

**GENERAL COMMISSION ON
UNITED METHODIST MEN OF THE
UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

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

And Report of Independent Auditor

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THE UNITED METHODIST CHURCH
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Report of Independent Auditor

The Board of Trustees
General Commission on United Methodist Men of
The United Methodist Church
Nashville, Tennessee

To 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 General Commission on United Methodist Men of the United Methodist Church, which comprise the statements of financial position as of December 31, 2017 and 2016, the related statements of activities and cash flows for the years ended December 31, 2017 and 2016, the related statement of functional expenses for the year ended December 31, 2017, 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 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 United Methodist Men of the United Methodist Church as of December 31, 2017 and 2016, 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.

Changes in Financial Statement Presentation

As discussed in Note 2, the General Commission on United Methodist Men 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 statement of functional expenses and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

Cherry Bekaert LLP

Charlotte, North Carolina
May 15, 2018

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
Due from General Council on Finance and Administration short-term pooled investment fund	\$ 412,473	\$ 511,706
Accrued World Service Fund allocation	95,813	88,975
Accounts receivable	49,184	36,941
Prepaid expenses	5,663	7,183
Property and equipment, net	930,932	934,746
Total Assets	<u>\$ 1,494,065</u>	<u>\$ 1,579,551</u>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ -	\$ 13,270
Accrued liabilities	43,220	32,210
Total Liabilities	<u>43,220</u>	<u>45,480</u>
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	930,932	934,746
Undesignated	519,913	575,067
Total without Donor Restrictions	1,450,845	1,509,813
With Donor Restrictions:		
Subject to purpose restrictions	-	24,258
Total Net Assets	<u>1,450,845</u>	<u>1,534,071</u>
Total Liabilities and Net Assets	<u>\$ 1,494,065</u>	<u>\$ 1,579,551</u>

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2017 AND 2016

	2017			2016		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
World Service Fund allocation	\$ 337,885	\$ -	\$ 337,885	\$ 332,874	\$ -	\$ 332,874
Charters	312,713	-	312,713	289,965	-	289,965
Office of Civic Youth-Serving Agencies	25,862	114,500	140,362	39,895	114,500	154,395
Every Man Shares / Legacy Fund	155,249	-	155,249	160,472	-	160,472
Conference Presidents Fund	48,742	-	48,742	41,372	-	41,372
National Gathering	69,405	-	69,405	-	-	-
Distribution from Benefit Trust	61,744	-	61,744	88,229	-	88,229
Service to God and Country	57,474	-	57,474	56,575	-	56,575
Services received from GCFA	23,704	-	23,704	32,256	-	32,256
Interest income	18,967	-	18,967	20,116	-	20,116
Scout Jam Program	-	4,943	4,943	-	27,640	27,640
Mind, Exercise, Nutrition, Do-it	-	20,000	20,000	-	-	-
Other	86,062	-	86,062	47,685	-	47,685
Net assets released from restrictions	163,701	(163,701)	-	122,882	(122,882)	-
Total Revenues	1,361,508	(24,258)	1,337,250	1,232,321	19,258	1,251,579
Expenses:						
Program services	1,106,656	-	1,106,656	925,335	-	925,335
Management and general	313,820	-	313,820	325,017	-	325,017
Total Expenses	1,420,476	-	1,420,476	1,250,352	-	1,250,352
Change in net assets	(58,968)	(24,258)	(83,226)	(18,031)	19,258	1,227
Net assets, beginning of year	1,509,813	24,258	1,534,071	1,527,844	5,000	1,532,844
Net assets, end of year	\$ 1,450,845	\$ -	\$ 1,450,845	\$ 1,509,813	\$ 24,258	\$ 1,534,071

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

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2017

	Program Services	Management and General	Total
Contributions and grants to other organizations	\$ 284,056	\$ 3,000	\$ 287,056
Salaries and fringe benefits	472,562	101,659	574,221
Employee benefits	134,450	29,555	164,005
Retiree benefits	-	13,590	13,590
Administration provided by GCFA	-	23,704	23,704
Postage	31,198	-	31,198
Meetings	48,692	29,595	78,287
Travel	62,319	26,800	89,119
Professional fees	36,000	-	36,000
Telephone	9,979	288	10,267
Office supplies	1,571	6,040	7,611
Utilities	4,000	13,168	17,168
Equipment, repairs, and maintenance	250	12,743	12,993
Building repairs and maintenance	-	3,936	3,936
Insurance	623	11,712	12,335
Depreciation	10,000	33,867	43,867
Promotional and information material	3,536	-	3,536
Other	7,420	4,163	11,583
Total Expenses	<u>\$ 1,106,656</u>	<u>\$ 313,820</u>	<u>\$ 1,420,476</u>

**GENERAL COMMISSION ON UNITED METHODIST MEN 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	\$ (83,226)	\$ 1,227
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	43,867	42,215
Change in operating assets and liabilities:		
Due from General Council on Finance and Administration short-term pooled investment fund	99,233	20,000
Accrued World Service Fund allocation	(6,838)	12,026
Accounts receivable	(12,243)	(36,941)
Prepaid expenses	1,520	(3,341)
Accounts payable	(13,270)	(11,194)
Accrued liabilities	11,010	4,637
Net cash flows from operating activities	<u>40,053</u>	<u>28,629</u>
Cash flows from investing activities:		
Purchases of property and equipment	<u>(40,053)</u>	<u>(28,629)</u>
Net change in cash and cash equivalents	-	-
Cash, beginning of year	-	-
Cash, end of year	<u>\$ -</u>	<u>\$ -</u>

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

GENERAL COMMISSION ON UNITED METHODIST MEN OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 1—Nature of organization

The General Commission on United Methodist Men of the United Methodist Church (the “UMMen”) was created to advise, encourage, and aid the United Methodist men fellowships throughout the denomination. Through an action of the 1996 General Conference, UMMen was established as an independent agency of the United Methodist Church effective January 1, 1997. Prior to that action, UMMen operated as a division of the General Board of Discipleship of the United Methodist Church (“GBOD”).

Funding for the UMMen’s operations is significantly provided by allocations received from The General Funds of the United Methodist Church (the “Church”) based on a four-year budget developed from projections of expected program costs. The allocation accounts for 25% and 27% of the UMMen’s total revenue in 2017 and 2016, respectively. The UMMen’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).

In consultation with the General Council on Finance and Administration of the United Methodist Church (“GCFA”), UMMen formed in November 2012, Strength for Service, Inc. (“SFS”), a separate non-profit organization registered in the state of Tennessee for the purpose of raising and providing funds for the publishing of Service to God and Country and other potential future devotional materials as part of UMMen’s mission. Although UMMen has an economic interest in SFS, it does not have control as determined under Accounting Standards Codification (“ASC”) Topic 958-810-25 and, therefore, SFS is not consolidated in these financial statements. Effective for the year beginning January 1, 2015, all SFS operations have been transferred to the separate entity. As part of the continued partnership, UMMen receives \$1 from SFS for every book copy sold, which totaled \$57,474 and \$56,575 for the years ended December 31, 2017 and 2016, respectively.

Note 2—Summary of significant accounting policies

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

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

For reporting purposes, however, UMMen’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 UMMen 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 UMMen. These net assets may be used at the discretion of UMMen’s management and the board of directors. UMMen has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The subclassifications are as follows:

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

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 2—Summary of significant accounting policies (continued)

Board-Designated – Represents resources set aside by the board of directors to be used for specific activities within guidelines established by the board. As of December 31, 2017 and 2016 UMMen did not have any board designated net assets.

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 UMMen or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

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.

Services Received from Personnel of an Affiliate – Services received from personnel of an affiliate (GCFA) for which the affiliate does not charge the UMMen 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 5 and totaled \$23,704 and \$32,256 for the years ended December 31, 2017 and 2016, respectively.

Use of Estimates – Management of UMMen has made a number of estimates and assumptions relating to the reporting of assets and liabilities, and the 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, to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

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 UMMen's 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 UMMen 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 UMMen'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, 2017 and 2016, GCFA allocated \$18,967 and \$20,116 of interest income, respectively, to UMMen. While interest income can be earned based on the performance of the pooled investment funds, UMMen 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.

**GENERAL COMMISSION ON UNITED METHODIST MEN 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>

Contributions – Contributions, including unconditional promises to give cash and other assets to UMMen, are recognized as revenue in the period the unconditional promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contribution revenue includes revenue related to World Service Fund allocations, Charters, Every Man Shares / Legacy Fund, the Conference President's Fund, and the Scout Jam Program on the accompanying statements of activities.

Unconditional promises to give in future years are recorded at the present value using risk-adjusted rates applicable to the years in which the pledges are to be received. There were no unconditional promises to give relating to future years as of December 31, 2017 and 2016. Contributions made by UMMen are recognized as expenses in the period made.

Property and Equipment – Property and equipment are 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, five years for furniture and office equipment, and twenty years for buildings and improvements. 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. UMMen capitalizes assets with a cost greater than \$1,000.

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

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Salaries and benefits	Time and effort
Occupancy	Square Footage
Professional services	Full Time Equivalent

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 2—Summary of significant accounting policies (continued)

Income Taxes – UMMen 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”). UMMen 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.

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

New Accounting Pronouncement – On August 18, 2016, Financial Accounting Standards Board (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. UMMen has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the statement of functional expense and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14.

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:

Due from GCFA short-term pooled investment fund	\$ 412,473
Accrued World Service Fund allocation	95,813
Accounts receivable	49,184
Financial assets available to meet general expenditures within one year	<u>\$ 557,470</u>

As part of UMMen’s liquidity management plan, cash in excess of daily requirements are invested in GCFA’s short-term pooled investment fund. Management of UMMen believes that the financial assets available within one year of the statement of financial position are sufficient to meet cash needs to fund general expenditures as they become due in the normal course of business.

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 4—Property and equipment

Property and equipment at December 31 consists of the following:

	2017	2016
Land	\$ 520,800	\$ 520,800
Building and improvements	690,842	650,792
Equipment and furniture	115,919	115,916
	<u>1,327,561</u>	<u>1,287,508</u>
Less accumulated depreciation	<u>(396,629)</u>	<u>(352,762)</u>
Total property and equipment, net	<u>\$ 930,932</u>	<u>\$ 934,746</u>

Depreciation expense totaled \$43,867 and \$42,215 in 2017 and 2016, respectively.

Note 5—Related party transactions

UMMen receives World Service Fund 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 provides various services to UMMen, such as general ledger processing and maintenance, cash management, and group insurance plan administration.

UMMen had the following transactions with or through GCFA, the United Methodist Men's Foundation, and SFS:

	2017	2016
Statement of Financial Position:		
Due from GCFA short-term pooled investment fund	\$ 412,473	\$ 511,706
Accrued World Service Fund allocation	95,813	88,975
Accounts receivable	49,184	36,941
Statement of Activities - Revenues:		
World Service Fund allocation	337,885	332,874
United Methodist Men Foundation grant	114,500	114,500
Distribution from Benefit Trust	61,744	88,229
Service to God and Country	57,474	56,575
Services received from GCFA	23,704	32,256
Interest income	18,967	20,116
Statement of Activities - Expenses:		
Group insurance expense	81,609	75,019
Administration provided by GCFA	23,704	32,256
United Methodist Men Foundation contribution	26,535	28,422

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH**
NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2017 AND 2016

Note 6—Employee benefits

Retirement Benefits – Full-time laypersons and clergy employed by UMMen participate in the Retirement Plan for General Agencies (RPGA) beginning on the first of the month after hire. This defined contribution plan is administered by Wespath Benefits and Investments (“Wespath”).

UMMen makes semi-monthly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, UMMen matches up to 2% of each employee’s contribution to their United Methodist Personal Investment Plan (UMPIP). Total contributions made by UMMen for both components during 2017 and 2016 were \$58,969 and \$50,857, respectively.

Health, Life, and Other Employee Benefits – UMMen provides health, dental, life, and other employee benefits for its active employees and health, dental, and life benefits to retirees 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 UMMen.

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 (APBO) was approximately \$98,600,000 and \$92,000,000 and the Plan’s unfunded expected postretirement benefit obligation (EPBO) was approximately \$148,700,000 and \$128,000,000 as of December 31, 2017 and 2016, respectively.

All of UMMen’s active and retired employees are covered by the Plan. The cost of the benefits are recognized as an expense as premiums are paid. The total cost of benefits for active employees was \$68,019 and \$61,154 in 2017 and 2016, respectively. The cost of benefits for retired employees was \$13,590 and \$13,865 in 2017 and 2016, respectively, exclusive of reimbursement from the General Agency Benefit Trust (“Benefit Trust”).

Wespath has transferred certain excess pension assets to the 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 active and retiree employee benefits. The fair value of the Benefit Trust’s assets (not plan assets) was approximately \$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 UMMen’s share, excluding retiree health benefits, was \$61,744 and \$88,229, respectively.

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 7—Program services

Program services expenses for the years ended December 31, 2017 and 2016 are for the following programs:

	<u>2017</u>	<u>2016</u>
Civic Youth Fund	\$ 241,477	\$ 244,329
Every Man Shares Fund	114,477	116,726
Conference Presidents Fund	59,233	51,340
UMMen Leader Training	126,751	104,307
Specialty Items	12,022	16,063
Men's Magazine	117,522	122,305
Charters	230,995	210,070
Service to God and Country	49,065	42,067
Films and Video Tapes	10,031	8,375
National Gathering	95,882	1,371
Scout Jam Program	29,201	3,382
Prison Ministry	-	5,000
Mind, Exercise, Nutrition, Do-it	20,000	-
Total program services expenses	<u>\$ 1,106,656</u>	<u>\$ 925,335</u>

Note 8—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2017 and 2016 have been restricted by the donors for the following purpose restrictions:

	<u>2017</u>	<u>2016</u>
Subject to purpose restrictions:		
Scout Jam Program	\$ -	\$ 24,258

Net assets with donor restrictions for the years ended December 31, 2017 and 2016 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2017</u>	<u>2016</u>
Satisfaction of purpose restrictions:		
Scout Jam Program	\$ 29,201	\$ 3,382
Mind, Exercise, Nutrition, Do-it	20,000	-
Civic Youth-Serving agencies	114,500	114,500
Prison Ministry	-	5,000
Total net assets released from restriction	<u>\$ 163,701</u>	<u>\$ 122,882</u>

**GENERAL COMMISSION ON UNITED METHODIST MEN OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2017 AND 2016

Note 9—United Methodist Men Foundation

The United Methodist Men's Foundation (the "Foundation") was formed in 1981 by the men of the National Association of Conference Presidents of United Methodist Men to raise and provide funds for the scouting ministry and other ministries of UMMen. The activities of the Foundation have not been consolidated in these financial statements as the Foundation is not controlled or financially supported by UMMen. UMMen received \$114,500 from the Foundation during both 2017 and 2016, which is included in the Office of Civic Youth revenue on the statements of activities.

UMMen also allocates contributions to the Foundation under the Every Man Shares / Legacy Fund. This program stipulates that Legacy gifts from individuals exceeding \$120 in any calendar year will be allocated and remitted to the Foundation as contributions from UMMen. Total donations collected by UMMen and distributed to the Foundation were \$26,535 and \$28,422 for the years ended December 31, 2017 and 2016, respectively. There were no amounts due to the Foundation as of December 31, 2017 and 2016.

Note 10—Contingencies

In December 2005, UMMen purchased land and a building from GCFA for \$750,000, which was estimated to be approximately \$130,000 below the appraised value. In conjunction with this land and building purchase, UMMen entered into a deferred consideration agreement with GCFA. Under the agreement, UMMen agreed to pay GCFA 15% of the greater of (1) the net sales price, (2) the fair market value, or (3) the appraised value of the property if the property is conveyed. No amount has been accrued under this agreement as it cannot presently be determined whether UMMen will ultimately have any obligation under this agreement.

Note 11—Subsequent events

Management has evaluated subsequent events through May 15, 2018, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.