GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

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

And Report of Independent Auditor

Cherry Bekaert LLP
CPAs & Advisors

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

To the Board of Directors and
To the Committee on Audit and Review of
The General Council on Finance and Administration of
The United Methodist Church

We have audited the accompanying consolidated financial statements of the General Council on Finance and Administration of The United Methodist Church and affiliates, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of a controlled nonprofit affiliate, United Methodist Insurance Company, Inc. ("UMI"), whose statements reflect total assets of $9,366,966 and $38,341,161 as of December 31, 2020 and 2019, respectively, and total support and revenues of $1,979,845 and $4,149,470 for the years then ended, respectively. Those statements were prepared in accordance with accounting practices prescribed or permitted by the Vermont Department of Financial Regulation, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Those statements were audited by other auditors whose report has been furnished to us. We have applied audit procedures on the conversion adjustment to the financial statements of UMI, which conform those financial statements to accounting principles generally accepted in the United States of America. Our opinion, insofar as it relates to amounts included for UMI, prior to the conversion adjustment, is based solely on the report of other auditors.

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the General Council on Finance and Administration of The United Methodist Church and affiliates as of December 31, 2020 and 2019, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the consolidated financial statements, in April 2020, GCFA decided to change the direction of the property and casualty insurance program of The United Methodist Church. As a consequence, effective in 2020, UMI has ceased providing new and renewal coverage and UMI's operations consist solely of the run-off of its insurance business. Beginning in 2020, placement with third party insurers continued utilizing United Methodist Insurance Agency, Inc. (UMIA). Our opinion is not modified with respect to this matter.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the 2020 consolidated financial statements as a whole. The schedules on pages 39 – 44 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the disclosures about short-duration insurance contracts on pages 45 – 48 be presented to supplement the consolidated financial statements. Such information, although not a part of the consolidated financial statements, is required by the Financial Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the consolidated financial statements in an appropriate operational, economic, or historical context. The required supplementary information has been subjected to certain limited procedures performed by other auditors in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to inquiries, the consolidated financial statements, and other knowledge obtained during the audit of the consolidated financial statements. The other auditors did not express an opinion or provide any assurance on the information as it relates to UMI, because the limited procedures did not provide them with sufficient evidence to express an opinion or provide any assurance.

Cherry Bekaert LLP

Charlotte, North Carolina
August 10, 2021

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2020 AND 2019

	2020	2019
ASSETS		
Cash and cash equivalents	$ 20,038,816	$ 18,501,720
Short-term investment portfolio	79,958,422	63,663,250
Accrued interest and dividends receivable	514,885	599,052
Due from annual conferences	30,077,138	27,131,283
Accounts receivable	912,269	811,222
Prepaid expenses and other assets	322,962	386,765
Long-term investment portfolio	58,302,429	67,961,558
General Agency Benefit Trust assets	186,112,480	167,448,911
Property and equipment, net	5,129,734	5,363,335
Premiums receivable, net of allowance for doubtful accounts	508,981	9,344,368
Reinsurance recoverable - paid losses	292,606	2,966,817
Reinsurance recoverable - unpaid losses	5,508,281	13,672,241
Commission receivable	-	71,774
Deferred policy acquisition costs	-	1,384,824
Prepaid reinsurance premium	-	8,920,046
Loss escrow	545,000	545,000
Total Assets	$ 388,224,003	$ 388,772,166
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 1,316,780	$ 1,701,527
Due to Related Organizations:		
General agencies	50,676,128	43,681,402
Other affiliated organizations	231,975	221,565
General advance specials	8,598,075	6,186,423
General Funds	60,353,583	56,065,601
Paycheck Protection Program deferred grant revenue	1,978,756	-
General Agency Benefit Trust obligations	186,112,480	167,448,911
Funds held for investors in the UMC Foundation	39,947,426	50,472,628
Liability for losses and loss adjustment expenses	6,141,501	14,716,937
Losses payable	90,326	141,094
Unearned premiums	-	9,004,077
Reinsurance premiums payable	144,912	8,081,528
Commission payable	12,762	1,605,860
Deferred ceding commissions	-	1,381,041
Deferred agency revenue	216,538	296,207
Surplus notes	2,028,950	2,028,950
Total Liabilities	357,850,192	363,033,751
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	5,129,734	5,363,335
Board-designated	238,357	241,859
Undesignated	10,369,213	6,411,592
Total Without Donor Restrictions	15,737,304	12,016,786
With Donor Restrictions:		
Subject to purpose restrictions	19,410	19,410
Endowment	14,617,097	13,702,219
Total With Donor Restrictions	14,636,507	13,721,629
Total Net Assets	30,373,811	25,738,415
Total Liabilities and Net Assets	$ 388,224,003	$ 388,772,166

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED 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**
Operating Revenue and Support:						
Allocation from UMC:						
Allocation from the General Funds	$ 5,947,798	$ -	$ 5,947,798	$ 6,369,449	$ -	$ 6,369,449
Other Operating Income:						
Investment return, net	1,830,151	4,081	1,834,232	1,935,030	15,303	1,950,333
Distribution from Benefit Trust	964,406	-	964,406	811,974	-	811,974
Contributions and other	1,035,356	250	1,035,606	1,030,582	250	1,030,832
Premiums earned, net of reinsurance	241,351	-	241,351	1,031,985	-	1,031,985
Ceding commission revenue	1,244,476	-	1,244,476	2,757,008	-	2,757,008
Other service fee income	1,591,338	-	1,591,338	1,814,713	-	1,814,713
Net assets released from restriction	9,908	(9,908)	-	-	-	-
Total Other Operating Income	6,916,986	(5,577)	6,911,409	9,381,292	15,553	9,396,845
Total Operating Revenue and Support	12,864,784	(5,577)	12,859,207	15,750,741	15,553	15,766,294
Operating Expenses:						
Program Services:						
Administration	4,147,660	-	4,147,660	4,873,057	-	4,873,057
Financial services	1,243,446	-	1,243,446	1,209,134	-	1,209,134
Management information systems	2,358,923	-	2,358,923	2,784,751	-	2,784,751
Statistics and records	602,267	-	602,267	339,737	-	339,737
Total Program Services	8,352,296	-	8,352,296	9,206,679	-	9,206,679
Fundraising	-	-	-	810	-	810
United Methodist Church Foundation:						
Grants	9,908	-	9,908	-	-	-
Funds management	185,853		185,853	201,611	-	201,611
Management and general	20,650	-	20,650	22,401	-	22,401
United Methodist Insurance Company:		-				
Insurance services	1,880,304	-	1,880,304	4,219,688	-	4,219,688
Total Operating Expenses	10,449,011	-	10,449,011	13,651,189	-	13,651,189
Excess of operating revenue over operating expenses	2,415,773	(5,577)	2,410,196	2,099,552	15,553	2,115,105
Nonoperating Revenues:						
Net increase in Permanent Fund	-	915,972	915,972	-	1,386,124	1,386,124
Unrealized gains on debt securities to be held to maturity	1,297,273	4,483	1,301,756	3,158,250	-	3,158,250
Other comprehensive gain	7,472	-	7,472	61,855	-	61,855
Total Nonoperating Revenues	1,304,745	920,455	2,225,200	3,220,105	1,386,124	4,606,229
Change in net assets	3,720,518	914,878	4,635,396	5,319,657	1,401,677	6,721,334
Net assets, beginning of year	12,016,786	13,721,629	25,738,415	6,697,129	12,319,952	19,017,081
Net assets, end of year	$ 15,737,304	$ 14,636,507	$ 30,373,811	$ 12,016,786	$ 13,721,629	$ 25,738,415

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

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2020

						UMCF			UMI	
		Program Services				Program Services		Supporting Services	Program Services	
	Administration	Financial Services	Management Information Systems	Statistics and Records	Total Program Services	Grants	Funds Management	Management and General	Insurance Services	Total
Salaries	$ 2,537,773	$ 966,189	$ 1,273,421	$ 255,708	$ 2,495,318	$ -	$ 79,401	$ 8,822	$ 108,712	$ 5,230,026
Employee benefits	766,342	319,631	268,862	102,409	690,902	-	14,480	1,609	19,254	1,492,587
Continuing education	15,138	724	1,618	-	2,342	-	-	-	-	17,480
Retiree benefits	105,570	-	-	-	-	-	-	-	-	105,570
Grants	3,500	-	-	-	-	9,908	-	-	-	13,408
Telephone	18,440	1,642	182,208	960	184,810	-	1,502	167	105	205,024
Postage and freight	1,889	243	1,463	16	1,722	-	-	-	-	3,611
Printing	401	-	-	-	-	-	37	4	-	442
Office supplies	6,483	1,987	3,218	-	5,205	-	1,373	153	-	13,214
Rent	750	-	-	-	-	-	4,320	480	-	5,550
Subscriptions and memberships	15,500	828	283	40	1,151	-	941	105	511	18,208
Equipment replacement and maintenance	6,107	-	148,271	-	148,271	-	-	-	-	154,378
Software support and maintenance	93,156	-	429,524	120	429,644	-	11,676	1,297	-	535,773
Building repair and maintenance	142,454	-	-	-	-	-	-	-	-	142,454
Promotional materials/other office	-	-	-	-	-	-	3,611	401	3,050	7,062
Depreciation	146,626	-	83,087	-	83,087	-	-	-	-	229,713
Professional fees	807,576	-	5,784	242,852	248,636	-	65,610	7,290	-	1,129,112
Meeting	23,337	-	-	-	-	-	-	-	-	23,337
Staff travel	37,169	1,679	5,551	162	7,392	-	4,558	506	1,739	51,364
Insurance	157,582	-	-	-	-	-	2,622	291	8,575	169,070
Bank/financing charges	-	45,445	-	-	45,445	-	42	5	113,736	159,228
Bad debt recovery	-	(6,000)	-	-	(6,000)	-	-	-	-	(6,000)
Overhead allocation	(738,180)	(88,922)	(44,367)	-	(133,289)	-	-	-	-	(871,469)
Policy acquisition and underwriting	-	-	-	-	-	-	-	-	1,758,067	1,758,067
Other	47	-	-	-	-	-	-	-	5,105	5,152
Intercompany eliminations	-	-	-	-	-	-	(4,320)	(480)	(138,550)	(143,350)
Total Expenses for Operations	$ 4,147,660	$ 1,243,446	$ 2,358,923	$ 602,267	$ 4,204,636	$ 9,908	$ 185,853	$ 20,650	$ 1,880,304	$ 10,449,011

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

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

							UMCF		UMI	
		Program Services				Supporting Services	Program Services	Supporting Services	Program Services	
	Administration	Financial Services	Management Information Systems	Statistics and Records	Total Program Services	Fundraising	Funds Management	Management and General	Insurance Services	Total
Salaries	$ 2,720,952	$ 909,269	$ 1,408,321	$ 239,169	$ 2,556,759	$ -	$ 76,909	$ 8,545	$ 177,267	$ 5,540,432
Employee benefits	826,945	305,892	339,889	96,285	742,066	-	14,063	1,563	36,461	1,621,098
Continuing education	17,933	8,764	16,091	115	24,970	-	-	-	64	42,967
Retiree benefits	103,626	-	-	-	-	-	-	-	-	103,626
Telephone	20,785	1,593	164,215	800	166,608	-	1,501	167	485	189,546
Postage and freight	12,630	611	2,937	-	3,548	-	27	3	45	16,253
Printing	5,426	-	-	-	-	-	74	8	-	5,508
Office supplies	15,659	1,560	10,747	356	12,663	-	739	82	-	29,143
Subscriptions and memberships	25,003	570	346	-	916	-	11,088	1,232	101	38,340
Equipment replacement and maintenance	9,636	174	274,909	-	275,083	-	-	-	-	284,719
Software support and maintenance	114,348	-	407,517	619	408,136	646	17,593	1,955	-	542,678
Building repair and maintenance	160,340	-	-	-	-	-	-	-	260	160,600
Promotional materials/other office	3,570	-	-	-	-	-	6,480	720	500	11,270
Depreciation	152,478	-	203,166	-	203,166	-	-	-	-	355,644
Professional fees	853,070	35,573	39,266	182	75,021	-	64,418	7,158	203	999,870
Meeting	126,916	-	-	-	-	-	1,029	114	5,443	133,502
Staff travel	237,813	6,142	65,599	2,011	73,752	-	13,963	1,551	10,313	337,392
Insurance	193,324	-	-	-	-	-	3,693	410	6,323	203,750
Bank/financing charges	-	34,389	6	-	34,395	164	33	4	112,595	147,191
Bad debt recovery	-	(13,000)	-	-	(13,000)	-	-	-	-	(13,000)
Overhead allocation	(730,729)	(82,985)	(148,258)	-	(231,243)	-	-	-	-	(961,972)
Policy acquisition and underwriting	-	-	-	-	-	-	-	-	3,975,028	3,975,028
Other	3,332	582	-	200	782	-	3,861	429	-	8,404
Intercompany eliminations	-	-	-	-	-	-	(13,860)	(1,540)	(105,400)	(120,800)
Total Expenses for Operations	$ 4,873,057	$ 1,209,134	$ 2,784,751	$ 339,737	$ 4,333,622	$ 810	$ 201,611	$ 22,401	$ 4,219,688	$ 13,651,189

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

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
Cash flows from operating activities:		
Change in net assets	$ 4,635,396	$ 6,721,334
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	229,713	355,644
Net gains on investments	(2,014,087)	(4,061,995)
Loss on disposal of fixed assets	15,424	-
Other comprehensive gain	(7,472)	(61,855)
(Increase) decrease in operating assets:		
Accrued interest and dividends receivable	84,167	60,658
Due from annual conferences	(2,945,855)	440,528
Accounts receivable	(101,047)	124,142
Prepaid expenses and other assets	63,803	479,878
General Agency Benefit Trust assets	(18,663,569)	(20,820,541)
Premiums receivable	8,835,387	(1,485,324)
Reinsurance recoverable - paid losses	2,674,211	157,088
Reinsurance recoverable - unpaid losses	8,163,960	3,431,448
Commission receivable	71,774	780,004
Deferred policy acquisition costs	1,384,824	(453,987)
Prepaid reinsurance premium	8,920,046	(20,093)
Loss escrow	-	200,000
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(384,747)	189,032
Due to various agencies	9,416,788	(3,262,517)
Due to General Funds	4,287,982	(4,116,173)
Paycheck Protection Program deferred grant revenue	1,978,756	-
General Agency Benefit Trust obligations	18,663,569	20,820,541
Liability for losses and loss adjustment expenses	(8,575,436)	(3,967,319)
Losses payable	(50,768)	(468,180)
Unearned premiums	(9,004,077)	(898,579)
Reinsurance premiums payable	(7,936,616)	(2,244,562)
Commission payable	(1,593,098)	779,647
Deferred ceding commissions	(1,381,041)	(328,083)
Deferred agency revenue	(79,669)	296,207
Net cash flows from operating activities	16,688,318	(7,353,057)
Cash flows from investing activities:		
Increase (decrease) in funds held by investors in UMC Foundation	(10,525,202)	3,947,955
Increase in participant balances in short-term investment portfolio	6,994,726	5,459,418
Net purchases of investments	(11,609,210)	(4,930,632)
Acquisition of property and equipment	(11,536)	(206,565)
Net cash flows from investing activities	(15,151,222)	4,270,176
Cash flows from financing activities:		
Payments on capital lease obligation	-	(1,287)
Payment of surplus notes	-	(358,050)
Net cash flows from financing activities	-	(359,337)
Net change in cash and cash equivalents	1,537,096	(3,442,218)
Cash and cash equivalents, beginning of year	18,501,720	21,943,938
Cash and cash equivalents, end of year	$ 20,038,816	$ 18,501,720

Note 1—Nature of the organization

The General Council on Finance and Administration ("GCFA") of The United Methodist Church (the "Church") is an Illinois not-for-profit corporation. GCFAs primary function is to hold in trust and distribute certain monies voluntarily given by individual church members through their local churches for general church benevolences and programs of the general agencies. GCFA serves as a conduit for these monies, which are transmitted to GCFA by annual conference treasurers and are distributed directly to The General Funds of The United Methodist Church (the "General Funds"), as specified. Revenue arising from receipt and expenses related to the distribution of such monies are recorded in the consolidated financial statements of the General Funds and not by GCFA. As defined in the Book of Discipline of The United Methodist Church, the General Funds are in actuality a series of restricted trust funds donated for specified purposes and benevolences to be carried out at the general level of the denomination. Such amounts aggregated $154,515,963 and $170,859,132 for 2020 and 2019, respectively.

GCFA also performs accounting and reporting functions for general agencies and related organizations; establishes policy governing the functions of banking, payroll, accounting, and budget control; performs oversight functions for invested funds of general agencies receiving general Church funds; takes legal steps to safeguard and protect the interests and rights of the denomination; publishes denominational statistics; and maintains an accurate record of the mailing addresses of active clergy and others.

In 1999, The United Methodist Church Foundation (the "Foundation") was incorporated as a Missouri not-for-profit corporation. The purpose of the Foundation is to: 1) further the principles of stewardship throughout the life of Church, 2) allow for the collective long-term investment of funds belonging to Church and to other eligible affiliated groups within the Church, and 3) develop endowment funds for the support of specified ministries of the Church. The Foundation is consolidated with GCFA because GCFA is the sole member of the corporation and controls board appointments for the Foundation.

During 2004, in order to help fulfill connectional, missional, and stewardship imperatives through the local church, GCFA implemented a long-term property and casualty insurance and risk management strategy for the Church in the United States. This was implemented by the creation of a Church owned and operated insurance company (all lines captive) with reinsurance partners who understand the denomination's need for flexibility, inclusiveness, and ownership. This insurance company was incorporated as The United Methodist Property and Casualty Trust ("PACT") in December 2004, as a District of Columbia not-for-profit corporation.

The United Methodist Insurance Company, Inc. ("UMI") was organized as a not-for-profit under the laws of the state of Vermont on April 5, 2011 and received a Certificate of Authority to conduct captive insurance operations from the state of Vermont Department of Financial Regulation (the "Department") on August 2, 2011. UMI commenced operations on August 26, 2011. UMI is wholly owned by GCFA. UMI was formed to provide cost effective risk management and an insurance program for the benefit of GCFAs members, which include annual conferences, local churches, and other organizations associated with the United Methodist denomination.

Effective December 18, 2013, UMI merged with PACT. Prior to the merger, PACT was an association captive domiciled in the District of Columbia. PACT was owned 75% by GCFA with the remaining interest owned by 20 funding members that are members or affiliates of GCFA. The merger was approved by the Department and the District of Columbia Department of Insurance, Securities, and Banking. In connection with the merger, UMI issued surplus notes to 18 former funding members of PACT totaling an original amount of $2,395,700 in exchange for their membership in PACT, as more fully described in Note 14.

Note 1—Nature of the organization (continued)

Effective July 27, 2018, UMI formed United Methodist Insurance Agency, Inc. ("UMIA") as a wholly owned company. UMIA was formed to become the conduit between UMI and the third party insurance agent contracted to place new and renewal coverage for their members effective January 1, 2019.

In May 2018, GCFA decided to change the direction of the property and casualty insurance program of the United Methodist Church. As a consequence, effective January 1, 2019, UMI ceased providing new and renewal coverage with the intention of having UMI's operations consist solely of the run-off of its insurance business, and the placement of coverage with third party insurers utilizing UMIA and the third party insurance agent. Effective March 1, 2019, due to lower than projected renewal rates into the UMIA third party insurer placements, UMI began writing property and casualty insurance coverage and ceded 100% of the risk to an approved reinsurer.

Beginning in January 1, 2020, UMI no longer writes direct coverage and has begun transitioning insurance placements for policyholders at policy renewal to third party insurers through UMIA and the third party insurance agent. As a consequence, UMI's operations consist solely of the run-off of its insurance business, and the placement of coverage with third party insurers utilizing UMIA and the third party insurance agent.

Due to the nature of UMI's operations and business purpose, there are no donor-imposed restrictions associated with UMI's net assets. As such, all net asset balances are considered to be without donor restrictions.

UMI operates utilizing dedicated employees and service providers. The various service provider agreements with GCFA, Church Insurance Agency Corporation ("CIAC"); Artex Risk Solutions ("Artex"); Gallagher Bassett Services, Inc. ("Gallagher Bassett"); Zurich American Insurance Company ("Zurich"); and York Risk Services Group ("York").

Effective December 31, 1996, as directed by action of the 1996 General Conference, Wespath Benefits and Investments ("Wespath") transferred certain excess pension assets to the General Agency Benefit Trust ("Benefit Trust"). GCFA on behalf of agencies, which have voting rights, on GCFAs Committee on Personnel Policies and Practices, at the time of the creation of the Benefit Trust and their successors along with Wespath, are the beneficiaries of the Benefit Trust assets. Although the Benefit Trust is a separate legal entity, it has no financial reporting obligations and the value of the assets of the Benefit Trust would therefore not be reported unless included on the consolidated financial statements of the beneficiaries. As such, GCFA has reflected the value of the Benefit Trust assets for which GCFA is the beneficiary on the accompanying consolidated statements of financial position as well as an equal and offsetting obligation since the funds will ultimately benefit the agencies that are beneficiaries of the Benefit Trust's assets.

Funding for GCFAs operations is principally provided by allocations received from the General Funds, which are allocated to GCFA based on a four-year budget developed from projections of expected program costs. The allocation accounts for approximately 46% and 41% of GCFAs total operating revenue in 2020 and 2019, respectively. GCFAs continued existence is dependent upon the Church's future financial support. The Church's financial support of GCFA is dependent upon contributions from its congregations (i.e., congregational participation in the apportionment covenant).

These consolidated financial statements include the accounts of GCFA, the Foundation, and UMI (collectively referred to as "GCFA" throughout these consolidated financial statements) and have been prepared on the accrual basis of accounting using the significant accounting policies described below.

Note 2—Summary of significant accounting policies

Basis of Presentation – GCFA maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified into funds that are in accordance with activities or objectives of GCFA. Separate accounts are maintained for each fund. For reporting purposes, GCFAs consolidated financial statements have been prepared to focus on the organization as a whole and to classify balances and transactions into two net asset categories based on the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are 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 GCFA. These net assets may be used at the discretion of GCFAs management and the Board of Directors. GCFA has chosen to provide further classification information about net assets without donor restrictions on the consolidated 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.

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 GCFA 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 consolidated 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.

GCFA is reimbursed for services performed for the general agencies and related organizations through an allocation from the General Administration Fund and earnings on invested funds. Additionally, GCFA is reimbursed through fixed charges to the World Service Fund, the Episcopal Fund, the Interdenominational Cooperation Fund, and the Youth Services Fund, as well as from Special Sundays.

Note 2—Summary of significant accounting policies (continued)

Allowance for Doubtful Accounts – Allowances for doubtful accounts total $382,000 and $388,000 as of December 31, 2020 and 2019, respectively, to provide for the potential non-payment of outstanding amounts due from an affiliated organization and premium receivable balances in excess of 90 days outstanding.

Cash and Cash Equivalents – Cash and cash equivalents are all highly liquid investments with original maturities of three months or less at date of purchase.

Concentration of Credit Risk – Financial instruments that potentially subject GCFA to concentrations of credit risk consist of cash and cash equivalent accounts in financial institutions, which from time to time exceed the Federal Deposit Insurance Corporation ("FDIC") limits, money market accounts with investment companies, and direct investments in obligations of individual businesses or quasi-governmental organizations. Management monitors balances in excess of limits insured by the FDIC and believes that these balances do not represent a significant credit risk.

Investments – Investments are carried at fair value based on quoted market prices or audited financial statements of the investee. Purchases and sales of investments are recorded on the trade date. Dividend income is recorded on the ex-dividend date. Interest income is recognized on the accrual basis. Realized gains and losses are determined on the basis of first-in, first-out methodology.

GCFA has placed long-term investments with the Foundation for their management. The Foundation has established, for accounting purposes, an initial unit value for an accounting unit of the common investment funds held by the Foundation. The Foundation assigns units to participants based on the participants' net assets divided by the unit value. At all times, the total value of the common investment funds' net assets divided by the total of all participants' units will equal the unit value. The unit value of the common investment funds' net assets will be determined on each valuation date. The valuation of the assets of the Foundation is based on the fair value of the common investment fund investments as of the valuation date, which is the last day of each month.

Property and Equipment – Fixed assets are reported at cost at date of acquisition, or fair value at date of donation in the case of gifts. GCFA capitalizes and depreciates property and equipment of $5,000 or more. Depreciation is provided over the estimated useful lives (3 to 40 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.

Due to General Agencies – The amount due to general agencies represents amounts due to participants in the short-term investment portfolio which is managed by GCFA on behalf of certain general agencies and related organizations. GCFA allocates interest earned on such short-term investments to the general agencies and related organizations. Interest earned is calculated and distributed annually and is based on monthly account balances for these agencies and related organizations.

Use of Estimates – The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and contingent assets and liabilities at the consolidated financial statement date, as well as the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Note 2—Summary of significant accounting policies (continued)

Functional Allocation of Expenses – GCFAs costs of providing administrative services on behalf of the general agencies and the Church have been summarized on a functional basis in the consolidated 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:

Expense	Method of Allocation
Salaries	Time and effort
Employee benefits	Time and effort

Premiums – Premiums written are earned ratably over the terms of the policies to which they relate. Premiums written relating to the unexpired portion of policies in force at the balance sheet date are recorded as unearned premiums. Premiums ceded pursuant to reinsurance agreements are expensed over the terms of the underlying policies, to which, they relate and are netted against earned premiums. Ceded premiums relating to the unexpired portion of underlying reinsurance agreements are recorded as prepaid reinsurance premiums.

UMI recognizes premium deficiencies when there is a probable loss on an insurance contract. Premium deficiencies are recognized if the sum of expected losses and loss adjustment expenses, expected dividends to policyholders, unamortized deferred acquisition costs, and maintenance costs exceeded unearned premiums and anticipated investment income. No premium deficiency reserve has been recorded as of December 31, 2020 and 2019.

Ceding Commission Revenue – Commissions on ceded reinsurance are earned over the terms of the underlying policies to which they relate. Commissions relating to the unexpired portion of underlying policies in force at the balance sheet date are recorded as deferred ceding commission income.

Based on an agreement with Suracy, a percentage of UMI's ceding commission income is paid to the service provider to cover underwriting expenses and service fees.

Contingent Ceding Commissions – Ceding commissions earned on the reinsurance contract with Swiss Re America Corporation ("Swiss Re") prior to December 31, 2018 were adjustable based on loss experience within the respective treaties. Effective January 1, 2018, the Swiss Re agreement was revised to replace the contingent ceding commission with a profit commission. Contingent ceding commission accrued for both years ended December 31, 2020 and 2019 was $71,695 and are included as a component of accounts payable and accrued expenses. As adjustments to the ultimate losses projected under the treaty are revised, associated adjustments to the commissions will be reflected in current operations.

Agency Commission Revenue – Effective January 1, 2019, the Suracy agreement was amended to include agency commission royalty revenue payable to UMIA as a percentage of net written premium for each eligible policy written within 30 days of the end of each month. The royalty percentage is equal to 1% of the worker's compensation eligible policies and 3% for all other commercial eligible policies. Such revenue is earned over the terms of the policies to which the royalties relate. Unearned portions of agency commission royalties are recorded as deferred agency revenue. Commission adjustments for policy cancelations are recorded when they become known as an offset to deferred agency revenue. Agency commission revenue is recorded as a component of other service fee income on the consolidated statements of activities.

Note 2—Summary of significant accounting policies (continued)

Policy Acquisition and Other Underwriting Expenses – Policy acquisition and other underwriting expenses include program expenses incurred in the production of new or renewal business are deferred and amortized over the terms of the policies to which they relate. Unamortized portions of policy acquisition costs and other underwriting expenses are recorded as deferred policy acquisition costs, administration fees, underwriting fees and commissions, premium taxes, and policy issuance expenses.

Liability for Losses and Loss Adjustment Expenses – The liability for unpaid losses and loss adjustment expenses reported in the consolidated financial statements includes case-basis estimates of reported losses, plus supplementary amounts for projected incurred but not reported ("IBNR") losses, estimated using loss projections prepared by a consulting actuary utilizing certain actuarial assumptions. Actuarial methods utilized include the estimated ultimate incurred, paid, and case methods. Management believes that its aggregate liability for unpaid losses and loss adjustment expenses at year-end represents its best estimate of the amount necessary to cover the ultimate cost of losses. However, because of uncertainty related to the limited population of insured risks, limited historical data, economic conditions, judicial decisions, legislation, and other matters, it is not presently possible to determine whether actual loss experience will conform to the assumptions used in estimating the liability. As a result, the actual liability may be significantly in excess or less than the amount indicated in the consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

Reinsurance Recoverable - Unpaid Losses – Reinsurance recoverable on unpaid losses includes estimated amounts of unpaid losses and loss adjustment expenses, which are expected to be recoverable from reinsurers pursuant to reinsurance agreements. Such amounts have been estimated using actuarial assumptions consistent with those used in establishing the liability for losses and loss adjustment expenses. Management believes that reinsurance recoverable, as recorded, represents its best estimate of such amounts; however, as changes in the estimated ultimate liability for losses and loss adjustment expenses are determined, the estimated ultimate amount recoverable from reinsurers will also change. Accordingly, the ultimate recoverable could be significantly in excess of or less than the amount indicated in the consolidated financial statements. As adjustments to these estimates become necessary, such adjustments are reflected in current operations.

UMI relies on ceded reinsurance to limit its insurance risk as described further in Note 14. In the event that any or all of the reinsuring companies are unable to meet their obligations under existing reinsurance agreements, UMI would be contingently liable for such amounts. In preparing consolidated financial statements, management makes estimates of the amounts recoverable from reinsurers, which includes consideration of amounts, if any, estimated to be uncollectible based on assessment of factors including management's assessment of the creditworthiness of the reinsurers. Management evaluated the creditworthiness of its reinsurers and determined that no specific valuation allowance was required at December 31, 2020 and 2019.

Reinsurance Recoverable - Paid Losses – Reinsurance recoverable on paid losses includes amounts of losses and loss adjustment expenses paid by UMI, which are expected to be recoverable from the reinsurers pursuant to reinsurance agreements. Management has determined that no provision for uncollectible reinsurance recoveries is necessary as of December 31, 2020 or 2019. At December 31, 2019, amounts overpaid by reinsurers to be refunded in the future totaled $1,083,904 and are included as a component of reinsurance recoverable - paid losses.

Loss Escrow – The loss escrow fund represents funds held by Gallagher Bassett, Zurich, and York, which are utilized to pay losses and loss adjustment expenses.

Note 2—Summary of significant accounting policies (continued)

Losses Payable – Losses payable represent the liability associated with the payment for loss and loss adjustment expenses that are due and have been approved by UMI for payment, for which payments are in process at year-end.

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

> *Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical securities.
>
> *Level 2* – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Inputs include quoted prices for similar assets and liabilities in active markets, inputs that are derived from investment manager reporting or corroborated by an independent advisor, and inputs obtained with benchmarks for similar assets for substantially the full term on the financial investments. If market quotations are not readily available for valuations, assets may be valued by a method the investment manager of the fund believes accurately reflects fair value.
>
> *Level 3* – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach, which generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

Income Taxes – GCFA and the Foundation are organized exclusively for charitable, religious, and educational purposes and has received a determination letter for the denomination from the Internal Revenue Service indicating it is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the "Code"). UMI is also a tax exempt entity under Section 501(c)(3) of the Code. GCFA, the Foundation, and UMI are also exempt from filing a Form 990 due to their affiliation with a religious organization as described in Section 509(a) of the Code.

GCFA 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 GCFA include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, GCFA has determined that such tax positions do not result in an uncertainty requiring recognition.

Note 3—Liquidity and availability of resources

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

	2020	2019
Financial assets at year-end:		
Cash and cash equivalents	$ 20,038,816	$ 18,501,720
Investments, at fair value	138,260,851	131,624,808
Accrued interest and dividends receivable	514,885	599,052
Due from annual conferences	30,077,138	27,131,283
Accounts receivable	912,269	811,222
General Agency Benefit Trust assets	186,112,480	167,448,911
Premiums receivable, net of allowance for doubtful accounts	508,981	9,344,368
Commissions receivable	-	71,774
Total financial assets	376,425,420	355,533,138
Less amounts not available to be used for general expenditures within one year:		
Net assets in endowments subject to donor restriction	14,617,097	13,702,219
Net assets subject to purpose restriction	19,410	19,410
Due to related organizations:		
General agencies	50,676,128	43,681,402
Other affiliated organizations	231,975	221,565
General advance specials	8,598,075	6,186,423
General Funds	60,353,583	56,065,601
Board-designated net assets limited to use	238,357	241,859
General Agency Benefit Trust obligations	186,112,480	167,448,911
Funds held for investors in the UMC Foundation	39,947,426	50,472,628
Financial assets not available to be used within one year	360,794,531	338,040,018
Financial assets available to meet general expenditures within one year	$ 15,630,889	$ 17,493,120

GCFA considers general expenditures to include program expenses, supporting services, and any other commitments or liabilities to be paid in the subsequent year. As part of GCFAs liquidity management plan, it structures its financial assets to be available as its obligations become due. GCFA has certain board-designated and donor-restricted assets limited to use which are not available for general expenditure within one year in the normal course of operations. Accordingly, these assets have been included in assets not available for general expenditures within one year. These assets, which are limited to use, are more fully described in Notes 10 and 11.

Included in GCFAs consolidated financial assets are funds that are held for other related organizations, since these funds represent amounts due to these related organizations, the funds are not available for use by GCFA and are, therefore, included in assets not available for general expenditure within one year.

Benefit Trust assets are investments to be used for the benefit of certain general agencies of the Church to partially fund retiree and active employee benefit costs. Although GCFA is a co-trustee of these funds, the funds cannot be used for general expenditures of GCFA and are, therefore, included in assets not available for general expenditure within one year.

Note 3—Liquidity and availability of resources (continued)

Funds held for investors in the Foundation are investments held by the Foundation as fiduciary. These assets are only available to the applicable investor for which the Foundation holds the funds and, accordingly, are included in assets not available for general expenditure within one year.

Note 4—Investments

Short-Term Investments Portfolio – The operating cash requirements of substantially all entities of the Church are managed on a central basis by GCFA. When an organization has surplus funds, they are deposited with GCFA for investment. When additional funds are required, funds will be returned by GCFA or GCFA may loan required funds to the entity. GCFA allocates interest earned on such short-term investments to the general agencies and related organizations. Interest income allocated to agencies and related organizations totaled $1,636,344 and $1,662,415 in 2020 and 2019, respectively, and has been reported as a reduction in investment return in the accompanying consolidated statements of activities.

The short-term pooled investments portfolio at December 31, 2020 and 2019 consists of the following:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Texas Methodist Foundation Loan Fund	$ 25,485,254	$ 25,505,931	$ 14,215,822	$ 14,215,822
Mutual funds	11,859,216	11,672,486	1,866,333	2,187,560
Short-term collateralized loan fund	3,114,868	3,114,868	285,637	285,637
Fixed income	8,803,412	8,208,114	11,664,914	11,244,981
Corporate bonds	30,695,672	27,946,452	35,630,544	33,761,572
Cash	10,136,291	10,136,291	13,552,472	13,552,472
Total investments	$ 90,094,713	$ 86,584,142	$ 77,215,722	$ 75,248,044

Cash reflected above represents cash held in investment accounts and is included in cash and cash equivalents on the consolidated statements of financial position. Cash held in the short-term investments portfolio does not include cash on deposit in other operating depository bank accounts.

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 fluctuate 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	2019
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%
	100.0%	100.0%

Note 4—Investments (continued)

Investment return consist of the following for the years ended December 31:

	2020	2019
Interest and dividends, net of interest paid to depositors	$ 1,131,083	$ 1,055,279
Realized and unrealized gains	2,014,087	4,061,994
Investment fees	(9,183)	(8,690)
	$ 3,135,988	$ 5,108,583

	2020	2019
Operating investment return	$ 1,834,232	$ 1,950,333
Unrealized gains on debt securities to be held to maturity	1,301,756	3,158,250
	$ 3,135,988	$ 5,108,583

It is GCFAs policy to classify any unrealized gains or losses resulting from debt securities that are intended to be held to maturity as nonoperating gains or losses on the consolidated statements of activities.

Long-Term Investments Portfolio – Long-term investments represents amounts held by the Foundation on behalf of the participants invested with the Foundation as well as investments held in trust related to UMI and consist of the following as of December 31:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Long-term investments portfolio				
UMC Foundation:				
Cash and cash equivalents	$ 2,420,677	$ 2,420,677	$ 2,226,151	$ 2,226,151
Mutual funds	4,329,723	4,103,409	4,907,308	4,883,059
Common stocks	37,053,334	29,333,334	41,161,894	36,362,836
Government securities	7,717,469	7,663,248	9,292,761	9,089,045
Corporate bonds	2,905,477	2,671,535	3,057,391	2,921,216
Alternative investments	3,145,803	2,696,308	6,259,233	5,523,248
Total UMC Foundation	57,572,483	48,888,511	66,904,738	61,005,555
Investments held in trust for UMI:				
Domestic corporate bonds	227,670	414,099	204,134	199,327
Foreign corporate bonds	61,178	221,271	86,670	85,291
Domestic government securities	427,748	13,133	725,569	714,102
Foreign government securities	13,350	58,518	40,447	40,197
Total UMI	729,946	707,021	1,056,820	1,038,917
Total long-term investments portfolio	$ 58,302,429	$ 49,595,532	$ 67,961,558	$ 62,044,472
General Agency Benefit Trust assets:				
Multiple Asset Fund (held with Wespath)	$ 186,112,480	$ 55,411,838	$ 167,448,911	$ 58,933,004

Note 4—Investments (continued)

Investment return that was solely attributable to the Foundation and not to the participants consisted of the following for the years ended December 31:

	2020	2019
Interest and dividends	$ 5,368	$ 5,362
Realized and unrealized gains	9,718	21,637
Investment fees	(797)	(780)
	$ 14,289	$ 26,219

The Foundation offers a variety of common investment funds and specialized portfolios, each managed by one or more professional investment managers. The following is a summary of the primary funds in which participants may invest through the Foundation.

Balanced Fund – The Balanced Funds objective 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.

Balanced Passive Fund – The Balanced Passive Funds objective is to provide a reasonable level of current income and simultaneously to protect the purchasing power of the principal against inflation, while following the underlying benchmarks investments. This model is designed for those investors who are seeking a single asset allocation to provide broad diversification, reasonable current income, and protection against inflation.

Equity Fund – The primary objective of the Equity Fund is growth of principal. Current income is low and of secondary importance. The fund's targeted allocation is approximately 45% in domestic large capitalization stocks (both value and growth), 20% in domestic small/mid-capitalization stocks (both value and growth), and 35% in international stocks.

International Equity Fund – The International Equity Fund offers investment in non-U.S. equities, primarily in large capitalization stocks in developed countries and emerging market countries and uses the MSCI All Country World Free ex-U.S. Index as a benchmark for comparison. The portfolio is broadly diversified, investing in both non-U.S. value and non-U.S. growth equity security styles, seeking to provide enhanced portfolio stability independent of global equity style leadership. The portfolio is also diversified to include an allocation to middle capitalization sized non-U.S. equities and specific emerging market equities. The portfolio may carry substantial risk over and above that of a domestic portfolio, most notably currency and political risks. The portfolio is designed for investors who already have a balanced diversified core domestic portfolio in place, and are looking for additional diversification through socially responsible international exposure. There were no direct participants in the International Equity Fund for the years ended December 31, 2020 and 2019.

Fixed Income Fund – The Fixed Income Funds objective is current income and preservation of nominal capital. No provision is made for protection against inflation. The fund is primarily invested in government and corporate bonds, commercial paper, mortgage-backed securities, and collateralized mortgage securities. The fund is permitted to invest up to 10% in securities with "BB" or "B" ratings. The fund may invest up to 5% of portfolio market value in bank loans, interest-only or principal only securities, as conditions warrant. The fund is designed for investors whose main objective is current income.

Note 4—Investments (continued)

Short-Term Income Fund – The Short-Term Income Funds objective is liquidity and a reasonable rate of return. This fund is designed for short-term investment of funds when the timing of the investor's liquidity needs is uncertain or variable.

Balanced Plus Fund – The Balanced Plus Funds objective is to provide similar investment returns as the Balanced Fund, but to reduce the volatility of the returns by increased portfolio diversification through the use of alternative investment strategies. The targeted allocation of the fund is 30% invested in a fixed income fund, 25% in a domestic large cap equity portfolios, 10% in domestic small/mid-cap equity portfolios, 15% in an international equity portfolio, and 20% in alternative investments consisting of funds of hedge funds and managed futures portfolios. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation.

Balanced Plus Passive Fund – The Balanced Plus Passive Funds objective is to provide similar investment returns as the Balanced Fund, but to reduce the volatility of the returns by increased portfolio diversification through the use of alternative investment strategies, including fund of hedge funds, long short hedge fund managers, credit and equity relative value strategies and managed futures that can utilize currency and commodity forwards and futures. This model is designed for those investors who are seeking an option to provide broad diversification, reasonable current income, and protection against inflation.

Small/Mid Cap Domestic Equity Growth Portfolio – The Small/Mid Cap Domestic Equity Growth Portfolios objective is long-term growth of capital. Its assets are invested in small capitalization growth stocks. It uses the Russell 2000 Growth Index as a benchmark for comparison, but invests only in companies that meet the Foundation's socially responsible investment requirements. Investors in this Portfolio should have a high tolerance for risk, a long-term investment horizon, and low liquidity requirements.

Small/Mid Cap Domestic Equity Value Portfolio – The Small/Mid Cap Domestic Equity Value Portfolio's objective is to seek consistent above average returns with below average risk by identifying companies selling at significant discounts to their intrinsic business values. Its assets are invested in small and mid-capitalization value stocks. It uses the Russell 2000 Value Index as a benchmark for comparison, but invests only in companies that meet the Foundation's socially responsible investment requirements. Investors in this Portfolio should have a high tolerance for risk, a long-term investment horizon, and low liquidity requirements.

Note 4—Investments (continued)

The following table presents all of the investments of the Foundation by investment fund at December 31:

	2020		2019	
	Fair Value	Cost	Fair Value	Cost
Balanced Fund	$ 6,021,009	$ 5,117,065	$ 5,611,644	$ 5,178,101
Balanced Passive Fund	24,573,480	20,641,495	26,998,686	24,596,149
Equity Fund	2,979,878	2,350,328	2,788,087	2,438,328
Fixed Income Fund	1,940,501	1,830,824	1,864,825	1,823,289
Short-Term Income Fund	1,109,919	1,101,634	1,106,758	1,101,412
International Equity Fund	90,058	97,799	90,906	96,965
Balanced Plus Fund	5,536,572	4,493,997	14,326,147	12,768,385
Balanced Plus Passive Fund	15,038,413	13,055,085	13,895,574	12,803,126
Small/Mid Cap Domestic Equity Growth Portfolio	181,994	99,098	123,527	98,754
Small/Mid Cap Domestic Equity Value Portfolio	100,659	101,186	98,584	101,046
Total investments	$ 57,572,483	$ 48,888,511	$ 66,904,738	$ 61,005,555

The following table summarizes the investment returns and expense ratios for certain funds managed by the Foundation. The yield information presented was taken from reports provided to the Foundation by its third party investment consultant and was not included in the scope of the Foundation's audit.

2020	Balanced Fund	Balanced Passive Fund	Equity Fund	Fixed Income Fund	Balanced Plus Fund	Balanced Plus Passive Fund
Investment return on the average participant's account, net of total expenses	11.58%	14.27%	13.13%	7.94%	8.16%	8.58%
Total expenses for the average participant's account	1.06%	0.89%	1.05%	0.83%	1.17%	1.09%

2019	Balanced Fund	Balanced Passive Fund	Equity Fund	Fixed Income Fund	Balanced Plus Fund	Balanced Plus Passive Fund
Investment return on the average participant's account, net of total expenses	21.80%	0.00%	31.68%	9.33%	17.87%	0.00%
Total expenses for the average participant's account	1.06%	0.00%	1.05%	0.83%	1.17%	0.00%

The expenses for the participant's account and the net investment return on the average participant's account above include the Foundation fees of 0.35% for all investors with $10 million or more under management and 0.40% for all other investors, which are assessed monthly.

Note 4—Investments (continued)

Investment return attributable to investments held in trust for UMI consist of the following for the years ended December 31, 2020 and 2019:

	2020	2019
Interest and dividends	$ 55,087	$ 112,384
Amortization expense	(1,387)	1,467
Realized and unrealized gains (losses)	21,193	(6,663)
Investment fees	(4,506)	(6,404)
	$ 70,387	$ 100,784

Note 5— Property and equipment

Property and equipment consist of the following as of December 31, 2020 and 2019:

	2020	2019
Land	$ 1,752,408	$ 1,752,408
Building	4,547,406	4,547,406
Equipment	2,302,971	2,306,859
Software	1,386,170	1,386,170
Building improvements	980,361	980,361
Office furniture	372,844	372,844
Total land and property and equipment	11,342,160	11,346,048
Less accumulated depreciation and amortization	(6,212,426)	(5,982,713)
Land and property and equipment, net	$ 5,129,734	$ 5,363,335

Depreciation expense totaled $229,713 and $355,644 for the years ended December 31, 2020 and 2019, respectively.

During the year ended December 31, 2020, management discovered that the deed to the Albright Chapel in Kleinfeltersville, Pennsylvania, was given to GCFA in 1976. This property is deemed a “Heritage Landmark” to The United Methodist Church, and the Book of Discipline at that time directed all such properties be held by GCFA. Management is currently determining the value, if any, that should be recorded for this asset.

Note 6—Employee benefits

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

The Board makes bi-weekly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, GCFA matches up to 2% of each employee’s contribution to their United Methodist Personal Investment Plan (UMPIP). Contributions made by GCFA for both components totaled $471,651 and $488,962 in 2020 and 2019, respectively.

Note 6—Employee benefits (continued)

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

GCFA 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 (HRA) up to $2,100 annually and $2,000 annually for their spouse, if applicable. Unused reimbursement funds continue to rollover to subsequent years until death of the retiree or their spouse, whichever is later.

All of GCFA active employees are covered by the Plan. The cost of the benefits is recognized as an expense as premiums are paid. The total cost of benefits for active employees was $676,486 and $757,977 in 2020 and 2019, respectively, exclusive of reimbursement from 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.

General Agency Benefit Trust – The Benefit Trust assets for which GCFA is the beneficiary are segregated and invested in the Multiple Asset Fund at Wespath maintained for the benefit of (1) the Plan participants and (2) with regard to any excess assets, for the benefit of GCFA and various general agencies of the Church. These net excess assets have been reflected on the books of GCFA with a corresponding, offsetting liability of approximately $186,112,000 and $167,449,000 as of December 31, 2020 and 2019, respectively. While no liability is explicit under the terms of the Benefit Trust, GCFA does not believe the assets inure solely to its benefit. GCFA serves as beneficiary on behalf of the participating general agencies of the Church.

Annually, the Benefit Trust allows a stated percentage, not to exceed 6% for both 2020 and 2019, of the fair market value of Benefit Trust assets at year-end to be available for distribution in order to reimburse the participating agencies described above for their funding of active employee and retiree benefits. The distribution to GCFA was $10,046,935 and $8,797,702 in 2020 and 2019, respectively. GCFAs retained share of the 2020 and 2019 amount was $964,406 and $811,974, respectively, and is reflected in the accompanying consolidated statements of activities as operating revenue of GCFA. In each period, the difference between the total amount distributed and the retained GCFA share is distributed by GCFA to the other participating agencies.

Note 7—Scarritt-Bennett Center

In 1987, Scarritt Graduate School (the "School") transferred the Nashville, Tennessee property formerly occupied by the School to GCFA and United Methodist Women ("UMW"). The property currently is known as the Scarritt-Bennett Center (the "Center") and operates as a conference, retreat, and educational center. As UMW has continued to support the Center through capital expenditures, GCFAs ownership interest has decreased. GCFA has recorded no value for this property on the consolidated statements of financial position.

Note 8—Sale of Nashville building

In December 2005, United Methodist Men ("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 9—Permanent fund

The Permanent Fund was established in prior years from various gifts from third parties. Since their receipt, the funds have been held by GCFA for the benefit of the general church. Earnings from the investment of these funds are held in these accounts until periodically designated by General Conference to be used for particular purposes. In 2008, by action of General Conference, all of the remaining assets of the Methodist Corporation Fund were transferred to the Permanent Fund.

GCFA has adopted investment and distribution policies for restricted assets that attempt to provide a predictable stream of funding to programs supported by the assets while seeking to maintain the purchasing power of the assets. GCFAs distribution policies in 2020 and 2019 assumed that the long-term rate of return on the invested assets for the foreseeable future would average approximately 6.5% annually. Actual returns in any given year routinely vary from estimated amounts. To satisfy its long-term rate of return objectives, GCFA 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). GCFA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

During 2020 and 2019, GCFA had a policy of distributing an amount to the World Service Fund equal to 3.5% of the average balance of the invested assets for the 20 fiscal quarter-ends preceding the beginning of the distribution year. Periodically, if funds are available, other distributions may occur. This is consistent with GCFAs objective to maintain the purchasing power of the assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

The activity of the Permanent Fund for the years ended December 31, 2020 and 2019 was as follows:

	2020	2019
Contributions	$ 916	$ 2,015
Dividends and interest income	342,869	596,193
Unrealized investment gains	1,153,948	1,810,377
Gas royalties	6,041	7,279
Distributions to General Funds	(587,638)	(1,029,598)
Property taxes	(164)	(142)
Net increase in permanent funds	$ 915,972	$ 1,386,124

The Permanent Fund assets are included in the long-term investment portfolio on the consolidated statements of financial position. The net assets of the Permanent Fund are included in net assets with donor restrictions on the consolidated statements of financial position.

Note 10—Board-designated net assets

Certain net assets without donor restrictions at December 31, 2020 and 2019 have been designated by the Board of Directors for the following purposes:

	2020	2019
Annual Conference Administrative and Financial Support	$ 238,357	$ 241,859

Note 11—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2020 and 2019 have been restricted by the donors for the following purpose restrictions:

	2020	2019
Subject to purpose restriction:		
The Professional Association of UMC Secretaries Scholarship Fund	$ 200	$ 200
The Professional Association of UMC Secretaries Adv. Certification Program Fund	2,352	2,352
Data Services Study	7,475	7,475
UMC Foundation Summit Christian Stewardship	9,383	9,383
Total subject to purpose restriction	19,410	19,410
Endowments:		
The Professional Association of UMC Secretaries endowment	50	50
Permanent Fund endowment fund held in perpetuity	5,508,506	5,507,590
Accumulated earnings on Permanent Fund endowment fund	8,985,736	8,070,680
UMC Foundation endowment fund held in perpetuity	79,597	79,347
Accumulated earnings on UMC Foundation endowment fund	43,208	44,552
Total endowments	14,617,097	13,702,219
Total net assets with donor restrictions	$ 14,636,507	$ 13,721,629

Note 12—Endowment

The Foundation has established an endowment solely for the charitable purposes of the Church, with its principal objectives being the promotion and development of religious, charitable, and educational activities. In addition, the Permanent Fund held by GCFA, which is more fully described in Note 9, is a donor-restricted endowment fund established from various gifts from third parties for the benefit of the Church.

The Board of Directors of GCFA 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, GCFA 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 Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Note 12—Endowment (continued)

In accordance with applicable state laws, GCFA 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 GCFA
- The investment policies of GCFA

As of December 31, 2020 and 2019, GCFA had the following endowment net asset composition by type of fund:

	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	$ -	$ 5,588,153	$ 5,588,153
Accumulated investment gains	-	9,028,944	9,028,944
Endowment net assets, December 31,	$ -	$ 14,617,097	$ 14,617,097

	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	$ -	$ 5,586,987	$ 5,586,987
Accumulated investment gains	-	8,115,232	8,115,232
Endowment net assets, December 31,	$ -	$ 13,702,219	$ 13,702,219

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). GCFA has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, GCFA had no underwater endowments.

Investment and Spending Policies – GCFA may choose to make distributions of the income to any proper recipient. Distributions may only be made after the corpus of the endowment has reached $50,000 with the exception of special approval by the Board of Directors to distribute earnings prior to reaching $50,000. 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 GCFAs distribution policy: 3.5% for Ministry distributions; 2.0% for inflation; and 1% for fees and expenses. To smooth the allowable annual distributions based on valuation of the underlying assets, GCFA 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.

Note 12—Endowment (continued)

Return Objectives and Risk Parameters – GCFA 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 GCFA 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. GCFA expects its endowment funds, over time, to produce current income within the total return strategy. Actual returns may vary.

Strategies Employed for Achieving Objectives – To satisfy its long-term rate-of-return objectives, GCFA 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). GCFA 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.

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2018	$ -	$ 12,300,542	$ 12,300,542
Investment return, net	-	2,429,151	2,429,151
Contributions	-	2,265	2,265
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(1,029,739)	(1,029,739)
Endowment net assets, December 31, 2019	-	13,702,219	13,702,219
Investment return, net	-	1,512,050	1,512,050
Contributions	-	1,166	1,166
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(598,338)	(598,338)
Endowment net assets, December 31, 2020	$ -	$ 14,617,097	$ 14,617,097

Note 13—Fair value of financial instruments

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on GCFAs assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at December 31, 2020 and 2019 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

December 31, 2020	Total Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Short-term investment portfolio:				
Texas Methodist Foundation Loan Fund	$ 25,485,254	$ -	$ -	$ 25,485,254
Mutual funds	11,859,216	11,859,216	-	-
Short-term collateralized loan fund	3,114,868	3,114,868	-	-
Fixed income	8,803,412	8,803,412	-	-
Corporate bonds	30,695,672	-	30,695,672	-
Total short-term investment portfolio	79,958,422	$ 23,777,496	$ 30,695,672	$ 25,485,254
Long-term investment portfolio:				
Cash and cash equivalents	2,420,677	$ 2,420,677	$ -	$ -
Mutual funds	4,329,723	4,329,723	-	-
Common stocks	37,053,334	37,053,334	-	-
Government securities	8,158,567	8,158,567	-	-
Corporate bonds	3,194,325	-	3,194,325	-
	55,156,626	$ 51,962,301	$ 3,194,325	$ -
Alternative investments:				
Renaissance Access*	840,026			
CQS ABS*	512,706			
Summit Partners*	1,055,669			
ACAP Strategic Fund*	737,402			
Total long-term investment portfolio	58,302,429			
Benefit Trust Assets - Multiple Asset Fund (Held with Wespath)*	186,112,480			
Total investments at fair value	$ 324,373,331			

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Note 13—Fair value of financial instruments (continued)

December 31, 2019	Total Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments:				
Short-term investment portfolio:				
Texas Methodist Foundation Loan Fund	$ 14,215,822	$ -	$ -	$ 14,215,822
Mutual funds	1,866,333	1,866,333	-	-
Short-term collateralized loan fund	285,637	285,637	-	-
Fixed income	11,664,914	11,664,914	-	-
Corporate bonds	35,630,544	-	35,630,544	-
Total short-term investment portfolio	63,663,250	$ 13,816,884	$ 35,630,544	$ 14,215,822
Long-term investment portfolio:				
Cash and cash equivalents	2,226,151	$ 2,226,151	$ -	$ -
Mutual funds	4,907,308	4,907,308	-	-
Common stocks	41,161,894	41,161,894	-	-
Government securities	10,058,777	10,058,777	-	-
Corporate bonds	3,348,195	-	3,348,195	-
	61,702,325	$ 58,354,130	$ 3,348,195	$ -
Alternative investments:				
Renaissance Access*	2,096,410			
Skybridge Multi-Advisor*	1,235,516			
CQS ABS*	1,027,547			
Summit Partners*	600,760			
Blackstone Alternative Alpha*	1,143,949			
Arden Investment Advisors*	155,051			
Total long-term investment portfolio	67,961,558			
Benefit Trust Assets - Multiple Asset Fund (Held with Wespath)*	167,448,911			
Total investments at fair value	$ 299,073,719			

* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated statements of financial position.

Note 13—Fair value of financial instruments (continued)

For entities that calculate net asset value per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from the net asset value per share for the year ended December 31, 2020:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multiple Asset Fund (Wespath) [a]	$ 186,112,480	none	daily	daily
Renaissance Access [b]	840,026	none	monthly	60 days
CQS ABS [c]	512,706	none	quarterly	90 days
Summit Partners [d]	1,055,669	none	quarterly	30 days
ACAP Strategic Fund [e]	737,402	none	quarterly	April 20, June 20, September 20

(a) The investments in Wespath's Multiple Asset Fund are a composite of U.S. equity funds (34.8%), fixed income funds (24.6%), international equity funds (30.3%), inflation protection funds (9.9%), and cash (0.4%).

(b) Renaissance Access LLC operates as a feeder fund, enabling clients to gain access to Renaissance Institutional Equities Fund LLC with a substantially smaller minimum investment than the $20 million that is generally required for persons investing directly in RIEF. The fund over the long term seeks to achieve a risk-adjusted return that exceeds that of the Standard & Poor's 500 index (with dividends reinvested), by investing in a diversified portfolio consisting almost exclusively of listed equity securities publicly traded in the U.S. The manager of the Underlying Fund currently expects RIEF to run with long-term leverage of approximately 2.5 to 1.0, and RIEF is designed to remain net long $100 for each $100 of equity except during periods of large investor capital flows. RIEF also seeks to provide diversification from capitalization-weighted equity portfolios.

(c) CQS ABS operates as a feeder fund and invests in asset backed securities and related markets using a range of securities, derivatives and other financial instruments. The investment objective of the fund is to achieve attractive risk adjusted returns over the medium to long term.

(d) Summit Partners Sustainable Opportunities L/S Fund Limited is an alternative investment fund primarily invested in long and short investments in global equity securities and other equity-related instruments of public companies. The fund seeks to make investments based on individual themes and focus on companies that offer disruptive, market-driven solutions to global sustainability challenges. The primary investment objective is to achieve capital appreciation and deliver strong risk-adjusted returns over a market cycle.

(e) ACAP Strategic Fund primarily invests in publicly traded domestic and foreign equity securities in order to achieve maximum capital appreciation. The fund also pursues its objective by effecting short sales of securities when the adviser believes that the market price of a security is above its estimated intrinsic or fundamental value.

Note 13—Fair value of financial instruments (continued)

The following is a reconciliation of activity for 2020 and 2019 for assets measured at fair value based on Level 3 significant unobservable information:

	Texas Methodist Foundation Loan Fund
December 31, 2018	$ 14,034,044
Purchases	425,936
Withdrawals	(244,158)
December 31, 2019	14,215,822
Interest income	513,574
Purchases	11,000,000
Withdrawals	(244,142)
December 31, 2020	$ 25,485,254

Note 14—Insurance activity

Effective October 1, 2012, UMI provides, on a direct basis at varying limits, self-insured retentions, and deductibles, directors & officers (“D&O”), employment practices liability (“EPL”), property liability, general liability, sexual misconduct, equipment breakdown, umbrella, and terrorism coverage to members of GCFA. UMI reinsures all lines of coverage with various unaffiliated reinsurers subject to retentions.

Effective October 1, 2017, UMI began providing insured policyholders with access to cyber liability coverage with limits of $250,000 per occurrence and $20 million in the aggregate. Coverage is provided to insureds through a master agreement with GCFA and GCFA is 100% reinsured by third party reinsurance. UMI administers the cyber liability program on behalf of GCFA.

Note 14—Insurance activity (continued)

The various coverages, percentage of reinsurance layer placed, and limits of reinsurance are as follows:

Coverage	Years	Percentage of Coverage Placed and Reinsurance Limits
D&O and EPL	10/1/12-3/31/17	100% of $1 million per occurrence, $25 million in aggregate
	4/1/17-12/31/18	90% of $1 million per occurrence, $25 million in aggregate
	1/1/19-12/31/19	100% of $1 million per occurrence
Property	10/1/12-12/31/14	100% of $20 million per occurrence
	1/1/15-12/31/17	95% of $5 million per occurrence, $30 million in aggregate
		100% of $10 million in excess of $5 million per occurrence
		100% of $15 million in excess of $15 million per occurrence and $30 million in aggregate
	1/1/18-12/31/18	95% of $5 million per occurrence, $25 million in aggregate
		100% of $25 million in excess of $5 million per occurrence and $50 million in aggregate
	1/1/19-12/31/19	100% of insured values
General liability (including casualty and sexual misconduct)	10/1/12-12/31/14	100% of $1 million per occurrence, $3 million annually per church, $5 million annually in aggregate
	1/1/15-12/31/18	95% of $3 million per occurrence
	1/1/19-12/31/19	100% of $3 million per occurrence
Equipment breakdown	10/1/12-10/1/19	100% of $100 million per occurrence and annually in aggregate
Umbrella	10/1/12-12/31/13	100% of $500,000 to $1 million per occurrence, $3 million to $15 million annually in the aggregate, dependent on the underlying coverage
	1/1/14-12/31/14	97.5% of first $1 million per occurrence, $3 million annually in aggregate
		100% of $4 million in excess of $1 million per occurrence and $8 million annually in aggregate
	1/1/15-12/31/17	95% of $1 million per occurrence, up to a $4 million aggregate, dependent on the underlying coverage
		100% of $4 million in excess of $1 million per occurrence and $8 million annually in aggregate
	1/1/18-12/31/18	95% of $5 million per occurrence
	1/1/19-12/31/19	100% of $5 million per occurrence
Terrorism	10/1/12-12/31/14	100% of $40 million per occurrence and annually in aggregate
	1/1/15-12/31/18	100% of $55 million in excess of $25,000 per occurrence and $55 million annually in aggregate
	1/1/19-12/31/19	100% of insured values plus liability limits

Note 14—Insurance activity (continued)

In May 2018, GCFA decided to change the direction of the property and casualty insurance program of the Church. As a consequence, effective January 1, 2019, UMI ceased providing new and renewal coverage with the intention of having UMI's operations consist solely of the run-off of its insurance business. Effective March 1, 2019, due to lower than projected renewal rates into UMIA third party insurer placements, UMI began writing on a direct basis at varying limits, self-insured retentions, and deductibles, D&O, EPL, property liability, general liability, sexual misconduct, equipment breakdown, umbrella, and terrorism coverage to members of GCFA. UMI reinsures 100% of all lines of coverage with an unaffiliated reinsurer.

Beginning January 1, 2020, UMI no longer writes direct coverage and has begun transitioning insurance placements for policyholders at policy renewal to third party insurers through UMIA and Suracy.

Effective January 1, 2005, PACT entered into a reinsurance agreement with Zurich to assume the workers' compensation, general liability (including sexual misconduct), auto, property, and inland marine coverages of its Members at various limits. Effective January 1, 2009, PACT discontinued its assumption of property coverage from Zurich. Effective October 1, 2010, PACT terminated its reinsurance agreement with Zurich and ceased assuming risk on all lines of business. UMI assumed all risk related to the policy years in run-off.

Effective July 13, 2014, per an agreement with Zurich, the letter of credit was canceled and PACT's obligations were collateralized through an investment trust account held for the benefit of Zurich. The trust is comprised of a money market fund and fixed maturity securities. Total assets held in trust for the benefit of Zurich amounted to $754,009 and $1,081,285 as of December 31, 2020 and 2019, respectively.

The Zurich reinsurance agreement also requires UMI to provide a minimum loss fund to be held in a loss escrow account for the benefit of Zurich. The minimum loss fund can be increased up to the balance of outstanding case basis reserves for losses and loss adjustment expenses at the request of Zurich. The loss escrow fund totaled $50,000 as of December 31, 2020 and 2019.

Reinsurance transactions do not relieve UMI of its primary obligation to its policyholders. Reinsurance transactions exclude claim handling fees which are retained by UMI.

A reconciliation of direct to net premiums, on both a written and an earned basis as of December 31, 2020 and 2019 are as follows:

	2020		2019	
	Written	Earned	Written	Earned
Direct	$ (520,481)	$ 8,483,597	$ 15,862,104	$ 16,760,684
Ceded	677,800	(8,242,246)	(15,748,793)	(15,728,699)
Net	$ 157,319	$ 241,351	$ 113,311	$ 1,031,985

Note 14—Insurance activity (continued)

The components of the liability for losses and loss adjustment expenses and related reinsurance recoverable as of December 31, 2020 and 2019 are as follows:

	2020		2019	
	Gross Liability	Reinsurance Recoverable	Gross Liability	Reinsurance Recoverable
Case-basis reserves	$ 1,516,725	$ 1,102,727	$ 5,985,046	$ 5,422,828
IBNR reserves	4,602,076	4,405,554	8,647,691	8,249,413
Claim handling fees	22,700	-	84,200	-
Net	$ 6,141,501	$ 5,508,281	$ 14,716,937	$ 13,672,241

Losses and loss adjustment expense activity for the years ended December 31, 2020 and 2019 are as follows:

	2020	2019
Liabilities as of January 1, net of reinsurance recoverable of $13,672,241 and $17,103,689, respectively	$ 1,044,696	$ 1,580,567
Incurred related to:		
Current year	-	256,300
Development of prior years	124,435	47,926
Claim handling fees	40,677	285,337
Total incurred during the year	165,112	589,563
Paid related to:		
Current year	-	(163,949)
Prior years	(474,411)	(676,148)
Claim handling fees	(102,177)	(285,337)
Total paid during the year	(576,588)	(1,125,434)
Liability as of December 31, net of reinsurance recoverable of $5,508,281 and $13,672,241, respectively	$ 633,220	$ 1,044,696

The unfavorable prior year development of $124,435 recorded in 2020 is predominantly attributable to development on the 2008 workers' compensation coverage and the 2010 sexual misconduct coverage assumed from Zurich and offset by generally favorable development on other lines of business.

The unfavorable prior year development of $47,926 recorded in 2019 is predominantly attributable to development on the 2018 and 2017 property coverage, the 2006 sexual misconduct coverage assumed from Zurich and 2017 general liability coverage offset by generally favorable development on other lines of business.

Note 14—Insurance activity (continued)

The reconciliation of the net incurred and paid losses development tables to the liability for losses and loss adjustment expenses on the consolidated statements of financial position as of December 31, 2020 and 2019 is as follows:

	2020	2019
Net outstanding liabilities:		
Property and Crime	$ 59,829	$ 350,518
General Liability	22,577	54,125
Sexual Misconduct	249,824	110,410
Other short-duration insurance lines	278,290	445,443
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance	610,520	960,496
Reinsurance recoverable:		
Property and Crime	3,579,177	9,861,535
General Liability	605,434	1,354,467
Sexual Misconduct	1,178,052	1,313,544
Other short-duration insurance lines	145,618	1,142,695
Total reinsurance recoverable on unpaid losses and loss adjustment expenses	5,508,281	13,672,241
Unallocated loss adjustment expenses	22,700	84,200
Total gross liability for unpaid losses and loss adjustment expenses	$ 6,141,501	$ 14,716,937

Other short-duration insurance lines above includes liabilities for unpaid losses and loss adjustment expenses, net of reinsurance of $263,218 related to PACT workers' compensation coverage assumed from Zurich from 2006 to 2010. The workers' compensation coverage is not disclosed as a significant category due to the age of the respective coverage, which are older than the six years requiring disclosure, by ASU 2015-09, *Disclosures about Short-Duration Contracts*.

Note 14—Insurance activity (continued)

The following is information about incurred and cumulative paid losses and loss adjustment expenses, net of reinsurance, and total IBNR liabilities plus expected development on reported claims, net of reinsurance and the cumulative number of reported claims as of December 31, 2020, by significant category for the years presented:

Property and Crime

Accident Year	Net Incurred	Cumulative Net Paid	Net Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	$ -	$ -	$ -	77
2014	-	-	-	152
2015	284,960	284,960	-	233
2016	451,542	451,542	-	374
2017	720,000	711,945	8,055	448
2018	1,050,000	1,025,691	24,309	511
2019	230,000	202,535	27,465	338
2020	-	-	-	154
Total	$ 2,736,502	$ 2,676,673	$ 59,829	

General Liability

Accident Year	Net Incurred	Cumulative Net Paid	Net Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	$ -	$ -	$ -	26
2014	-	-	-	35
2015	11,619	11,619	-	34
2016	6,466	6,466	-	56
2017	42,000	36,158	5,842	74
2018	16,000	8,134	7,866	82
2019	15,000	6,131	8,869	51
2020	-	-	-	7
Total	$ 91,085	$ 68,508	$ 22,577	

Sexual Misconduct

Accident Year	Net Incurred	Cumulative Net Paid	Net Total IBNR Plus Expected Development on Reported Claims	Cumulative Number of Reported Claims
2013	$ -	$ -	$ -	1
2014	-	-	-	-
2015	6,000	1,785	4,215	1
2016	8,000	-	8,000	-
2017	12,000	397	11,603	1
2018	16,000	-	16,000	-
2019	8,500	-	8,500	-
2020	-	-	-	-
Total	$ 50,500	$ 2,182	$ 48,318	

UMI determines the number of reported claims by tracking the number of claims by occurrence and excluding claims closed that are without payment.

Note 15—Related party transactions and service providers

During the years ended December 31, 2020 and 2019, certain expenses incurred related to the operations of UMI were paid by GCFA. Salaries and benefit expenses, travel, and various general and administrative fees were paid by GCFA on the behalf of UMI totaling $150,642 and $239,912 for the years ended December 31, 2020 and 2019, respectively, and are included as a component of insurance services on the consolidated statements of activities. UMI reimburses GCFA for expenses quarterly, and the payable amount as of December 31, 2020 and 2019 totaled $28,004 and $68,402, respectively, and are eliminated on the consolidated statements of financial position. This expense includes salaries, benefits, and related payroll expenses totaling $127,966 and $213,728 for 2020 and 2019, respectively, associated with UMI's president and CEO.

GCFA received administration fees of $3,500 and $6,500 during 2020 and 2019, respectively, based on a fixed fee arrangement agreed to by UMI and GCFA. This fee is eliminated in consolidation of UMI.

UMI entered into a line of credit with GCFA on January 1, 2016, to borrow up to $2,000,000 in order to fund the operating needs of UMI. On April 7, 2017, UMI received additional capital in the form of a $2,000,000 surplus note to GCFA. Concurrent with this transaction, the $2,000,000 line of credit agreement with GCFA was rescinded.

Artex provides accounting and regulatory compliance services for UMI, pursuant to an agreement administered by CIAC. Fees for services performed by Artex amounted to $131,375 and $144,250 for the years ended December 31, 2020 and 2019, respectively, and are included as a component of general and administrative expenses on the consolidated statements of activities. An employee of Artex is an officer of UMI.

UMI contracted with Suracy to provide program administration, brokerage, policy issuance, underwriting, and loss control services for its members. Expenses incurred related to Suracy services totaled $1,272,540 and $2,224,269 during 2020 and 2019, respectively, of which $1,272,540 and $1,979,983, respectively, is included as a component of policy acquisition and other underwriting expenses, and $-0- and $244,286, respectively, is included as a component of general and administrative expenses on the consolidated statements of activities.

In addition to transactions with UMI, GCFA had the following transactions with other agencies of the Church:

	2020	2019
Consolidated Statements of Financial Position:		
Due from annual conferences	$ 30,077,138	$ 27,131,283
Due from UMI	28,004	68,402
General Agency Benefit Trust assets	186,112,480	167,448,911
Due to related organizations:		
General agencies	50,676,128	43,681,402
Other affiliated organizations	231,975	221,565
General advance specials	8,598,075	6,186,423
General Funds	60,353,583	56,065,601
General Agency Benefit Trust obligations	186,112,480	167,448,911
Consolidated Statements of Activities - Revenues:		
Allocation from The General Funds	5,947,798	6,369,449
Distribution from Benefit Trust	964,406	811,974
Consolidated Statements of Activities - Expenses:		
Group insurance expense	676,486	757,977

Note 16—Net assets – UMI

In accordance with laws of the state of Vermont, for the purpose of submitting its financial statements to the state for regulatory purposes, UMI is required to use U.S. GAAP with the exception of variances prescribed by Vermont laws and regulations or permitted by the Department. Pursuant to laws of the state of Vermont, UMI is required to maintain capital and surplus of $250,000, which meets the liquidity requirements of the Department. At December 31, 2020 and 2019, UMI's net assets without donor restrictions amounted to $2,529,090 and $2,560,627, respectively.

Effective December 18, 2013, UMI issued surplus notes with original principal totaling $2,395,700, payable to 18 former members of PACT in exchange for their ownership interest in PACT. The notes have a stated interest rate per annum of 0.5%, which compounds quarterly as of the date of issuance. The surplus notes can be re-paid at any time without penalty. Interest is due annually, in arrears, and is required to be paid annually until the notes have been fully paid. Upon approval from the Department, a surplus note totaling $8,700 was settled with one former member during 2014. Upon approval of the Department, surplus notes totaling $358,050 were repaid to former members during 2019. Interest payments of $10,145 and $10,390 were made on the surplus notes in 2020 and 2019, respectively, upon approval from the Department. Interest payable totaling $361 and $362 was accrued at December 31, 2020 and 2019, respectively. Interest payable is included as a component of accounts payable and accrued expenses on the consolidated statements of financial position.

Effective April 7, 2017, UMI issued a $2,000,000 surplus note to GCFA in return for a capital contribution of $2,000,000. The note has a stated interest rate per annum of 5%, payable quarterly. Principal is due in five years, with no prepayment penalty subject to approval from the Department. Interest payments of $100,000 were made on the surplus note in both 2020 and 2019 upon approval from the Department. Interest payable of $-0- was due and accrued on the surplus note at December 31, 2020 and 2019. Interest payable is included as a component of accounts payable and accrued expenses on the consolidated statements of financial position. This surplus note and related interest have been eliminated in these consolidated financial statements.

All principal and interest payments are subject to approval by the Department. Interest expense totaled $110,145 and $110,326 in 2020 and 2019, respectively, and is included as a component of general and administrative expenses on the consolidated statements of activities. For regulatory purposes, the note is considered contributed capital in accordance with accounting practices prescribed by the Department. However, such inclusion in net assets without donor restrictions is not in accordance with U.S. GAAP, which requires the surplus notes to be carried as a liability. As such, the surplus notes have been presented as a liability in the consolidated statements of financial position as of December 31, 2020 and 2019.

Note 17—Commitments and contingencies

Various lawsuits, claims, and other contingent liabilities arise in the course of GCFAs religious, education, insurance, and ministry activities. While the ultimate disposition of these contingencies is not determinable at this time, management believes that any resulting liability will not materially affect the consolidated financial position, changes in net assets, and cash flows of GCFA.

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

Note 17—Commitments and contingencies (continued)

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 GCFA is unknown at this time.

Note 18—Paycheck Protection Program

GCFA received a Paycheck Protection Program ("PPP") loan in the amount of $1,978,756 in April 2020. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (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 GCFA 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. GCFA believes it has not substantially met all barriers for full loan forgiveness yet and, therefore, has recorded the receipt of the funds of $1,978,756 as deferred revenue in the consolidated statement of financial position as of December 31, 2020.

Note 19—Subsequent events

Management has evaluated subsequent events through August 10, 2021, the date the consolidated financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.

SUPPLEMENTARY INFORMATION

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020							
	GCFA	UMC Foundation	UMI	Permanent Fund	Benefit Trust	Eliminations	TOTAL	2019 TOTAL
ASSETS								
Cash and cash equivalents	$ 18,323,624	$ -	$ 1,715,192	$ -	$ -	$ -	$ 20,038,816	$ 18,501,720
Short-term investment portfolio	79,958,422	-	-	-	-	-	79,958,422	63,663,250
Accrued interest and dividends receivable	514,885	-	-	-	-	-	514,885	599,052
Due from annual conferences	30,077,138	-	-	-	-	-	30,077,138	27,131,283
Accounts receivable	883,972	27,950	-	347	-	-	912,269	811,222
Prepaid expenses and other assets	256,002	-	66,960	-	-	-	322,962	386,765
Long-term investment portfolio	2,732,626	57,572,483	729,946	14,735,636	-	(17,468,262)	58,302,429	67,961,558
Notes receivable	2,000,000	-	-	-	-	(2,000,000)	-	-
General Agency Benefit Trust assets	-	-	-	-	186,112,480	-	186,112,480	167,448,911
Land and fixed assets, net	5,129,734	-	-	-	-	-	5,129,734	5,363,335
Investment in subsidiary	3,664,690	-	-	-	-	(3,664,690)	-	-
Premiums receivable, net of allowance for doubtful accounts	-	-	508,981	-	-	-	508,981	9,344,368
Reinsurance recoverable - paid losses	-	-	292,606	-	-	-	292,606	2,966,817
Reinsurance recoverable - unpaid losses	-	-	5,508,281	-	-	-	5,508,281	13,672,241
Commission receivable	-	-	-	-	-	-	-	71,774
Deferred policy acquisition costs	-	-	-	-	-	-	-	1,384,824
Prepaid reinsurance premium	-	-	-	-	-	-	-	8,920,046
Loss escrow	-	-	545,000	-	-	-	545,000	545,000
Total Assets	$ 143,541,093	$ 57,600,433	$ 9,366,966	$ 14,735,983	$ 186,112,480	$ (23,132,952)	$ 388,224,003	$ 388,772,166

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020							
	GCFA	UMC Foundation	UMI	Permanent Fund	Benefit Trust	Eliminations	TOTAL	2019 TOTAL
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable and accrued expenses	$ 1,073,099	$ 7,546	$ 231,837	$ 4,298	$ -	$ -	$ 1,316,780	$ 1,701,527
Due to Related Organizations:								
General agencies	50,676,128	-	-	-	-	-	50,676,128	43,681,402
Other affiliated organizations	47,412	(52,880)	-	237,443	-	-	231,975	221,565
General advance specials	8,598,075	-	-	-	-	-	8,598,075	6,186,423
General Funds	60,353,583	-	-	-	-	-	60,353,583	56,065,601
Paycheck Protection Program deferred grant revenue	1,978,756	-	-	-	-	-	1,978,756	-
General Agency Benefit Trust obligations	-	-	-	-	186,112,480	-	186,112,480	167,448,911
Funds held for investors in the UMC Foundation	-	57,415,688	-	-	-	(17,468,262)	39,947,426	50,472,628
Liability for losses and loss adjustment expenses	-	-	6,141,501	-	-	-	6,141,501	14,716,937
Losses payable	-	-	90,326	-	-	-	90,326	141,094
Unearned premiums	-	-	-	-	-	-	-	9,004,077
Reinsurance premiums payable	-	-	144,912	-	-	-	144,912	8,081,528
Commission payable	-	-	12,762	-	-	-	12,762	1,605,860
Deferred ceding commissions	-	-	-	-	-	-	-	1,381,041
Deferred agency revenue	-	-	216,538	-	-	-	216,538	296,207
Surplus notes	-	-	4,028,950	-	-	(2,000,000)	2,028,950	2,028,950
Total Liabilities	122,727,053	57,370,354	10,866,826	241,741	186,112,480	(19,468,262)	357,850,192	363,033,751
Net Assets:								
Without Donor Restrictions:								
Invested in property and equipment	5,129,734	-	-	-	-	-	5,129,734	5,363,335
Board-designated	3,903,047	-	-	-	-	(3,664,690)	238,357	241,859
Undesignated	11,771,182	97,891	(1,499,860)	-	-	-	10,369,213	6,411,592
Total Without Donor Restrictions	20,803,963	97,891	(1,499,860)	-	-	(3,664,690)	15,737,304	12,016,786
With Donor Restrictions:								
Subject to purpose restrictions	10,027	9,383	-	-	-	-	19,410	19,410
Endowment	50	122,805	-	14,494,242	-	-	14,617,097	13,702,219
Total With Donor Restrictions	10,077	132,188	-	14,494,242	-	-	14,636,507	13,721,629
Total Net Assets	20,814,040	230,079	(1,499,860)	14,494,242	-	(3,664,690)	30,373,811	25,738,415
Total Liabilities and Net Assets	$ 143,541,093	$ 57,600,433	$ 9,366,966	$ 14,735,983	$ 186,112,480	$ (23,132,952)	$ 388,224,003	$ 388,772,166

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY NET ASSET CATEGORY

YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020					
	Without Donor Restrictions					
	GCFA	UMC Foundation	UMI	Board Designated	Intercompany Eliminations	Total Without Donor Restrictions
Operating Revenue and Support:						
Allocation from UMC:						
Allocation from the General Funds:						
World Service Fund	$ 1,973,792	$ -	$ -	$ -	$ -	$ 1,973,792
Episcopal	646,488	-	-	-	-	646,488
General Administration	3,192,227	-	-	-	-	3,192,227
Interdenominational Cooperation	54,262	-	-	-	-	54,262
Human Relations Day	13,747	-	-	-	-	13,747
One Great Hour of Sharing	37,422	-	-	-	-	37,422
Student Day	7,702	-	-	-	-	7,702
World Communion Day	13,016	-	-	-	-	13,016
Peace with Justice Sunday	4,691	-	-	-	-	4,691
Native American Ministries Sunday	4,451	-	-	-	-	4,451
Total all General Funds	5,947,798	-	-	-	-	5,947,798
Other Operating Income:						
Investment Return:						
Interest and dividends, net of fees and interest paid to depositors	1,146,943	1,861	70,387	-	(100,000)	1,119,191
Realized gains (losses) on investments	710,972	(12)	-	-	-	710,960
Unrealized gains on investments	-	-	-	-	-	-
Investment Return, Net	1,857,915	1,849	70,387	-	(100,000)	1,830,151
Distribution from Benefit Trust	964,406	-	-	-	-	964,406
Contribution and other	605,919	10,606	423,631	-	(4,800)	1,035,356
Premiums earned, net of reinsurance	-	-	241,351	-	-	241,351
Ceding commission revenue	-	-	1,244,476	-	-	1,244,476
Other service fee income	1,430,580	199,308	-	-	(38,550)	1,591,338
Net assets released from restriction	-	9,908	-	-	-	9,908
Total Other Operating Income	4,858,820	221,671	1,979,845	-	(143,350)	6,916,986
Total Operating Revenue and Support	10,806,618	221,671	1,979,845	-	(143,350)	12,864,784
Operating Expenses:						
Program Services:						
Administration	4,144,160	-	-	3,500	-	4,147,660
Financial services	1,243,446	-	-	-	-	1,243,446
Management information systems	2,358,923	-	-	-	-	2,358,923
Statistics and records	602,267	-	-	-	-	602,267
Total Program Services	8,348,796	-	-	3,500	-	8,352,296
Fundraising	-	-	-	-	-	-
United Methodist Church Foundation:						
Grants	-	9,908	-	-	-	9,908
Funds management	-	190,173	-	-	(4,320)	185,853
Management and general	-	21,130	-	-	(480)	20,650
United Methodist Insurance Company:						
Insurance services	-	-	2,018,854	-	(138,550)	1,880,304
Total Operating Expenses	8,348,796	221,211	2,018,854	3,500	(143,350)	10,449,011
Excess (deficiency) of operating revenue over operating expenses	2,457,822	460	(39,009)	(3,500)	-	2,415,773
Nonoperating Revenues:						
Net increase in Permanent Fund	-	-	-	-	-	-
Unrealized gains on debt securities to be held to maturity	1,293,397	3,876	-	-	-	1,297,273
Other comprehensive gain	-	-	7,472	-	-	7,472
Total Nonoperating Revenues	1,293,397	3,876	7,472	-	-	1,304,745
Change in net assets	3,751,219	4,336	(31,537)	(3,500)	-	3,720,518
Net assets, beginning of year	16,814,385	93,555	(1,468,323)	241,859	(3,664,690)	12,016,786
Net assets, end of year	$ 20,565,604	$ 97,891	$ (1,499,860)	$ 238,359	$ (3,664,690)	$ 15,737,304

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES

CONSOLIDATING STATEMENT OF ACTIVITIES BY NET ASSET CATEGORY (CONTINUED)

YEAR ENDED DECEMBER 31, 2020 (WITH COMPARATIVE TOTALS FOR 2019)

	2020					
	With Donor Restrictions					
	UMC Foundation	Other	Permanent Fund	Total With Donor Restrictions	2020 Total Consolidated	2019 Total Consolidated
Operating Revenue and Support:						
Allocation from UMC:						
Allocation from the General Funds:						
World Service Fund	$ -	$ -	$ -	$ -	$ 1,973,792	$ 1,919,119
Episcopal	-	-	-	-	646,488	745,656
General Administration	-	-	-	-	3,192,227	3,516,822
Interdenominational Cooperation	-	-	-	-	54,262	50,791
Human Relations Day	-	-	-	-	13,747	13,748
One Great Hour of Sharing	-	-	-	-	37,422	78,966
Student Day	-	-	-	-	7,702	10,789
World Communion Day	-	-	-	-	13,016	19,345
Peace with Justice Sunday	-	-	-	-	4,691	6,317
Native American Ministries Sunday	-	-	-	-	4,451	7,896
Total all General Funds	-	-	-	-	5,947,798	6,369,449
Other Operating Income:						
Investment Return:						
Interest and dividends, net of fees and interest paid to depositors	2,710	-	-	2,710	1,121,901	1,046,588
Realized gains (losses) on investments	1,371	-	-	1,371	712,331	882,114
Unrealized gains on investments	-	-	-	-	-	21,631
Investment Return, Net	4,081	-	-	4,081	1,834,232	1,950,333
Distribution from Benefit Trust	-	-	-	-	964,406	811,974
Contribution and other	250	-	-	250	1,035,606	1,030,832
Premiums earned, net of reinsurance	-	-	-	-	241,351	1,031,985
Ceding commission revenue	-	-	-	-	1,244,476	2,757,008
Other service fee income	-	-	-	-	1,591,338	1,814,713
Net assets released from restriction	(9,908)	-	-	(9,908)	-	-
Total Other Operating Income	(5,577)	-	-	(5,577)	6,911,409	9,396,845
Total Operating Revenue and Support	(5,577)	-	-	(5,577)	12,859,207	15,766,294
Operating Expenses:						
Program Services:						
Administration	-	-	-	-	4,147,660	4,873,057
Financial services	-	-	-	-	1,243,446	1,209,134
Management information systems	-	-	-	-	2,358,923	2,784,751
Statistics and records	-	-	-	-	602,267	339,737
Total Program Services	-	-	-	-	8,352,296	9,206,679
Fundraising	-	-	-	-	-	810
United Methodist Church Foundation:						
Grants	-	-	-	-	9,908	-
Funds management	-	-	-	-	185,853	201,611
Management and general	-	-	-	-	20,650	22,401
United Methodist Insurance Company:						
Insurance services	-	-	-	-	1,880,304	4,219,688
Total Operating Expenses	-	-	-	-	10,449,011	13,651,189
Excess (deficiency) of operating revenue over operating expenses	(5,577)	-	-	(5,577)	2,410,196	2,115,105
Nonoperating Revenues:						
Net increase in Permanent Fund	-	-	915,972	915,972	915,972	1,386,124
Unrealized gains on debt securities to be held to maturity	4,483	-	-	4,483	1,301,756	3,158,250
Other comprehensive gain	-	-	-	-	7,472	61,855
Total Nonoperating Revenues	4,483	-	915,972	920,455	2,225,200	4,606,229
Change in net assets	(1,094)	-	915,972	914,878	4,635,396	6,721,334
Net assets, beginning of year	133,282	10,077	13,578,270	13,721,629	25,738,415	19,017,081
Net assets, end of year	$ 132,188	$ 10,077	$ 14,494,242	$ 14,636,507	$ 30,373,811	$ 25,738,415

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

STATEMENT OF FUNCTIONAL EXPENSES FOR GCFA (NON-CONSOLIDATED) AND COMPARISON TO BUDGET (UNAUDITED)

YEAR ENDED DECEMBER 31, 2020

	Administration											
	General Secretary's Office	**Building & Support Services**	**Episcopal Services**	**Legal Services**	**Audit**	**Staff Benefits/ Recruitment**	**Shared Services**	**Association Training and Other**	**Meetings**	**Annual Conference Support**	**Total**	**Budget (Unaudited)**
Salaries	$ 635,807	$ 468,199	$ 206,564	$ 324,397	$ -	$ 565,493	$ 337,313	$ -	$ -	$ -	$ 2,537,773	$ 2,507,060
Employee benefits	184,504	164,648	64,628	103,643	-	187,396	61,523	-	-	-	766,342	779,801
Continuing education	9,106	-	-	4,003	-	1,729	300	-	-	-	15,138	51,685
Retiree benefits	-	-	-	-	-	105,570	-	-	-	-	105,570	108,698
Grants	-	-	-	-	-	-	-	-	-	3,500	3,500	-
Telephone	4,829	2,550	1,690	2,006	-	3,345	4,020	-	-	-	18,440	21,156
Postage and freight	240	1,388	-	22	-	68	171	-	-	-	1,889	8,962
Printing	366	-	-	-	-	-	35	-	-	-	401	5,300
Office supplies	117	5,517	48	15	-	594	192	-	-	-	6,483	17,677
Subscriptions and memberships	7,920	615	-	1,586	-	3,756	1,623	-	-	-	15,500	17,001
Equipment replacement/maintenance	-	6,107	-	-	-	-	-	-	-	-	6,107	10,189
Software support and maintenance	-	92,002	-	-	-	1,154	-	-	-	-	93,156	86,317
Building repair and maintenance	-	142,454	-	-	-	-	-	-	-	-	142,454	167,299
Promotional materials/other office expense	-	-	-	-	-	-	-	-	-	-	-	4,250
Depreciation	-	146,626	-	-	-	-	-	-	-	-	146,626	146,256
Professional fees	2,000	6,900	-	45,329	743,735	2,902	-	-	6,710	-	807,576	883,979
Meeting	156	-	-	-	-	-	631	5,839	16,711	-	23,337	511,101
Staff travel	4,029	3,360	402	214	-	1,527	3,440	672	23,525	-	37,169	85,666
Insurance	-	-	-	157,582	-	-	-	-	-	-	157,582	203,095
Bank/financing charges	-	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-	-
Overhead allocation	-	(211,086)	-	(10,491)	-	(473,853)	(42,750)	-	-	-	(738,180)	(563,516)
Other	-	750	-	47	-	-	-	-	-	-	797	-
Total Expenses for Operations	$ 849,074	$ 830,030	$ 273,332	$ 628,353	$ 743,735	$ 399,681	$ 366,498	$ 6,511	$ 46,946	$ 3,500	$ 4,147,660	$ 5,051,976

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

STATEMENT OF FUNCTIONAL EXPENSES FOR GCFA (NON-CONSOLIDATED) AND COMPARISON TO BUDGET (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

	Operations							
	Financial Services	Budget (Unaudited)	Management Information Systems	Budget (Unaudited)	Statistics and Records	Budget (Unaudited)	Total	Budget (Unaudited)
Salaries	$ 966,189	$ 921,848	$ 1,273,421	$ 1,176,000	$ 255,708	$ 259,325	$ 5,033,091	$ 4,864,233
Employee benefits	319,631	305,406	268,862	369,000	102,409	126,246	1,457,244	1,580,453
Continuing education	724	5,600	1,618	25,915	-	5,100	17,480	88,300
Retiree benefits	-	-	-	-	-	-	105,570	108,698
Grants	-	-	-	-	-	-	3,500	-
Telephone	1,642	1,716	182,208	149,760	960	960	203,250	173,592
Postage and freight	243	900	1,463	3,000	16	-	3,611	12,862
Printing	-	-	-	-	-	-	401	5,300
Office supplies	1,987	2,400	3,218	14,000	-	1,000	11,688	35,077
Subscriptions and memberships	828	1,244	283	260	40	300	16,651	18,805
Equipment replacement/maintenance	-	-	148,271	170,583	-	-	154,378	180,772
Software support and maintenance	-	-	429,524	436,503	120	-	522,800	522,820
Building repair and maintenance	-	-	-	-	-	-	142,454	167,299
Promotional materials/other office expense	-	-	-	-	-	-	-	4,250
Depreciation	-	-	83,087	82,679	-	-	229,713	228,935
Professional fees	-	-	5,784	26,900	242,852	6,750	1,056,212	917,629
Meeting	-	-	-	-	-	-	23,337	511,101
Staff travel	1,679	7,480	5,551	60,200	162	4,800	44,561	158,146
Insurance	-	-	-	-	-	-	157,582	203,095
Bank/financing charges	45,445	-	-	-	-	-	45,445	-
Bad debt expense	(6,000)	-	-	-	-	-	(6,000)	-
Overhead allocation	(88,922)	(83,443)	(44,367)	(149,000)	-	-	(871,469)	(795,959)
Other	-	-	-	23,567	-	500	797	24,067
Total Expenses for Operations	$ 1,243,446	$ 1,163,151	$ 2,358,923	$ 2,389,367	$ 602,267	$ 404,981	$ 8,352,296	$ 9,009,475

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

INCURRED AND CUMULATIVE PAID LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES, NET OF REINSURANCE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2020

The following is information about incurred and paid claims development, net of reinsurance and by significant category for years ended December 31,

Property and Crime

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	275,000	293,000	284,928	284,928	284,928	284,960
2016	-	-	-	410,000	480,000	455,000	455,000	451,542
2017	-	-	-	-	740,000	715,000	720,000	720,000
2018	-	-	-	-	-	990,000	1,110,000	1,050,000
2019	-	-	-	-	-	-	345,000	230,000
2020	-	-	-	-	-	-	-	-
Total								2,736,502

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	138,969	281,051	284,928	284,928	284,928	284,960
2016	-	-	-	169,600	384,050	430,269	434,507	451,542
2017	-	-	-	-	286,677	675,450	707,021	711,945
2018	-	-	-	-	-	397,445	978,779	1,025,691
2019	-	-	-	-	-	-	159,175	202,535
2020	-	-	-	-	-	-	-	-
Total								2,676,673
All outstanding liabilities before 2013, net of reinsurance								-
Liabilities for losses and loss adjustment expenses, net of reinsurance								$ 59,829

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

INCURRED AND CUMULATIVE PAID LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES, NET OF REINSURANCE (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

General Liability

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							
Accident Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	35,000	10,000	7,135	12,500	11,619	11,619
2016	-	-	-	23,000	8,500	7,500	6,466	6,466
2017	-	-	-	-	24,000	36,500	47,500	42,000
2018	-	-	-	-	-	30,000	16,500	16,000
2019	-	-	-	-	-	-	14,500	15,000
2020	-	-	-	-	-	-	-	-
Total								91,085

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance							
Accident Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	4,642	5,499	7,135	7,135	11,619	11,619
2016	-	-	-	3,370	5,414	6,466	6,466	6,466
2017	-	-	-	-	3,840	7,274	14,015	36,158
2018	-	-	-	-	-	3,506	5,986	8,134
2019	-	-	-	-	-	-	4,374	6,131
2020	-	-	-	-	-	-	-	-
Total								68,508
All outstanding liabilities before 2013, net of reinsurance								-
Liabilities for losses and loss adjustment expenses, net of reinsurance								$ 22,577

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

INCURRED AND CUMULATIVE PAID LOSSES AND ALLOCATED LOSS ADJUSTMENT EXPENSES, NET OF REINSURANCE (UNAUDITED) (CONTINUED)

YEAR ENDED DECEMBER 31, 2020

Sexual Misconduct

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	14,000	13,500	9,500	7,500	7,000	6,000
2016	-	-	-	20,500	19,000	11,500	10,000	8,000
2017	-	-	-	-	24,000	19,500	15,500	12,000
2018	-	-	-	-	-	26,000	19,500	16,000
2019	-	-	-	-	-	-	10,000	8,500
2020	-	-	-	-	-	-	-	-
Total								50,500

Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	1,785	1,785	1,785
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	397	397	397
2018	-	-	-	-	-	-	-	-
2019	-	-	-	-	-	-	-	-
2020	-	-	-	-	-	-	-	-
Total								2,182
All outstanding liabilities before 2013, net of reinsurance								201,506
Liabilities for losses and loss adjustment expenses, net of reinsurance								$ 249,824

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH

AVERAGE ANNUAL PERCENTAGE PAYOUT OF INCURRED LOSSES BY AGE (UNAUDITED)

YEAR ENDED DECEMBER 31, 2020

The following is the average annual percentage payout of incurred claims, by age, net of reinsurance as of December 31, 2020 by significant category:

Average Annual Percentage Payout of Incurred Claims by Age

Years	1	2	3	4	5	6	7	8
Type of Insurance:								
Property and Crime	29.2%	32.2%	3.4%	0.3%	0.9%	0.0%	0.0%	0.0%
General Liability	19.0%	10.6%	10.0%	10.5%	9.7%	0.0%	0.0%	0.0%
Sexual Misconduct	0.0%	0.5%	0.0%	6.0%	0.0%	0.0%	0.0%	0.0%