

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES

*As of and for the Years Ended December 31, 2018
and 2017*

And Report of Independent Auditor

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THE UNITED METHODIST CHURCH
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Report of Independent Auditor

The Board of Directors
The General Council on Finance and Administration of
The United Methodist Church

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

We have audited the accompanying financial statements of The General Funds of The United Methodist Church, which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The General Funds of The United Methodist Church as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 22 through 26 are presented for purposes of additional analysis and are not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Cherry Bekaert LLP

Charlotte, North Carolina
June 28, 2019

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Due from General Council on Finance and Administration	\$ 60,183,121	\$ 60,809,359
Accounts receivable	2,755	13,526
Prepaid expenses	26,167	27,547
Investments held at The United Methodist Church Foundation	2,413,246	2,630,078
Investments held at Wespath Benefits and Investments	23,845,704	26,704,038
Property and equipment, net	237,507	-
Total Assets	\$ 86,708,500	\$ 90,184,548
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	\$ 435,342	\$ 231,792
Grants payable to and amounts held for affiliated organizations	34,961,269	34,476,033
Accrued pension costs	18,916,509	23,243,847
Total Liabilities	54,313,120	57,951,672
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	237,507	-
Board-designated	15,777,353	13,659,777
Undesignated	16,265,690	18,392,522
Total without Donor Restrictions	32,280,550	32,052,299
With Donor Restrictions:		
Subject to purpose restrictions	35,985	93,369
Endowment	78,845	87,208
Total with Donor Restrictions	114,830	180,577
Total Net Assets	32,395,380	32,232,876
Total Liabilities and Net Assets	\$ 86,708,500	\$ 90,184,548

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES**

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:						
Contributions	\$ 142,412,726	\$ 1,236,722	\$ 143,649,448	\$ 142,033,600	\$ 1,365,488	\$ 143,399,088
Special gifts	-	47,798,055	47,798,055	-	70,779,135	70,779,135
Total Contributions	142,412,726	49,034,777	191,447,503	142,033,600	72,144,623	214,178,223
Gains (losses) on investments held at Wespath						
Benefits and Investments	(1,546,052)	-	(1,546,052)	4,183,869	-	4,183,869
Investment return on investments held at The United Methodist Church Foundation	(187,721)	(8,363)	(196,084)	378,608	12,614	391,222
Other income	1,358,692	-	1,358,692	337,994	-	337,994
Net assets released from restrictions	49,092,161	(49,092,161)	-	72,144,273	(72,144,273)	-
Total Revenue and Support	191,129,806	(65,747)	191,064,059	219,078,344	12,964	219,091,308
Expenses:						
Management and General:						
Fixed Charges:						
The Connectional Table	545,664	-	545,664	535,092	-	535,092
General Council on Finance and Administration	2,902,116	-	2,902,116	2,849,952	-	2,849,952
United Methodist Communications Division of Program and Benevolence Interpretation	776,388	-	776,388	769,308	-	769,308
Total Management and General	4,224,168	-	4,224,168	4,154,352	-	4,154,352
Program Services:						
Distributions:						
On-ratio allocations	113,501,070	-	113,501,070	113,115,071	-	113,115,071
Grants	2,060,654	-	2,060,654	1,577,996	-	1,577,996
General conference support	1,593,464	-	1,593,464	554,022	-	554,022
Special gifts distributed	49,034,777	-	49,034,777	72,144,273	-	72,144,273
Pension benefit obligation	(263,445)	-	(263,445)	9,035	-	9,035
Other expenses	308,035	-	308,035	131,552	-	131,552
Total Distributions	166,234,555	-	166,234,555	187,531,949	-	187,531,949
Episcopal expenses, excluding administrative charges	20,442,832	-	20,442,832	24,512,059	-	24,512,059
Total Program Expenses	186,677,387	-	186,677,387	212,044,008	-	212,044,008
Total Expenses	190,901,555	-	190,901,555	216,198,360	-	216,198,360
Change in net assets	228,251	(65,747)	162,504	2,879,984	12,964	2,892,948
Fund transfers	-	-	-	951	(951)	-
Net assets, beginning of year	32,052,299	180,577	32,232,876	29,171,364	168,564	29,339,928
Net assets, end of year	\$ 32,280,550	\$ 114,830	\$ 32,395,380	\$ 32,052,299	\$ 180,577	\$ 32,232,876

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

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
STATEMENTS OF FUNCTIONAL EXPENSES**

YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Fixed charges	\$ -	\$ 4,224,168	\$ 4,224,168	\$ -	\$ 4,154,352	\$ 4,154,352
On-ratio allocations	113,501,070	-	113,501,070	113,115,071	-	113,115,071
Grants	2,060,654	-	2,060,654	1,577,996	-	1,577,996
General conference support	1,593,464	-	1,593,464	554,022	-	554,022
Special gifts distributed	49,034,777	-	49,034,777	72,144,273	-	72,144,273
Pension benefit obligation	(263,445)	-	(263,445)	9,035	-	9,035
Other expenses	308,035	-	308,035	131,552	-	131,552
Episcopal expenses:						
Salaries	10,919,656	-	10,919,656	10,534,568	-	10,534,568
Employee benefits	3,092,196	-	3,092,196	2,952,495	-	2,952,495
Change in projected benefit obligation	(2,846,253)	-	(2,846,253)	2,332,931	-	2,332,931
Office allowance	5,685,814	-	5,685,814	5,563,563	-	5,563,563
Travel	2,104,281	-	2,104,281	1,930,368	-	1,930,368
Other expenses	1,487,138	-	1,487,138	1,198,134	-	1,198,134
Total Expenses	\$ 186,677,387	\$ 4,224,168	\$ 190,901,555	\$ 212,044,008	\$ 4,154,352	\$ 216,198,360

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

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 162,504	\$ 2,892,948
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	-	20,295
Realized and unrealized (gains) losses on investments (Gains) losses on investments held by Wespath Benefits and Investments	276,546	(301,212)
	1,546,052	(4,183,869)
Changes in operating assets and liabilities:		
Due from General Council on Finance and Administration	626,238	(5,413,710)
Accounts receivable	10,771	6,967
Prepaid expenses	1,380	3,220
Accounts payable and accrued expenses	203,550	(20,913)
Grants payable to and amounts held for affiliated organizations	485,236	3,075,958
Accrued pension costs	(4,327,338)	1,073,907
Net cash flows from operating activities	<u>(1,015,061)</u>	<u>(2,846,409)</u>
Cash flows from investing activities:		
Purchases of property and equipment	(237,507)	-
Net sales of investments	1,252,568	2,846,409
Net cash flows from investing activities	<u>1,015,061</u>	<u>2,846,409</u>
Net change in cash and cash equivalents	-	-
Cash and equivalents, beginning of year	-	-
Cash and equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

THE GENERAL FUNDS OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Nature of the General Funds

The General Funds of The United Methodist Church (the “General Funds”) have been established by the General Conference, the central legislative body of The United Methodist Church, to make possible the programmatic and administrative work of The United Methodist Church’s ministry and mission on a national and international level and have been specifically authorized to be raised on a church-wide basis. The General Conference convenes every quadrennium (four years) to determine the denomination’s future direction. It is the only body that can speak officially for the denomination. General church funds are granted by the General Funds only for the purpose or purposes set forth in the budgets or similar directives adopted for the respective funds by the General Conference and do not include funds held by local churches, annual or jurisdictional conferences, or other units of the denomination.

The General Funds allocates programmatic funding for the operations of the various agencies of The United Methodist Church (the “Church”) based on four-year budgets developed from projections of expected program costs. The General Funds’ continued existence is dependent upon contributions from the congregations of the Church (i.e., congregational participation in the apportionment covenant).

The General Council on Finance and Administration (“GCFA”) serves as a conduit for distribution of certain monies voluntarily given by church members through their local churches for general church benevolences and programs of the general agencies. These monies are transmitted to GCFA by annual conference treasurers and are distributed directly to the General Funds as specified by the General Conference.

GCFA provides certain administrative services to the General Funds and GCFA is reimbursed by the General Funds through an allocation from the General Administration Fund, earnings on invested funds, and fixed charges to certain General Funds.

The General Funds include the following:

World Service – World Service is segregated into two programmatic categories: (1) four general program boards and four general commissions – provides basic financial operating resources and (2) World Service Contingency – provides funding for emerging needs in the World Service Fund that occur during a quadrennium. The Connectional Table administers a portion of the contingency funds for new programs to address unanticipated needs.

Episcopal – Episcopal funds are available to provide for the salaries and expenses of active bishops, and for the support of retired bishops, as well as surviving spouses and minor children of deceased bishops.

General Administration – General Administration funds are segregated into five categories: (1) Designated Contingency net assets provide funding to those general church activities which are specifically administrative, as contrasted with programmatic, missional, or ecumenical; (2) General Conference net assets are specifically designated to finance the various administrative expenses incurred in coordinating the quadrennial General Conference session; (3) Pacific Homes Corpus (a board-designated fund), whose income distribution supports the Litigation Reserve Fund; (4) Net Assets of Benefit Programs represent the excess of benefit plan assets on deposit with Wespath Benefits and Investments (“Wespath”) over the related accrued benefit obligations; and (5) Special Unfunded Pension Aid – provides pensions for certain persons in a variety of fields where pensions were not previously funded.

Interdenominational Cooperation – Interdenominational Cooperation provides basic support for ecumenical agencies through which the Church participates in various activities with other Christian communions. The Interdenominational Cooperation Contingency provides for unforeseen or emergency situations which fall within its scope.

THE GENERAL FUNDS OF THE UNITED METHODIST CHURCH NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

Note 1—Nature of the General Funds (continued)

Black College Fund – The Black College Fund has supported the programs and ministries of 11 historically black colleges and universities. These funds are granted directly to the General Board of Higher Education and Ministry simultaneously upon the recognition of revenue and support by the General Funds.

Africa University – Africa University, the only United Methodist degree-granting university in Africa, has served and graduated hundreds of men and women from 20 countries. This apportioned fund supports ongoing operations, including building maintenance, utilities, classroom equipment and supplies, faculty and staff salaries, and other operational expenses. These funds are granted directly to Africa University, Inc., Tennessee, a supporting organization to oversee funding and other activities of Africa University, simultaneously upon the recognition of revenue and support by the General Funds.

Ministerial Education – The Ministerial Education Fund apportionment has helped thousands of men and women become pastoral leaders in the Church. These funds are granted directly to the General Board of Higher Education and Ministry simultaneously upon the recognition of revenue and support by the General Funds.

Special Sundays – The Special Sundays approved by the General Conference are to be the only Sundays of church-wide emphasis, including six times throughout the year where United Methodist congregations celebrate with offerings to raise funds for particular ministries. These contributions are considered restricted by the donors for specific programs of the Church.

Note 2—Summary of significant accounting policies

The financial statements of the General Funds have been prepared on the accrual basis of accounting. The General Funds' significant accounting policies followed are described below.

Basis of Presentation – The General Funds' 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 the General Funds. These net assets may be used at the discretion of General Funds' management and the board of directors. The General Funds has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub classifications are as follows:

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

Board-Designated – Represents resources set aside by the board of directors to be used for specific activities within guidelines established by the board.

Undesignated – Represents the cumulative net assets without donor restrictions excluding those net assets invested in property and equipment and designated for specific activities.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the General Funds or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Revenue and Support – Revenue and support without externally-imposed restrictions are reported as increases in net assets without donor restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit stipulation or law. Grants and contributions received with externally-imposed restrictions are reported as revenue of the net assets with donor restrictions class. Expirations of temporary restrictions on net assets (i.e., the externally-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction.

Contributions and Gifts – Contributions, including unconditional promises to give cash and other assets to the General Funds, are recognized as revenue in the period the unconditional promises are made. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Fixed Charges – Fixed charges represent amounts made available to (1) GCFA for administrative functions performed by GCFA on behalf of the General Funds; (2) United Methodist Communications for the costs of promoting and interpreting the causes of each of the General Funds; and (3) Connectional Table for the discernment and articulation of the vision for the Church and the stewardship of the mission, ministries, and resources of the Church. These funds represent the administrative cost to operate the General Funds. All other General Funds costs represent programmatic operations.

On-Ratio Allocation – All programmatic allocations from the General Funds are calculated and paid on a ratio of budgeted net receipts after the payment of fixed charges. The General Conference has granted the on-ratio allocations contingent upon collection of revenue and support by the General Funds. Amounts granted under the on-ratio allocation but unpaid at year end are reported as grants payable to affiliated organizations.

General Advance – The Advance for Christ and His Church (the “Advance”) is an official program within the Church through which donors can make gifts for specific ministries approved by the Advance Committee of the General Board of Global Ministries. Contributions received under the Advance are distributed to the agencies that carry out the particular programs of the Advance and the activity is shown as part of the special gifts revenue and special gifts distributed on the statements of activities.

Due from General Council on Finance and Administration – The amount due from GCFA represents conference remittances received by GCFA on behalf of the General Funds, but not yet remitted at December 31. Such remittances, when received by the General Funds from GCFA in January, will be distributed to certain agencies and other parties who receive funds from the General Funds as designated by the General Conference. In addition, the amount due from GCFA includes amounts which are held by GCFA on behalf of the General Funds related to the Episcopal Fund and certain other funds.

Property and Equipment – Property and equipment are comprised primarily of capitalized software and miscellaneous office equipment. Property and equipment are reported at cost at date of acquisition, or fair value at date of donation in the case of gifts. Depreciation is provided over the estimated useful lives (three to nine 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.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 2—Summary of significant accounting policies (continued)

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

Financial Instruments – Assets recorded at fair value in the 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 (“FASB”) 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 – The General Funds represent amounts which are held, administered, and maintained by the General Council on Finance and Administration of The United Methodist Church for the specific purposes of the respective funds. GCFA operates as a nonprofit corporation and is, except for taxes pertaining to unrelated business income, exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). The General Funds is also exempt from filing a Form 990 due to its affiliation with a religious organization as described in Section 509(a) of the Code.

Future Pronouncement – The FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. This ASU is effective for the year ending December 31, 2019. The General Funds is currently in the process of evaluating the impact that this pronouncement will have on its financial statements.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 3—Liquidity and availability of resources

The table below represents financial assets available for general expenditures within one year at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Financial assets at year end:		
Due from General Council on Finance and Administration	\$ 60,183,121	\$ 60,809,359
Accounts receivable	2,755	13,526
Investments	<u>26,258,950</u>	<u>29,334,116</u>
Total financial assets	<u>86,444,826</u>	<u>90,157,001</u>
Less amounts not available to be used for general expenditures within one year:		
Endowments	78,845	87,208
Subject to purpose restriction	35,985	93,369
Board-designated net assets limited to use	15,777,353	13,659,777
Pension assets not available for use within one year	<u>22,537,182</u>	<u>25,328,423</u>
Financial assets not available to be used within one year	<u>38,429,365</u>	<u>39,168,777</u>
Financial assets available to meet general expenditures within one year	<u>\$ 48,015,461</u>	<u>\$ 50,988,224</u>

As part of The General Funds' liquidity management plan, it structures its financial assets to be available as its obligations become due. The General Funds 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 the quantitative information above for financial assets not available to meet general expenditures within one year. These assets limited to use, which are more fully described in Notes 8 and 9 are not available for general expenditure within the next year; however, the designated amounts as disclosed in Note 8 could be made available for general expenditures, if necessary.

The General Funds also holds assets related to various pension plans described in Note 4. At December 31, 2018, the fair value of the pension assets of \$23,745,168, less expected 2019 benefit payments of \$1,207,986, have been included in amounts not available to be used for general expenditures within one year. For the year ended December 31, 2017, the fair value of the pension assets of \$26,601,649, less 2018 benefit payments of \$1,273,226, have been included in amounts not available to be used for general expenditures within one year. Additional pension assets could be used if 2019 benefit payments exceed estimated amounts.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 4—Employee benefits

Wespath, an affiliated Methodist organization, administers a variety of retirement plans and programs, including managing the related investments for various church employees and organizations within The United Methodist Church. Each Methodist organization is financially responsible for its respective plan obligations.

The General Funds maintain assets on deposit with and under the management of Wespath related to the Plan's obligations set forth below. These assets are not Plan assets held in trusts and, accordingly, the fair value of the assets and the benefit obligations are shown separately on the statements of financial position.

The assets and obligations associated with these retirement programs are more fully described and summarized in the table below:

	<u>2018</u>	<u>2017</u>
Accrued pension costs:		
Bishop Retirement, Pension, and Welfare Benefits programs	\$ 17,873,232	\$ 21,937,125
Special Unfunded Pension Aid	<u>1,043,277</u>	<u>1,306,722</u>
Total pension benefit obligations	<u>\$ 18,916,509</u>	<u>\$ 23,243,847</u>
Fair value of assets:		
Bishop Retirement, Pension, and Welfare Benefits programs	\$ 23,282,622	\$ 26,017,285
Special Unfunded Pension Aid	<u>462,546</u>	<u>584,364</u>
Total assets (not plan assets)	<u>\$ 23,745,168</u>	<u>\$ 26,601,649</u>

Pension Designated Investments – The investments under Wespath management are invested in the Multiple Asset Fund (“MAF”) at Wespath (see Note 6). The assets of these programs had a gain (loss) of (\$1,517,023) and \$4,077,593 in 2018 and 2017, respectively. The Special Unfunded Pension Aid assets had a gain (loss) of approximately (\$27,173) and \$97,973 in 2018 and 2017, respectively.

Bishop Retirement, Pension, and Welfare Benefits – The General Funds provide support to two retirement, pension, and welfare benefits programs that are available to certain groups of United Methodist bishops. They are commonly referred to as (1) the Global Episcopal Pension Program and (2) the Central Conference Bishops’ Welfare Program. These plans are described below and summarized together in the following table.

The Global Episcopal Pension Program provides pension benefits for the Jurisdictional Conference bishops for service prior to 1982 and the Central Conference bishops. Prior to 1982, all United Methodist bishops in the United States participated in the United States Bishops Pension Plan (the “Pre ’82 Plan”), a single-employer, defined benefit plan. The plan was frozen in 1982 and, therefore, no additional service cost is incurred related to active service.

A welfare benefit program established in 2008 for Central Conference bishops provides certain benefits in the event of the death or disability of a bishop or a surviving spouse of a deceased bishop.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 4—Employee benefits (continued)

The following tables summarize further information about these two plans together. The amounts are reflected in the Episcopal Fund of the General Funds for the periods presented.

	<u>2018</u>	<u>2017</u>
Benefit Obligation:		
Benefit obligation, beginning of year	\$ (21,937,125)	\$ (20,872,253)
Service costs	(442,098)	(269,690)
Interest costs	(746,725)	(793,657)
Actuarial gain (loss)	4,035,076	(1,269,584)
Benefits paid	<u>1,217,640</u>	<u>1,268,059</u>
Benefit obligation, end of year	<u>(17,873,232)</u>	<u>(21,937,125)</u>
Fair Value of Assets:		
Fair value of assets, beginning of year	26,017,285	23,207,751
Actual return on assets	(1,517,023)	4,077,593
Benefits paid	<u>(1,217,640)</u>	<u>(1,268,059)</u>
Fair value of assets, end of year	<u>23,282,622</u>	<u>26,017,285</u>
Net funded status	<u>\$ 5,409,390</u>	<u>\$ 4,080,160</u>

Key Assumptions:

Discount rate, end of prior year	3.43%	3.87%
Discount rate, end of current year	4.06%	3.43%
Salary scale	2.00%	3.00%
Annual benefit increases	2.00%	3.00%

Effective January 1, 1982, all jurisdictional Church bishops were able to participate in the Ministerial Pension Plan ("MPP"), a multi-employer, defined contribution plan covering all church clergy in the United States. This is now a component of Clergy Retirement Security Program, a 403(b) retirement program available to eligible clergy of the Church, which is administered by Wespath.

The General Funds expects to make no contributions to these plans in 2019.

The following projected benefit payments are expected to be paid:

<u>Years Ending December 31,</u>	<u>Bishops' Welfare</u>	<u>Jurisdictional Conference</u>	<u>Central Conference</u>	<u>Total</u>
2019	\$ 27,127	\$ 319,988	\$ 860,871	\$ 1,207,986
2020	36,956	279,391	898,525	1,214,872
2021	43,475	240,634	901,137	1,185,246
2022	52,787	204,574	888,482	1,145,843
2023	56,347	171,824	935,586	1,163,757
2024-2028	216,489	495,655	5,080,073	5,792,217

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 4—Employee benefits (continued)

Special Unfunded Pension Aid – The General Conference has made certain commitments to several beneficiary groups for special unfunded pension aid and retirement benefits. The amounts represent payments for certain persons in various fields whose pensions were not previously funded and include the following programs:

- The General Church Retirement Allowance is for former Evangelical United Brethren general church officers who were participants in an unfunded pension plan.
- The European Service funds the pensions of displaced persons who were clergy in Europe and were brought to the United States after World War II.
- Pensions of retired clergy members of missionary conferences (\$1506.16 payments).
- Cuba Service I provides pensions for Cuban clergy who came to the United States after autonomy.
- Cuba Service II provides funding for pensions for clergy who stayed in Cuba after autonomy for service in the annual conference prior to autonomy.

The following tables summarize further information about the Special Unfunded Pension Aid plans. The amounts are reflected in the World Service Fund of the General Funds for the periods presented.

	<u>2018</u>	<u>2017</u>
Benefit Obligation:		
Benefit obligation, beginning of year	\$ (1,306,722)	\$ (1,297,687)
Interest costs	(42,317)	(46,836)
Actuarial gain (loss)	159,753	(137,093)
Benefits paid	<u>146,009</u>	<u>174,894</u>
Benefit obligation, end of year	<u>(1,043,277)</u>	<u>(1,306,722)</u>
Fair Value of Assets:		
Fair value of assets, beginning of year	584,364	586,414
Actual return on assets	(29,664)	97,973
Contributions	51,363	73,812
Benefits paid	(146,009)	(174,894)
Transfers	<u>2,492</u>	<u>1,059</u>
Fair value of assets, end of year	<u>462,546</u>	<u>584,364</u>
Net unfunded status	<u>\$ (580,731)</u>	<u>\$ (722,358)</u>
Key Assumptions:		
Discount rate, end of prior year	3.43%	3.87%
Discount rate, end of current year	4.06%	3.43%
Annual benefit increases	2.00%	2.00%

The estimated contribution for the year ending December 31, 2019 for these special programs is \$30,000.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 4—Employee benefits (continued)

The following forecast of projected benefit payments are expected to be paid. Because the Special Unfunded Pension Aid programs involve a small number of lives, actual experience can vary dramatically from mortality assumption. Therefore, the following table includes forecasts without anticipating mortality, as well as those that do anticipate mortality.

<u>Years Ending December 31,</u>	<u>No Mortality Assumptions</u>	<u>With Mortality Assumptions</u>
2019	\$ 139,103	\$ 133,970
2020	141,786	125,279
2021	144,464	116,500
2022	147,196	107,800
2023	149,981	99,286
2024-2028	793,688	380,203

Health Care Benefits – The Episcopal Fund (a fund of the General Funds) provides health, life, and other employee benefits for its active bishops and health, dental, and life benefits to retirees through a group plan which qualifies for treatment as a multi-employer plan under ASC 715, *Compensation-Retirement Benefits*. Substantially all retired bishops are eligible to participate in The General Agencies of The United Methodist Church Benefit Plan (the “Plan”) if they have attained retirement status.

The Plan provides medical, dental, life, and long- and short-term disability defined benefits to participants of 11 general agencies, all bishops covered by the Episcopal Fund, and employees of other United Methodist-related organizations.

The Plan’s unfunded accumulated postretirement benefit obligation (“APBO”) was approximately \$94,500,000 and \$98,600,000 and the Plan’s unfunded expected postretirement benefit obligation (“EPBO”) was approximately \$131,500,000 and \$148,700,000 as of December 31, 2018 and 2017, respectively.

All active and retired bishops are covered by the Plan. The cost of the benefits is recognized as expense as premiums are paid. The total costs of benefits for active and retired bishops was approximately \$1,776,000 and \$1,664,000 in 2018 and 2017, respectively, and are included in Episcopal expenses on the statements of activities.

Note 5—Investments

The Pacific Homes Corpus (“PHC”) was transferred to the General Funds in 1998 following the resolution of a legal dispute. The Executive Committee of GCFA has designated these funds to be held intact indefinitely. Consistent with Executive Committee resolutions, certain amounts are distributed from the earnings on these investments to support the litigation reserve fund. The Bridges of Unity Endowment Fund (“BoU”) is an endowment fund invested through The United Methodist Church Foundation. BoU exists to support ecumenical and interreligious ministries of The United Methodist Church.

**THE GENERAL FUNDS OF
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NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 5—Investments (continued)

The following table illustrates the composition of the investments related to the PHC and BoU:

	<u>2018</u>	<u>2017</u>
Investments held at United Methodist Church Foundation:		
Pacific Homes Corpus	\$ 2,334,400	\$ 2,542,870
Bridges of Unity Endowment	78,846	87,208
Total investments	<u>\$ 2,413,246</u>	<u>\$ 2,630,078</u>

Amounts at The United Methodist Church Foundation are carried at fair value and invested in its Balanced Fund (see Note 6).

The following table presents investment return for the years ended December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Investment return - Pacific Homes Corpus		
Dividends and interest income	\$ 79,032	\$ 89,078
Realized gains	121,110	146,473
Unrealized gains (losses)	(387,863)	143,057
Total investment return - Pacific Homes Corpus	<u>(187,721)</u>	<u>378,608</u>
Investment return - Bridges of Unity		
Dividends and interest income	1,430	932
Realized gains	2,979	1,626
Unrealized gains (losses)	(12,772)	10,056
Total investment return - Bridges of Unity	<u>(8,363)</u>	<u>12,614</u>
Total investment return	<u>\$ (196,084)</u>	<u>\$ 391,222</u>

Note 6—Fair value measurements

For entities that calculate net asset value NAV per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2018:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments held at Wespath ^(a)	\$ 23,845,704	none	-	-
Investments held at UMC Foundation ^(b)	<u>2,413,246</u>	none	daily	3 days
Total	<u>\$ 26,258,950</u>			

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 6—Fair value measurements (continued)

- (a) Investments held at Wespath consist of investments in its Multiple Asset Fund. The Multiple Asset Fund seeks to maximize long-term investment returns, including current income and capital appreciation, while reducing short-term risk by investing in a broad mix of investments. The fund holds a pre-specified allocation of units of the following Wespath funds: Fixed Income Fund (“FIF”), Inflation Protection Fund (“IPF”), International Equity Fund (“IEF”), and U.S. Equity Fund (“USEF”). The Multiple Asset Fund, through its investment in the four other Wespath funds, participates in the management styles of more than 40 different investment management firms. These managers provide the fund with broad diversification of holdings in a variety of U.S. and non-U.S. securities. These include stocks, traditional bonds, inflation-linked bonds, real estate investment trusts, securities, commodities, and interests in private equity and private real estate partnerships. In addition, through FIF, Multiple Asset Fund holds participation interests in loans originated through Wespath’s Positive Social Purpose Lending Program.
- (b) The General Funds is invested in The United Methodist Church Foundation’s Balanced Investment Fund. The objective of the Balanced Fund is to provide a reasonable level of current income and, simultaneously, to protect the purchasing power of the principal against inflation. The targeted allocation of the fund is 35% invested in a fixed income fund, 30% in a domestic large capitalization equity portfolio, 10% in a domestic small/mid-capitalization equity portfolio, and 25% in an international equity portfolio. This fund is designed for those investors who are seeking a single fund to provide broad diversification, reasonable current income, and protection against inflation.

Note 7—Related party transactions

The activities of the General Funds for all related party transactions are administered by GCFA which provides various services to the General Funds, such as general ledger processing and maintenance, cash management, and group insurance plan administration. GCFA, United Methodist Communication, and Connectional Table each receive an allocation of income, known as Fixed Charges, from certain funds included in the General Funds for the support it provides. The General Funds had the following transactions with related parties:

	<u>2018</u>	<u>2017</u>
Statements of Financial Position:		
Investments:		
Investments held at UMC Foundation	\$ 2,413,246	\$ 2,630,078
Investments held at Wespath Benefits and Investments	23,845,704	26,704,038
Due from GCFA	60,183,121	60,809,359
Grants payable and amounts held for affiliated organizations	34,961,269	34,476,033
Statements of Activities:		
Fixed charges	4,224,168	4,154,352
On-ratio allocations	113,501,070	113,115,071
Gains (losses) on investments held at Wespath Benefits and Investments	(1,546,052)	4,183,869
Investment return on investments held at UMC Foundation	(196,084)	391,222
Insurance costs	1,850,767	1,730,815

**THE GENERAL FUNDS OF
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NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 8—Description of designated net assets

Certain net assets without donor restrictions at December 31, 2018 and 2017 have been designated by the board of directors for the following purposes:

	<u>2018</u>	<u>2017</u>
Contingency funds for particular administrative purposes	\$ 4,643,911	\$ 5,150,135
General Conference	2,320,945	253,261
Litigation reserve	315,462	248,865
Pacific Homes Corpus	3,478,465	4,404,237
Pension and retirement support	5,018,570	3,603,279
Total board-designated net assets	<u>\$ 15,777,353</u>	<u>\$ 13,659,777</u>

The contingency funds for particular administrative purposes includes World Service contingency (“WS”), General Administration contingency (“GA”) and Inter-denominational Cooperation contingency (“ICF”) funds. The WS provides funding for emerging needs in the World Service Fund areas that occur during a quadrennium. These funds are allocated to program agencies for new programs to address unanticipated needs. Contingency fund allocations must be approved by the Connectional Table and GCFA. The GA provides funding for unforeseen or emergency situations that fall within the scope of general administration. The ICF provides for unseen or emerging issues that fall within the scope of the Inter-denominational Cooperation Fund, allocations are distributed by GCFA in concurrence with recommendations received from the Council of Bishops. The General Conference fund provides funding for General Conference delegate expenses, meeting operation costs, language services, expenses of the office of the secretary, business manager, and treasurer and other costs in support of the event.

The litigation reserve provides funding for unforeseen and emerging litigious issues.

Pension and retirement support provides for funding of various pension and retirement benefits.

Amounts designated for the Pacific Homes Corpus are more fully described in Note 5.

Note 9—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2018 and 2017 have been restricted by the donors for the following purpose restrictions:

	<u>2018</u>	<u>2017</u>
Subject to purpose restriction:		
Episcopal Fund	\$ 35,985	\$ 93,369
Endowments:		
Accumulated earnings on BoU endowment	23,641	32,004
BoU endowment fund held in perpetuity	55,204	55,204
Total endowments	78,845	87,208
Total net assets with donor restrictions	<u>\$ 114,830</u>	<u>\$ 180,577</u>

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 9—Net assets with donor restrictions (continued)

Net assets with donor restrictions for the years ended December 31, 2018 and 2017 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2018</u>	<u>2017</u>
Satisfaction of purpose restriction	<u>\$ 49,092,161</u>	<u>\$ 72,144,273</u>

Note 10—Endowment

As discussed in Note 5, BoU is an endowment fund invested through The United Methodist Church Foundation and exists to support ecumenical and interreligious ministries of The United Methodist Church.

The Board of Directors of the General Funds has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the General Funds 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 General Funds in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

As of December 31, 2018 and 2017, the General Funds had the following endowment net asset composition by type of fund:

	<u>December 31, 2018</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 55,204	\$ 55,204
Accumulated investment gains	-	23,641	23,641
Endowment net assets, December 31, 2018	<u>\$ -</u>	<u>\$ 78,845</u>	<u>\$ 78,845</u>

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 10—Endowment (continued)

	December 31, 2017		
	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	\$ -	\$ 55,204	\$ 55,204
Accumulated investment gains	-	32,004	32,004
Endowment net assets, December 31, 2017	<u>\$ -</u>	<u>\$ 87,208</u>	<u>\$ 87,208</u>

Investment and Spending Policies – The General Funds may choose to make distributions of the income to any proper recipient including the General Funds itself. Distributions may only be made after the corpus of the endowment has reached \$50,000. Pursuant to the endowment resolution, distributions from the endowment will follow the distribution policy of the UMC Foundation which is based on a policy of total long-term return of 6.5%. The following percentages may be used to guide the UMC Foundation’s distributions policy: 3.5% for distributions; 2.0% for inflation; and 1.0% for fees and expenses. To smooth the allowable annual distributions based on valuation of the underlying assets; the UMC Foundation uses a five-year moving average of quarterly portfolio values. The moving average is determined for the five-year period immediately preceding the fiscal year in which the funds are to be spent.

Return Objectives and Risk Parameters – The General Funds has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the General Funds must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide for the preservation of capital and income for support of programs while assuming a moderate level of investment risk. The General Funds 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, the General Funds relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The General Funds 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.

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2018 AND 2017

Note 10—Endowment (continued)

Changes in endowment net assets for the years ended December 31, 2018 and 2017 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2016	\$ -	\$ 74,594	\$ 74,594
Investment return, net	-	12,614	12,614
Endowment net assets, December 31, 2017	-	87,208	87,208
Investment return, net	-	(8,363)	(8,363)
Endowment net assets, December 31, 2018	<u>\$ -</u>	<u>\$ 78,845</u>	<u>\$ 78,845</u>

Note 11—Subsequent events

Management has evaluated subsequent events through June 28, 2019, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.

SUPPLEMENTAL SCHEDULES

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
SCHEDULE OF FINANCIAL POSITION INFORMATION BY FUND**

DECEMBER 31, 2018

	General Administration								Subtotal
	World Services	Episcopal	General Conference	General Admin. Other	Inter- denominational Cooperation	Ministerial Education	Black College	Africa University	
ASSETS									
Due from General Council on Finance and Administration	\$ 21,884,872	\$ 16,705,651	\$ 2,323,374	\$ 3,717,816	\$ 5,951,812	\$ 4,979,476	\$ 2,638,713	\$ 610,363	\$ 58,812,077
Accounts receivable	-	2,755	-	-	-	-	-	-	2,755
Prepaid expenses	-	26,167	-	-	-	-	-	-	26,167
Investments	-	78,846	-	2,334,400	-	-	-	-	2,413,246
Investments held at Wespath Benefits and Investments	563,079	23,282,625	-	-	-	-	-	-	23,845,704
Property, plant and equipment, net	-	-	237,507	-	-	-	-	-	237,507
Total Assets	\$ 22,447,951	\$ 40,096,044	\$ 2,560,881	\$ 6,052,216	\$ 5,951,812	\$ 4,979,476	\$ 2,638,713	\$ 610,363	\$ 85,337,456
LIABILITIES AND NET ASSETS									
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 195,408	\$ 239,934	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,342
Grants payable to and amounts held for affiliated organizations	19,608,411	-	-	264,739	5,488,536	4,979,476	2,638,713	610,363	33,590,238
Accrued pension costs	1,043,277	17,873,232	-	-	-	-	-	-	18,916,509
Total Liabilities	20,651,688	18,068,640	239,934	264,739	5,488,536	4,979,476	2,638,713	610,363	52,942,089
Net Assets:									
Without Donor Restrictions:									
Invested in property and equipment	-	237,507	-	-	-	-	-	-	237,507
Board-designated	1,796,263	5,409,390	2,320,947	5,787,477	463,276	-	-	-	15,777,353
Undesignated	-	16,265,677	-	-	-	-	-	-	16,265,677
Total without donor restrictions	1,796,263	21,912,574	2,320,947	5,787,477	463,276	-	-	-	32,280,537
With Donor Restrictions:									
Subject to purpose restrictions	-	35,985	-	-	-	-	-	-	35,985
Endowment	-	78,845	-	-	-	-	-	-	78,845
Total with donor restrictions	-	114,830	-	-	-	-	-	-	114,830
Total Net Assets	1,796,263	22,027,404	2,320,947	5,787,477	463,276	-	-	-	32,395,367
Total Liabilities and Net Assets	\$ 22,447,951	\$ 40,096,044	\$ 2,560,881	\$ 6,052,216	\$ 5,951,812	\$ 4,979,476	\$ 2,638,713	\$ 610,363	\$ 85,337,456

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
SCHEDULE OF FINANCIAL POSITION INFORMATION BY FUND (CONTINUED)**

DECEMBER 31, 2018

	Special Gifts						United		Peace		Grand
	World	Bishops	One Great	World	Youth	Human	Methodist	Native	with	Total	Total
	Service	Special	Hour of	Communion	Services	Relations	Student	American	Justice		General
	Specials	Appeals	Sharing	Day		Day	Day	Day	Sunday		and
											Special
											Days
ASSETS											
Due from General Council on Finance and Administration	\$ 244,234	\$ 13	\$ 355,282	\$ 409,237	\$ 6,871	\$ 36,121	\$ 252,556	\$ 34,159	\$ 32,571	\$ 1,371,044	\$ 60,183,121
Accounts receivable	-	-	-	-	-	-	-	-	-	-	2,755
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	26,167
Investments	-	-	-	-	-	-	-	-	-	-	2,413,246
Investments held at Wespath Benefits and Investments	-	-	-	-	-	-	-	-	-	-	23,845,704
Property, plant and equipment, net	-	-	-	-	-	-	-	-	-	-	237,507
Total Assets	\$ 244,234	\$ 13	\$ 355,282	\$ 409,237	\$ 6,871	\$ 36,121	\$ 252,556	\$ 34,159	\$ 32,571	\$ 1,371,044	\$ 86,708,500
LIABILITIES AND NET ASSETS											
Liabilities:											
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,342
Grants payable to and amounts held for affiliated organizations	244,234	-	355,282	409,237	6,871	36,121	252,556	34,159	32,571	1,371,031	34,961,269
Accrued pension costs	-	-	-	-	-	-	-	-	-	-	18,916,509
Total Liabilities	244,234	-	355,282	409,237	6,871	36,121	252,556	34,159	32,571	1,371,031	54,313,120
Net Assets:											
Without Donor Restrictions:											
Invested in property and equipment	-	-	-	-	-	-	-	-	-	-	237,507
Board-designated	-	-	-	-	-	-	-	-	-	-	15,777,353
Undesignated	-	13	-	-	-	-	-	-	-	13	16,265,690
Total without donor restrictions	-	13	-	-	-	-	-	-	-	13	32,280,550
With Donor Restrictions:											
Subject to purpose restrictions	-	-	-	-	-	-	-	-	-	-	35,985
Endowment	-	-	-	-	-	-	-	-	-	-	78,845
Total with donor restrictions	-	-	-	-	-	-	-	-	-	-	114,830
Total Net Assets	-	13	-	-	-	-	-	-	-	13	32,395,380
Total Liabilities and Net Assets	\$ 244,234	\$ 13	\$ 355,282	\$ 409,237	\$ 6,871	\$ 36,121	\$ 252,556	\$ 34,159	\$ 32,571	\$ 1,371,044	\$ 86,708,500

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
SCHEDULE OF ACTIVITIES INFORMATION BY FUND**

YEAR ENDED DECEMBER 31, 2018

										Special Gifts		
	World Service	Episcopal		General Administration		Inter- denominational Cooperation	Ministerial Education	Black College	Africa University	Subtotal	World Service Specials	
		Without Donor Restrictions	With Donor Restrictions	General Conference	GA Other						Without Donor Restrictions	With Donor Restrictions
Revenue and Support:												
Contributions	\$ 71,833,676	\$ 22,112,161	\$ -	\$ 2,697,218	\$ 9,028,935	\$ 1,871,300	\$ 17,997,741	\$ 9,631,502	\$ 2,224,337	\$ 137,396,870	\$ -	\$ 1,236,722
Special gifts	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions	71,833,676	22,112,161	-	2,697,218	9,028,935	1,871,300	17,997,741	9,631,502	2,224,337	137,396,870	-	1,236,722
Loss on investments held at Wespath Benefits and Investments	(29,029)	(1,517,023)	-	-	-	-	-	-	-	(1,546,052)	-	-
Investment return	-	-	(8,363)	-	(187,721)	-	-	-	-	(196,084)	-	-
Other income	-	20,607	-	963,932	374,153	-	-	-	-	1,358,692	-	-
Net assets released from restrictions	-	57,384	(57,384)	-	-	-	-	-	-	-	1,236,722	(1,236,722)
Total Revenue and Support	71,804,647	20,673,129	(65,747)	3,661,150	9,215,367	1,871,300	17,997,741	9,631,502	2,224,337	137,013,426	1,236,722	-
Expenses:												
Management and General:												
Fixed Charges:												
The Connectional Table	545,664	-	-	-	-	-	-	-	-	545,664	-	-
General Council on Finance and Administration	1,955,812	759,624	-	-	-	50,950	-	-	-	2,766,386	-	-
United Methodist Communications Division of Program and Benevolence Interpretation	365,124	-	-	-	-	-	-	-	-	365,124	-	-
Total Management and General	2,866,600	759,624	-	-	-	50,950	-	-	-	3,677,174	-	-
Program Services:												
Distributions:												
On-ratio allocations	68,967,076	-	-	-	8,417,953	1,793,599	17,997,741	9,631,502	2,224,337	109,032,208	-	-
Grants	500,430	-	-	-	1,560,224	-	-	-	-	2,060,654	-	-
General conference support	-	-	-	1,593,464	-	-	-	-	-	1,593,464	-	-
Special gifts distributed	-	-	-	-	-	-	-	-	-	-	1,236,722	-
Pension benefit obligation	(263,445)	-	-	-	-	-	-	-	-	(263,445)	-	-
Other expenses	(900)	57,383	-	-	251,552	-	-	-	-	308,035	-	-
Total Distributions	69,203,161	57,383	-	1,593,464	10,229,729	1,793,599	17,997,741	9,631,502	2,224,337	112,730,916	1,236,722	-
Episcopal expenses, excluding administrative charges	-	20,442,832	-	-	-	-	-	-	-	20,442,832	-	-
Total Program Services	69,203,161	20,500,215	-	1,593,464	10,229,729	1,793,599	17,997,741	9,631,502	2,224,337	133,173,748	1,236,722	-
Total Expenses	72,069,761	21,259,839	-	1,593,464	10,229,729	1,844,549	17,997,741	9,631,502	2,224,337	136,850,922	1,236,722	-
Change in net assets	(265,114)	(586,710)	(65,747)	2,067,686	(1,014,362)	26,751	-	-	-	162,504	-	-
Net assets, beginning of year	2,061,377	22,499,284	180,577	253,261	6,801,839	436,525	-	-	-	32,232,863	-	-
Net assets, end of year	\$ 1,796,263	\$ 21,912,574	\$ 114,830	\$ 2,320,947	\$ 5,787,477	\$ 463,276	\$ -	\$ -	\$ -	\$ 32,395,367	\$ -	\$ -

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
SCHEDULE OF ACTIVITIES INFORMATION BY FUND (CONTINUED)**

YEAR ENDED DECEMBER 31, 2018

	Special Gifts			One Great Hour of Sharing	World Communion Day	Youth Services	Human Relations Day	United Methodist Student Day	Native American Ministries	Peace with Justice Sunday	Total Special Gifts and Special Sundays	Grand Total
	General Advance Specials		Bishops' Appeals									
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions									
Revenue and Support:												
Contributions	\$ -	\$ -	\$ 100	\$ 2,795,841	\$ 711,318	\$ 30,603	\$ 493,667	\$ 398,970	\$ 329,908	\$ 255,449	\$ 6,252,578	\$ 143,649,448
Special gifts	-	47,798,055	-	-	-	-	-	-	-	-	47,798,055	47,798,055
Total Contributions	-	47,798,055	100	2,795,841	711,318	30,603	493,667	398,970	329,908	255,449	54,050,633	191,447,503
Loss on investments held at Wespath Benefits and Investments	-	-	-	-	-	-	-	-	-	-	-	(1,546,052)
Investment return	-	-	-	-	-	-	-	-	-	-	-	(196,084)
Other income	-	-	-	-	-	-	-	-	-	-	-	1,358,692
Net assets released from restrictions	47,798,055	(47,798,055)	-	-	-	-	-	-	-	-	-	-
Total Revenue and Support	47,798,055	-	100	2,795,841	711,318	30,603	493,667	398,970	329,908	255,449	54,050,633	191,064,059
Expenses:												
Management and General:												
Fixed Charges:												
The Connectional Table	-	-	-	-	-	-	-	-	-	-	-	545,664
General Council on Finance and Administration	-	-	-	76,122	19,367	-	13,441	10,863	8,982	6,955	135,730	2,902,116
United Methodist Communications Division of Program and Benevolence Interpretation	-	-	-	99,996	65,004	-	63,756	60,000	72,504	50,004	411,264	776,388
Total Management and General	-	-	-	176,118	84,371	-	77,197	70,863	81,486	56,959	546,994	4,224,168
Program Services:												
Distributions:												
On-ratio allocations	-	-	100	2,619,723	626,947	30,603	416,470	328,107	248,422	198,490	4,468,862	113,501,070
Grants	-	-	-	-	-	-	-	-	-	-	-	2,060,654
General conference support	-	-	-	-	-	-	-	-	-	-	-	1,593,464
Special gifts distributed	47,798,055	-	-	-	-	-	-	-	-	-	49,034,777	49,034,777
Pension benefit obligation	-	-	-	-	-	-	-	-	-	-	-	(263,445)
Other expenses	-	-	-	-	-	-	-	-	-	-	-	308,035
Total Distributions	47,798,055	-	100	2,619,723	626,947	30,603	416,470	328,107	248,422	198,490	53,503,639	166,234,555
Episcopal expenses, excluding administrative charges	-	-	-	-	-	-	-	-	-	-	-	20,442,832
Total Program Services	47,798,055	-	100	2,619,723	626,947	30,603	416,470	328,107	248,422	198,490	53,503,639	186,677,387
Total Expenses	47,798,055	-	100	2,795,841	711,318	30,603	493,667	398,970	329,908	255,449	54,050,633	190,901,555
Change in net assets	-	-	-	-	-	-	-	-	-	-	-	162,504
Net assets, beginning of year	-	-	13	-	-	-	-	-	-	-	13	32,232,876
Net assets, end of year	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 32,395,380

**THE GENERAL FUNDS OF
THE UNITED METHODIST CHURCH
EPISCOPAL FUND CONSOLIDATING STATEMENT OF FUNCTIONAL EXPENSES BY NATURAL ACCOUNT**

YEAR ENDED DECEMBER 31, 2018

	Management and Administration	Council of Bishops	Interpreters	Ecumenical	Jurisdictional Conferences	Central Conferences	Retired Bishops	Total
Expenses:								
Salaries	\$ 727,637	\$ -	\$ -	\$ -	\$ 8,241,452	\$ 1,950,567	\$ -	\$ 10,919,656
Employee benefits	144,207	-	-	-	1,928,857	284,208	734,924	3,092,196
Continuing education	4,600	-	-	-	38,133	2,625	-	45,358
Change in PBO	(2,846,253)	-	-	-	-	-	-	(2,846,253)
Office allowance	-	-	-	-	3,967,592	1,718,222	-	5,685,814
Grants	-	-	-	46,193	-	-	-	46,193
Rent	123,988	-	-	-	-	-	-	123,988
Telephone	21,345	-	-	-	-	-	-	21,345
Postage and freight	1,140	-	-	-	-	-	-	1,140
Printing	6,111	185	-	-	-	-	-	6,296
Office supplies	11,529	-	-	-	-	-	-	11,529
Subscriptions/memberships	4,075	-	-	-	-	-	-	4,075
Equipment replacement/maintenance	17,742	-	-	-	57,613	44,253	-	119,608
Equipment lease	7,262	-	-	-	-	-	-	7,262
Software support and maintenance	7,429	-	-	-	-	-	-	7,429
Building repair and maintenance	-	8,020	-	-	-	-	-	8,020
Promotional materials/other office expense	3,362	-	-	-	-	-	-	3,362
Professional fees	5,270	100,224	88,270	-	-	-	-	193,764
Legal fees	-	62,706	-	-	-	-	-	62,706
Meeting expense	11,318	638,487	-	-	-	-	-	649,805
Travel	117,282	84,935	-	21,976	954,593	643,456	282,039	2,104,281
Honorarium/speakers	13,500	-	-	-	-	-	-	13,500
Insurance	1,669	-	-	-	117,382	-	-	119,051
Bank/financing charges	-	-	-	-	-	483	-	483
Administrative charges (GCFA/UMCOM)	-	759,624	-	-	-	-	-	759,624
Other	1,491	27,660	-	-	12,770	303	-	42,224
Total Expenses	\$ (1,615,296)	\$ 1,681,841	\$ 88,270	\$ 68,169	\$ 15,318,392	\$ 4,644,117	\$ 1,016,963	\$ 21,202,456