\$ 863,497</u> |

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

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2020 AND 2019

| | 2020 | | | 2019 | | |
|--|-------------------------------|----------------------------|-------------------|-------------------------------|----------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total |
| Revenues and Support: | | | | | | |
| Allocation from World Service Fund | \$ 763,379 | \$ - | \$ 763,379 | \$ 832,011 | \$ - | \$ 832,011 |
| Contributions | - | 415 | 415 | - | 100 | 100 |
| Distributions from Benefit Trust | 116,607 | - | 116,607 | 84,603 | - | 84,603 |
| Services received from General Council on Finance and Administration | 28,201 | - | 28,201 | 24,852 | - | 24,852 |
| Interest income from General Council on Finance and Administration short-term pooled investment fund | 21,411 | - | 21,411 | 20,844 | - | 20,844 |
| Investment return, net | - | 9,822 | 9,822 | - | 20,240 | 20,240 |
| Other income | 6,334 | - | 6,334 | 820 | - | 820 |
| Net assets released from restrictions | 38,528 | (38,528) | - | 48,000 | (48,000) | - |
| Total Revenues and Support | 974,460 | (28,291) | 946,169 | 1,011,130 | (27,660) | 983,470 |
| Expenses: | | | | | | |
| Program Services: | | | | | | |
| Monitoring, research, and review | 42,459 | - | 42,459 | 84,154 | - | 84,154 |
| Connectional ministries | 359,023 | - | 359,023 | 402,704 | - | 402,704 |
| Gender justice and education | 233,878 | - | 233,878 | 235,285 | - | 235,285 |
| Sexual ethics | 180,112 | - | 180,112 | 228,718 | - | 228,718 |
| Supporting Services: | | | | | | |
| Management and general | 103,541 | - | 103,541 | 89,675 | - | 89,675 |
| Total Expenses | 919,013 | - | 919,013 | 1,040,536 | - | 1,040,536 |
| Change in net assets | 55,447 | (28,291) | 27,156 | (29,406) | (27,660) | (57,066) |
| Net assets, beginning of year | 610,521 | 199,222 | 809,743 | 639,927 | 226,882 | 866,809 |
| Net assets, end of year | <u>\$ 665,968</u> | <u>\$ 170,931</u> | <u>\$ 836,899</u> | <u>\$ 610,521</u> | <u>\$ 199,222</u> | <u>\$ 809,743</u> |

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

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2020

| | Program Services | | | | Supporting Services | 2020 Total |
|---|----------------------------------|-------------------------|------------------------------|-------------------|------------------------|-------------------|
| | Monitoring, Research, and Review | Connectional Ministries | Gender Justice and Education | Sexual Ethics | Management and General | |
| Contributions and grants to others | \$ 4,380 | \$ 744 | \$ 31,537 | \$ - | \$ - | \$ 36,661 |
| Salaries and wages | 20,342 | 203,418 | 116,966 | 106,795 | 61,025 | 508,546 |
| Employee benefits | 7,850 | 78,503 | 45,140 | 41,214 | 23,551 | 196,258 |
| Administration provided by General Council on Finance and Administration | 1,128 | 11,280 | 6,486 | 5,922 | 3,385 | 28,201 |
| Rent and occupancy | 2,475 | 24,745 | 14,229 | 12,991 | 7,423 | 61,863 |
| Travel and meetings | 1,712 | 12,044 | 5,303 | 480 | 949 | 20,488 |
| Professional fees | 2,052 | 1,021 | 549 | 273 | 157 | 4,052 |
| Information services | 537 | 8,339 | 3,088 | 2,819 | 1,611 | 16,394 |
| Supplies | 36 | 355 | 204 | 187 | 106 | 888 |
| Telephone and web service | 391 | 3,910 | 2,248 | 2,052 | 1,173 | 9,774 |
| Postage, shipping, and freight | 190 | 354 | 144 | 204 | 60 | 952 |
| Printing | 1 | 7 | 4 | 4 | 2 | 18 |
| Repairs and maintenance | 632 | 6,321 | 3,636 | 3,320 | 1,896 | 15,805 |
| Insurance | 268 | 2,684 | 1,543 | 1,409 | 805 | 6,709 |
| Depreciation | 122 | 1,220 | 701 | 640 | 367 | 3,050 |
| Promotional and information material | 21 | 450 | 121 | 110 | 63 | 765 |
| Other expense | 322 | 3,628 | 1,979 | 1,692 | 968 | 8,589 |
| | <u>\$ 42,459</u> | <u>\$ 359,023</u> | <u>\$ 233,878</u> | <u>\$ 180,112</u> | <u>\$ 103,541</u> | <u>\$ 919,013</u> |

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

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2019

| | Program Services | | | | Supporting Services | 2019 Total |
|--|----------------------------------|-------------------------|------------------------------|-------------------|------------------------|---------------------|
| | Monitoring, Research, and Review | Connectional Ministries | Gender Justice and Education | Sexual Ethics | Management and General | |
| Contributions and grants to others | \$ 1,145 | \$ 697 | \$ 25,671 | \$ 22,016 | \$ - | \$ 49,529 |
| Salaries and wages | 40,691 | 203,453 | 101,726 | 111,899 | 50,863 | 508,632 |
| Employee benefits | 15,131 | 75,657 | 37,828 | 41,611 | 18,915 | 189,142 |
| Administration provided by General Council | | | | | | |
| on Finance and Administration | 1,988 | 9,941 | 4,970 | 5,467 | 2,486 | 24,852 |
| Rent and occupancy | 4,949 | 24,746 | 12,373 | 13,610 | 6,187 | 61,865 |
| Travel and meetings | 13,054 | 52,402 | 32,603 | 15,261 | 5,379 | 118,699 |
| Professional fees | 3,943 | 14,678 | 5,509 | 4,014 | 1,779 | 29,923 |
| Supplies | 61 | 307 | 154 | 169 | 77 | 768 |
| Telephone and web service | 718 | 3,592 | 1,796 | 1,976 | 899 | 8,981 |
| Postage, shipping, and freight | 48 | 295 | 2,361 | 1,761 | 60 | 4,525 |
| Printing | 85 | 1,735 | 2,571 | 4,328 | 105 | 8,824 |
| Repairs and maintenance | 908 | 4,537 | 2,269 | 2,496 | 1,135 | 11,345 |
| Insurance | 570 | 2,849 | 1,425 | 1,567 | 712 | 7,123 |
| Depreciation | 198 | 992 | 496 | 546 | 248 | 2,480 |
| Promotional and information material | 51 | 2,921 | 1,998 | 309 | 63 | 5,342 |
| Other expense | 614 | 3,902 | 1,535 | 1,688 | 767 | 8,506 |
| | <u>\$ 84,154</u> | <u>\$ 402,704</u> | <u>\$ 235,285</u> | <u>\$ 228,718</u> | <u>\$ 89,675</u> | <u>\$ 1,040,536</u> |

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

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2020 AND 2019

| | <u>2020</u> | <u>2019</u> |
|---|----------------|----------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 27,156 | \$ (57,066) |
| Adjustments to reconcile change in net assets to net cash from operating activities: | | |
| Depreciation | 3,050 | 2,480 |
| Net realized and unrealized gains on investments | (6,898) | (17,708) |
| Gifts restricted for long-term investments | (415) | (100) |
| Changes in operating assets and liabilities: | | |
| Due from General Council on Finance and Administration short-term pooled investment fund | (174,461) | 44,635 |
| Accrued World Service Fund allocation | (19,125) | 7,725 |
| Accounts receivable | 23,757 | 20,135 |
| Prepaid expenses and other assets | 8,798 | 2,026 |
| Accounts payable and accrued liabilities | 5,557 | 6,856 |
| Deferred rent expense | (7,297) | (4,635) |
| Paycheck Protection Program deferred grant revenue | 141,770 | - |
| Net cash flows from operating activities | <u>1,892</u> | <u>4,348</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (3,214) | (1,819) |
| Net sale (purchase) of investment at United Methodist Church Foundation | 907 | (2,629) |
| Net cash flows from investing activities | <u>(2,307)</u> | <u>(4,448)</u> |
| Cash flows from financing activities: | | |
| Proceeds from gifts restricted for long-term investment | 415 | 100 |
| Net cash flows from financing activities | <u>415</u> | <u>100</u> |
| Net change in cash and cash equivalents | - | - |
| Cash and equivalents, beginning of year | - | - |
| Cash and equivalents, end of year | <u>\$ -</u> | <u>\$ -</u> |

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

GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 1—Nature of the organization

As stated in *The Book of Discipline of The United Methodist Church*, “the primary purpose of the General Commission on The Status and Role of Women (the “Commission”) shall be to challenge The United Methodist Church (the “Church”), including its general agencies, institutions, and connectional structures, to a continuing commitment to the full and equal responsibility and participation of women in the total life and mission of the Church, sharing fully in the power and in the policy-making at all levels of the Church’s life”.

Funding for the Commission’s operations is principally provided by allocations received from the General Funds of the Church based on a four-year budget developed from projections of expected program costs. The allocation accounts for 80% and 85% of the Commission’s total revenue in 2020 and 2019, respectively. The Commission’s continued existence is dependent upon the Church’s future financial support. The Church’s financial support of the Commission is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant).

Note 2—Summary of significant accounting policies

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

Basis of Presentation – The Commission maintains its accounts internally 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 Commission. Separate accounts are maintained for each fund.

For reporting purposes, however, the Commission’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 the Commission 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 the Commission. These net assets may be used at the discretion of the Commission’s management and the Board of Directors. The Commission 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:

Invested in Property and Equipment – Represents net assets invested in property and equipment, net of accumulated depreciation.

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. The Commission had no board-designated net assets as of December 31, 2020 and 2019.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets invested in property and equipment and 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 Commission or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

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 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.

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.

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.

Program Services – The Commission completes a programmatic evaluation each quadrennium. The Commission's Board of Directors determine the direction for programming based on assignments by General Conference, constituent surveys, and assessed needs. These "prioritized" programs change over time and each quadrennium, the Commission's Board of Directors determine what those changes are.

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.

The Accrued World Service Fund Allocation represents the apportionment income recorded as income for December that will be credited to the Commission's portion of the GCFA short-term pooled investment fund the following month.

Services Received from Personnel of an Affiliate – Services received from personnel of an affiliate for which the affiliate does not charge the Commission 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 Note 7 and totaled \$28,201 and \$24,852 for the years ended December 31, 2020 and 2019, respectively.

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

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 Commission’s portion of the short-term investment portfolio managed by the General Council on Finance and Administration (“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 Commission 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 Commission’s 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, 2020 and 2019, GCFA allocated \$21,411 and \$20,844 of interest income, respectively, to the Commission.

While interest income can be earned based on the performance of the pooled investment funds, the Commission 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.

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, 2020 and 2019 was 3.63% and 4.17%, 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, 2020 and 2019 were as follows:

| | <u>2020</u> | <u>2019</u> |
|--------------------------------------|---------------|---------------|
| Texas Methodist Foundation loan fund | 28.3% | 18.4% |
| Mutual funds | 13.2% | 2.4% |
| Short-term collateralized loan fund | 3.5% | 0.4% |
| Fixed income | 9.8% | 15.1% |
| Corporate bonds | 34.0% | 46.1% |
| Cash | 11.2% | 17.6% |
| | <u>100.0%</u> | <u>100.0%</u> |

Functional Expenses – The costs of providing program and other activities have been summarized on a functional basis in the statements of activities. Accordingly, all costs have been allocated among program services and supporting services benefited. Such allocations are determined by management based on time and effort.

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

Investment in The United Methodist Church Foundation – The Commission is a participant investor, placing its investment funds with The United Methodist Church Foundation (the “UMC Foundation”) for their management. The UMC 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 will be determined on each valuation date. The valuation date is the last business day of each calendar month.

Property and Equipment – Property and equipment, which consists of office equipment and furniture, are reported at cost at date of acquisition, or fair value at date of donation in the case of gifts. The Commission capitalizes and depreciates property and equipment of \$1,000 or more. Depreciation is provided over the estimated useful lives (three to five years) of the respective assets, using the straight-line method with a modified half-year convention. 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.

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

Income Taxes – The Commission 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 “Code”). The Commission 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 Commission 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 Commission include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax.

Future Pronouncements – In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classifications affecting the pattern of expense recognition in the statements of activities. The new standard is effective for fiscal years beginning after December 15, 2021. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. Management is currently evaluating the impact the pending adoption will have on the Commission’s financial statements.

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH**
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

Note 2—Summary of significant accounting policies (continued)

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires presentation of contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. It also requires a disclosure of disaggregated contributions of nonfinancial assets by category that depicts the type of contributed nonfinancial assets. This distinction will increase transparency of contributions recognized. This standard will be effective for fiscal years beginning after June 15, 2021. Management is currently evaluating the impact the pending adoption will have on the Commission’s financial statements.

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31, 2020 and 2019:

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Financial assets at year-end: | | |
| Due from GCFA short-term pooled investment fund | \$ 596,232 | \$ 421,771 |
| Investments in United Methodist Church Foundation | 141,562 | 135,571 |
| Accrued World Service Fund allocation | 270,657 | 251,532 |
| Accounts receivable | 7,517 | 31,274 |
| Total financial assets | <u>1,015,968</u> | <u>840,148</u> |
| Less amounts not available to be used for general expenditures within one year: | | |
| Subject to donor purpose restrictions | 29,368 | 63,650 |
| Funds to be held in perpetuity and accululated earnings | 141,563 | 135,572 |
| Financial assets not available to be used within one year | <u>170,931</u> | <u>199,222</u> |
| Financial assets available to meet general expenditures within one year | <u>\$ 845,037</u> | <u>\$ 640,926</u> |

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

The Commission has certain donor-restricted assets limited to use, which are more fully described in Note 10, and are not available for general expenditure within one year in the normal course of operations.

Note 4—Equipment

As of December 31, 2020 and 2019, the Commission’s equipment had a cost of \$42,974 and \$39,760 and accumulated depreciation of \$38,347 and \$35,297, respectively. Depreciation expense for the years ended December 31, 2020 and 2019 was \$3,050 and \$2,480, respectively.

**GENERAL COMMISSION ON THE STATUS AND ROLE OF WOMEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2020 AND 2019

Note 5—Investments

The Commission's investments at December 31, 2020 and 2019 consist of the following:

| | 2020 | | 2019 | |
|--------------------|------------|------------|------------|------------|
| | Fair Value | Cost | Fair Value | Cost |
| The UMC Foundation | \$ 141,562 | \$ 121,235 | \$ 135,571 | \$ 121,803 |

Investment return consists of the following for the years ended December 31, 2020 and 2019:

| | 2020 | 2019 |
|---------------------------------|----------|-----------|
| Interest income | \$ 2,924 | \$ 2,532 |
| Realized gains on investments | 339 | 72 |
| Unrealized gains on investments | 6,559 | 17,636 |
| Investment return, net | \$ 9,822 | \$ 20,240 |

Note 6—Fair value of investments

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on the Commission's assessment of available market information and appropriate valuation methodologies.

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, 2020:

| | Fair Value | Unfunded Commitments | Redemption Frequency | Redemption Notice Period |
|----------------------|------------|----------------------|----------------------|--------------------------|
| The UMC Foundation * | \$ 141,562 | none | daily | 3 days |

* The UMC Foundation investment is within the 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 designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation.

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Note 7—Related party transactions

The Commission receives World Service allocations from the General Funds of The United Methodist Church, which are administered by GCFA to support the activities of the agency. In addition, GCFA performs limited managerial, financial, and clerical duties for the Commission.

The Commission had the following transactions with or through GCFA:

| | <u>2020</u> | <u>2019</u> |
|--|-------------|-------------|
| Statements of Financial Position: | | |
| Due from GCFA short-term pooled investment fund | \$ 596,232 | \$ 421,771 |
| Investment in The United Methodist Church Foundation | 141,562 | 135,571 |
| Accrued World Service Fund allocation | 270,657 | 251,532 |
| Accounts receivable - United Methodist Communications | 7,517 | 31,274 |
| Statements of Activities: | | |
| Revenue: | | |
| Allocation from World Service Fund | 763,379 | 832,011 |
| Distribution from Benefit Trust | 116,607 | 84,603 |
| Services received from GCFA | 28,201 | 24,852 |
| Interest income from GCFA short-term pooled investment fund | 21,411 | 20,844 |
| Investment return (UMC Foundation) | 9,822 | 20,240 |
| Expenses: | | |
| Administration provided by GCFA | 28,201 | 24,852 |
| Communication services provided to United Methodist Communications | (106,548) | (103,911) |
| Employee benefits - group insurance expense | 94,408 | 89,007 |

Note 8—Employee benefits

Retirement Benefits – Full-time laypersons and clergy employed by the Commission participate in the Retirement Plan for General Agencies. This defined contribution plan is administered by the Wespath Benefits and Investments (“Wespath”).

The Commission makes semi-monthly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, the Commission matches up to 2% of each employee’s annual compensation to their United Methodist Personal Investment Plan. Total contributions made by the Commission for both components during 2020 and 2019 were \$64,109 and \$62,032, 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 Accounting Standards Codification (“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.

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Note 8—Employee benefits (continued)

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

All of the Commission's active employees are covered by the Plan. The cost of benefits is recognized as an expense as premiums are paid. The total cost of benefits for active employees was \$87,188 and \$81,846 in 2020 and 2019, respectively, and the total cost of benefits for retired employees was \$7,220 and \$7,161 in 2020 and 2019, respectively, exclusive of reimbursement from the General Agency Benefit Trust (the "Benefit Trust").

The Plan's unfunded accumulated postretirement benefit obligation was approximately \$71,430,000 and \$76,725,000 and the Plan's unfunded expected postretirement benefit obligation was approximately \$100,140,000 and \$106,750,000 as of December 31, 2020 and 2019, 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% for 2020 and 2019, 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. The fair value of the Benefit Trust's assets (not plan assets) for which GCFA is the beneficiary, was approximately \$186,112,000 and \$167,449,000 as of December 31, 2020 and 2019, respectively. The total amount available for reimbursement in 2020 and 2019 is \$10,046,935 and \$8,797,702, respectively, of which the Commission's share, including retiree health benefits, is \$116,607 and \$84,603 for 2020 and 2019, respectively.

Note 9—Leases

The Commission entered into an operating lease for facilities that expired in December 2020. Rent expense for the operating lease totaled \$61,865 for the years ended December 31, 2020 and 2019. The Commission entered into a new lease for a facility that will expire in December 2021. Future minimum lease payments under the lease are \$23,350 for 2021.

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Note 10—Net assets with donor restrictions

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

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Subject to purpose restriction: | | |
| Empowering Women | \$ 21,103 | \$ 21,103 |
| Inclusion for Women | 4,481 | 21,076 |
| Research and monitoring | 3,784 | 6,529 |
| Women's Summit | - | 14,942 |
| Total subject to purpose restrictions | <u>29,368</u> | <u>63,650</u> |
| Endowments: | | |
| Accumulated earnings on the Commission endowment fund | 47,399 | 41,823 |
| Commission endowment fund held in perpetuity | 94,164 | 93,749 |
| Total endowments | <u>141,563</u> | <u>135,572</u> |
| Total net assets with donor restrictions | <u>\$ 170,931</u> | <u>\$ 199,222</u> |

Net assets with donor restrictions for the years ended December 31, 2020 and 2019 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

| | <u>2020</u> | <u>2019</u> |
|-------------------------------------|------------------|------------------|
| Satisfaction of purpose restriction | <u>\$ 38,528</u> | <u>\$ 48,000</u> |

Note 11—Endowment

The Commission has certain external donor-designated endowments for women's advocacy programs.

The Board of Directors of the Commission has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Commission classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Commission in a manner consistent with the standard of prudence prescribed by UPMIFA.

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Note 11—Endowment (continued)

In accordance with applicable state laws, the Commission considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Commission
- The investment policies of the Commission

The Commission had the following endowment net asset composition by type of fund at:

| | 2020 | | |
|--|---------------------------------------|------------------------------------|-------------------|
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | \$ - | \$ 94,164 | \$ 94,164 |
| Accumulated investment gains | - | 47,399 | 47,399 |
| Endowment net assets, December 31, 2020 | <u>\$ -</u> | <u>\$ 141,563</u> | <u>\$ 141,563</u> |
| | | | |
| | 2019 | | |
| | Without Donor Restrictions | With Donor Restrictions | Total |
| Donor-restricted endowment funds | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor | \$ - | \$ 93,749 | \$ 93,749 |
| Accumulated investment gains | - | 41,823 | 41,823 |
| Endowment net assets, December 31, 2019 | <u>\$ -</u> | <u>\$ 135,572</u> | <u>\$ 135,572</u> |

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Commission has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, the Commission had no underwater endowments.

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Note 11—Endowment (continued)

Changes in endowment net assets for the years ended December 31, 2020 and 2019 are as follows:

| | <u>Without Donor Restrictions</u> | <u>With Donor Restrictions</u> | <u>Total</u> |
|--|---------------------------------------|------------------------------------|-------------------|
| Endowment net assets, December 31, 2018 | \$ - | \$ 115,232 | \$ 115,232 |
| Investment return, net | - | 20,240 | 20,240 |
| Contributions | - | 100 | 100 |
| Endowment net assets, December 31, 2019 | - | 135,572 | 135,572 |
| Investment return, net | - | 9,822 | 9,822 |
| Contributions | - | 415 | 415 |
| Appropriation of endowment assets for expenditure and reclassifications | - | (4,246) | (4,246) |
| Endowment net assets, December 31, 2020 | <u>\$ -</u> | <u>\$ 141,563</u> | <u>\$ 141,563</u> |

Investment and Spending Policies – The Commission may choose to make distributions of the income to any proper recipient. Distributions from the endowment will follow the distribution policy of the Church which is based on a policy of total long-term return of 6.5%. The following percentages may be used to guide the Commission’s distribution policy: 3.5% for Ministry distributions; 2.0% for inflation; and 1.0% for fees and expenses. To smooth the allowable annual distributions based on valuation of the underlying assets, the Commission uses a five-year moving average of quarterly portfolio values. The moving average is determined for the five-year period immediately preceding the fiscal year in which the funds are to be spent.

Return Objectives and Risk Parameters – The Commission 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 Commission must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide for the preservation of capital and income for support of programs while assuming a moderate level of investment risk. The Commission expects its endowment funds over time, to produce current income with the total return strategy. Actual returns may vary.

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

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Note 12—Contingencies

During 2020, an outbreak of a novel strain on coronavirus (“COVID-19”) emerged globally. As a result of the spread of COVID-19, economic uncertainties have arisen that could negatively impact the Commission's revenue and operations for an indeterminable time period. Other financial impacts could occur that are unknown at this time.

The Protocol of Reconciliation and Grace Through Separation was introduced as legislation in early 2020 for the upcoming General Conference. This joins other legislative proposals that if adopted by the General Conference would provide an alternative way for churches to separate from the United Methodist Church. These proposals include a provision for new denominations to receive financial payments from the United Methodist Church and retain their real estate. The scheduled General Conference has been delayed until 2022, and the financial impact resulting from these potential separations on the General Commission on the Status and Role of Women is unknown at this time.

Note 13—Paycheck protection program

The Commission received a Paycheck Protection Program loan (“PPP”) in the amount of \$141,770 in April 2020. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities – Revenue Recognition*. The loan must be repaid if the Commission does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. While the Commission believes it will receive full forgiveness of this loan, the Commission does not believe it has substantially met all barriers for full loan forgiveness until forgiveness is formally approved which happened subsequent to the year end in June 2021 and, therefore, has recorded the receipt of the funds of \$141,770 as deferred revenue in the statement of financial position as of December 31, 2020.

Note 14—Subsequent events

Management has evaluated subsequent events through June 21, 2021 the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.