

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, 2021 and 2020

And Report of Independent Auditor

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

REPORT OF INDEPENDENT AUDITOR 1-2

FINANCIAL STATEMENTS

 Statements of Financial Position.....3

 Statements of Activities4

 Statements of Functional Expenses5-6

 Statements of Cash Flows7

 Notes to the Financial Statements8-19

Report of Independent Auditor

To the Board of Directors
General Commission on the Status and Role of Women
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 General Commission on the Status and Role of Women of The United Methodist Church (the "Commission"), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of December 31, 2021 and 2020, 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 the Commission, 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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 the Commission's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission'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 Behrnt LLP

Charlotte, North Carolina
July 22, 2022

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

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Due from General Council on Finance and Administration ("GCFA") short-term pooled investment fund	\$ 799,132	\$ 596,232
Investment in The United Methodist Church Foundation	156,187	141,562
Accrued World Service Fund allocation	232,010	270,657
Accounts receivable	32,512	7,517
Prepaid expenses and other assets	10,658	10,088
Property and equipment, net	1,579	4,627
Total Assets	\$ 1,232,078	\$ 1,030,683
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued liabilities	\$ 44,112	\$ 52,014
Paycheck Protection Program deferred grant revenue	-	141,770
Total Liabilities	44,112	193,784
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	1,579	4,627
Undesignated	1,000,831	661,341
Total Without Donor Restrictions	1,002,410	665,968
With Donor Restrictions:		
Subject to purpose restrictions	29,368	29,368
Endowments	156,188	141,563
Total With Donor Restrictions	185,556	170,931
Total Net Assets	1,187,966	836,899
Total Liabilities and Net Assets	\$ 1,232,078	\$ 1,030,683

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, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:						
Allocation from World Service Fund	\$ 729,857	\$ -	\$ 729,857	\$ 763,379	\$ -	\$ 763,379
Contributions and grants	166,770	225	166,995	-	415	415
Distributions from Benefit Trust	122,378	-	122,378	116,607	-	116,607
Services received from GCFA	32,414	-	32,414	28,201	-	28,201
Interest income from GCFA short-term pooled investment fund	20,386	-	20,386	21,411	-	21,411
Investment return, net	-	18,716	18,716	-	9,822	9,822
Other income	4,035	-	4,035	6,334	-	6,334
Net assets released from restrictions	4,316	(4,316)	-	38,528	(38,528)	-
Total Revenues and Support	1,080,156	14,625	1,094,781	974,460	(28,291)	946,169
Expenses:						
Program Services:						
Monitoring, research, and review	16,462	-	16,462	42,459	-	42,459
Connectional ministries	301,043	-	301,043	359,023	-	359,023
Gender justice and education	147,625	-	147,625	233,878	-	233,878
Sexual ethics	206,424	-	206,424	180,112	-	180,112
Supporting Services:						
Management and general	72,160	-	72,160	103,541	-	103,541
Total Expenses	743,714	-	743,714	919,013	-	919,013
Change in net assets	336,442	14,625	351,067	55,447	(28,291)	27,156
Net assets, beginning of year	665,968	170,931	836,899	610,521	199,222	809,743
Net assets, end of year	\$ 1,002,410	\$ 185,556	\$ 1,187,966	\$ 665,968	\$ 170,931	\$ 836,899

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, 2021

	Program Services				Supporting Services	
	Monitoring, Research, and Review	Connectional Ministries	Gender Justice and Education	Sexual Ethics	Management and General	2021 Total
Contributions and grants to others	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000
Salaries and wages	9,180	188,187	91,798	123,928	45,899	458,992
Employee benefits	3,246	66,533	32,455	43,815	16,227	162,276
Administration provided by GCFA	648	13,290	6,483	8,752	3,241	32,414
Rent and occupancy	359	7,355	3,588	4,843	1,793	17,938
Travel and meetings	330	7,621	3,627	4,051	1,500	17,129
Professional fees	2,006	3,768	2,730	1,650	26	10,180
Information services	163	3,350	1,634	2,206	819	8,172
Supplies	39	796	388	524	194	1,941
Telephone and web service	141	2,900	1,415	1,910	707	7,073
Postage, shipping, and freight	6	132	64	98	33	333
Repairs and maintenance	25	527	257	347	129	1,285
Insurance	190	3,897	1,901	2,566	950	9,504
Depreciation	61	1,250	610	823	304	3,048
Promotional and information material	4	135	40	54	20	253
Other expense	64	1,302	635	857	318	3,176
	<u>\$ 16,462</u>	<u>\$ 301,043</u>	<u>\$ 147,625</u>	<u>\$ 206,424</u>	<u>\$ 72,160</u>	<u>\$ 743,714</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	
	Monitoring, Research, and Review	Connectional Ministries	Gender Justice and Education	Sexual Ethics	Management and General	2020 Total
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 GCFA	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 these statements.

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

YEARS ENDED DECEMBER 31, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 351,067	\$ 27,156
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	3,048	3,050
Net realized and unrealized gains on investments	(16,906)	(6,898)
Gifts restricted for long-term investments	(225)	(415)
Changes in operating assets and liabilities:		
Due from GCFA short-term pooled investment fund	(202,900)	(174,461)
Accrued World Service Fund allocation	38,647	(19,125)
Accounts receivable	(24,995)	23,757
Prepaid expenses and other assets	(570)	8,798
Accounts payable and accrued liabilities	(7,902)	5,557
Deferred rent expense	-	(7,297)
Paycheck Protection Program deferred grant revenue	(141,770)	141,770
Net cash flows from operating activities	<u>(2,506)</u>	<u>1,892</u>
Cash flows from investing activities:		
Purchase of property and equipment	-	(3,214)
Net sale of investments at The United Methodist Church Foundation	2,281	907
Net cash flows from investing activities	<u>2,281</u>	<u>(2,307)</u>
Cash flows from financing activities:		
Proceeds from gifts restricted for long-term investment	225	415
Net cash flows from financing activities	<u>225</u>	<u>415</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, 2021 AND 2020

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 67% and 80% of the Commission’s total revenue in 2021 and 2020, 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, 2021 and 2020.

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, whereby 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, 2021 AND 2020

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.

Government Grants – During the year ended December 31, 2021, the Commission applied for \$25,000 in grant funding from the Employee Retention Credit (ERC) through the Coronavirus Aid, Relief, and Economic Security (the “CARES Act”), which is included in contributions and grants on the statement of activities and within accounts receivable on the statement of financial position.

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 \$32,414 and \$28,201 for the years ended December 31, 2021 and 2020, respectively.

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

DECEMBER 31, 2021 AND 2020

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, 2021 and 2020, GCFA allocated \$20,386 and \$21,411 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, 2021 and 2020 was 2.73% and 3.63%, 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, 2021 and 2020 were as follows:

	2021	2020
Texas Methodist Foundation loan fund	17.3%	28.3%
Mutual funds	20.6%	13.2%
Short-term collateralized loan fund	0.2%	3.5%
Fixed income	9.4%	9.8%
Corporate bonds	40.9%	34.0%
Cash	11.6%	11.2%
	<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. The statement of functional expenses presents the natural classification detail for expenses by function. Direct identifiable expenses are charged to program and supporting services.

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.

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

DECEMBER 31, 2021 AND 2020

Note 2—Summary of significant accounting policies (continued)

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, Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("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.

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.

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

DECEMBER 31, 2021 AND 2020

Note 3—Liquidity and availability of resources

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

	2021	2020
Financial assets at year-end:		
Due from GCFA short-term pooled investment fund	\$ 799,132	\$ 596,232
Investments in United Methodist Church Foundation	156,187	141,562
Accrued World Service Fund allocation	232,010	270,657
Accounts receivable	32,512	7,517
Total financial assets	<u>1,219,841</u>	<u>1,015,968</u>
Less amounts not available to be used for general expenditures within one year:		
Subject to donor purpose restrictions	29,368	29,368
Funds to be held in perpetuity and accumulated earnings	156,188	141,563
Financial assets not available to be used within one year	<u>185,556</u>	<u>170,931</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,034,285</u>	<u>\$ 845,037</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, 2021 and 2020, the Commission's equipment had a cost of \$42,974 and \$42,974 and accumulated depreciation of \$41,395 and \$38,347, respectively. Depreciation expense for the years ended December 31, 2021 and 2020 was \$3,048 and \$3,050, respectively.

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

DECEMBER 31, 2021 AND 2020

Note 5—Investments

The Commission's investments at December 31, 2021 and 2020 consist of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
The UMC Foundation	\$ 156,187	\$ 152,119	\$ 141,562	\$ 121,235

Investment return consists of the following for the years ended December 31, 2021 and 2020:

	2021	2020
Interest income	\$ 1,810	\$ 2,924
Realized gains on investments	33,166	339
Unrealized (losses) gains on investments	(16,260)	6,559
Investment return, net	\$ 18,716	\$ 9,822

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, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
The UMC Foundation*	\$ 156,187	none	daily	3 days

- * The UMC Foundation investment is within the Methodist Socially Principled Fund. The objective of the Methodist Socially Principled 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.

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

DECEMBER 31, 2021 AND 2020

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:

	2021	2020
Statements of Financial Position:		
Due from GCFA short-term pooled investment fund	\$ 799,132	\$ 596,232
Investment in The United Methodist Church Foundation	156,187	141,562
Accrued World Service Fund allocation	232,010	270,657
Accounts receivable - United Methodist Communications	32,512	7,517
Statements of Activities:		
Revenue:		
Allocation from World Service Fund	729,857	763,379
Distribution from Benefit Trust	122,378	116,607
Services received from GCFA	32,414	28,201
Interest income from GCFA short-term pooled investment fund	20,386	21,411
Investment return (UMC Foundation)	18,716	9,822
Expenses:		
Administration provided by GCFA	32,414	28,201
Communication services provided to United Methodist Communications	(53,274)	(106,548)
Employee benefits - group insurance expense	78,691	94,408

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 2021 and 2020 were \$53,335 and \$64,109, 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.

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

DECEMBER 31, 2021 AND 2020

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 \$2,250 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 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 \$71,558 and \$87,188 in 2021 and 2020, respectively, and the total cost of benefits for retired employees was \$7,133 and \$7,220 in 2021 and 2020, respectively, exclusive of reimbursement from the General Agency Benefit Trust (the "Benefit Trust").

The Plan's unfunded accumulated postretirement benefit obligation was approximately \$41,922,000 and \$71,430,000 and the Plan's unfunded expected postretirement benefit obligation was approximately \$60,056,000 and \$100,140,000 as of December 31, 2021 and 2020, respectively.

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, not to exceed 6% for 2021 and 2020, 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 retired employee benefits. The fair value of the Benefit Trust's assets (not plan assets) for which GCFA is the beneficiary, was approximately \$190,403,000 and \$186,112,000 as of December 31, 2021 and 2020, respectively. The total amount available for reimbursement in 2021 and 2020 is \$11,167,000 and \$10,047,000, respectively, of which the Commission's share, including retiree health benefits, is \$122,378 and \$116,607 for 2021 and 2020, respectively.

Note 9—Leases

The Commission entered into an operating lease for facilities that will expire in December 2022. Rent expense for the operating lease totaled \$17,938 and \$61,863, for the years ended December 31, 2021 and 2020, respectively. Future minimum lease payments under the lease are \$18,984 for 2022.

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

DECEMBER 31, 2021 AND 2020

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>2021</u>	<u>2020</u>
Subject to purpose restrictions:		
Empowering Women	\$ 21,103	\$ 21,103
Inclusion for Women	4,481	4,481
Research and monitoring	3,784	3,784
Total subject to purpose restrictions	<u>29,368</u>	<u>29,368</u>
Endowments:		
Accumulated earnings on the Commission endowment fund	61,798	47,398
Commission endowment fund held in perpetuity	94,390	94,165
Total endowments	<u>156,188</u>	<u>141,563</u>
Total net assets with donor restrictions	<u>\$ 185,556</u>	<u>\$ 170,931</u>

Net assets with donor restrictions for the years ended December 31, 2021 and 2020 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2021</u>	<u>2020</u>
Satisfaction of purpose restriction	<u>\$ 4,316</u>	<u>\$ 38,528</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.

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

DECEMBER 31, 2021 AND 2020

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:

2021			
	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	\$ -	\$ 94,390	\$ 94,390
Accumulated investment gains	-	61,798	61,798
Endowment net assets, December 31, 2021	<u>\$ -</u>	<u>\$ 156,188</u>	<u>\$ 156,188</u>
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	\$ -	\$ 94,165	\$ 94,165
Accumulated investment gains	-	47,398	47,398
Endowment net assets, December 31, 2020	<u>\$ -</u>	<u>\$ 141,563</u>	<u>\$ 141,563</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, 2021 and 2020, the Commission had no underwater endowments.

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

DECEMBER 31, 2021 AND 2020

Note 11—Endowment (continued)

Changes in endowment net assets for the years ended December 31, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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	-	141,563	141,563
Investment return, net	-	18,716	18,716
Contributions	-	225	225
Appropriation of endowment assets for expenditure and reclassifications	-	(4,316)	(4,316)
Endowment net assets, December 31, 2021	\$ -	\$ 156,188	\$ 156,188

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.

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

DECEMBER 31, 2021 AND 2020

Note 12—Contingencies

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 2024, 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 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. The Commission received full forgiveness of this \$141,770 loan during 2021 and has, therefore, recorded the funds received within contributions and grants on the statement of activities for the year ended December 31, 2021.

Note 14—Subsequent events

Management has evaluated subsequent events through July 22, 2022, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.