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, 2021 and 2020

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

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

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Cherry Bekaert LLP
Your Guide Forward

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

Opinion

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, 2021 and 2020, 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.

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, 2021 and 2020, 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.

We did not audit the financial statements of a controlled nonprofit affiliate, United Methodist Insurance Company, Inc. ("UMI"), whose statements reflect total assets of $6,475,092 and $9,366,966 as of December 31, 2021 and 2020, respectively, and total support and revenues of $458,172 and $1,979,845 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of the General Council of Finance and Administration of The United Methodist Church and affiliates and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to out audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the General Council on Finance and Administration of the United Methodist Church and affiliates' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue and auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the General Council on Finance and Administration of The United Methodist Church and affiliates' internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude, whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the General Council on Finance and Administration of The United Methodist Church and affiliates' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Matters

Other Information

Our audits were conducted for the purpose of forming an opinion on the 2021 consolidated financial statements as a whole. The schedules on pages 40 – 45 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 46 – 49 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 19, 2022

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2021 AND 2020

	2021	2020
ASSETS		
Cash and cash equivalents	$ 26,864,725	$ 20,038,816
Short-term investment portfolio	80,561,124	79,958,422
Accrued interest and dividends receivable	508,881	514,885
Due from annual conferences	27,477,398	30,077,138
Accounts receivable	845,285	912,269
Prepaid expenses and other assets	284,754	322,962
Long-term investment portfolio	70,583,340	58,302,429
General Agency Benefit Trust assets	190,402,745	186,112,480
Land and fixed assets, net	5,667,028	5,129,734
Premiums receivable, net of allowance for doubtful accounts	248,228	508,981
Reinsurance recoverable - paid losses	319,013	292,606
Reinsurance recoverable - unpaid losses	3,517,935	5,508,281
Commission receivable	64,526	-
Loss escrow	149,985	545,000
Total Assets	$ 407,494,967	$ 388,224,003
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable and accrued expenses	$ 2,664,496	$ 1,316,780
Due to Related Organizations:		
General agencies	42,906,334	50,676,128
Other affiliated organizations	234,157	231,975
General advance specials	15,743,804	8,598,075
General Funds	63,706,806	60,353,583
Paycheck Protection Program deferred grant revenue	-	1,978,756
General Agency Benefit Trust obligations	190,402,745	186,112,480
Funds held for investors in the UMC Foundation	50,126,948	39,947,426
Liability for losses and loss adjustment expenses	3,973,830	6,141,501
Losses payable	203,097	90,326
Reinsurance premiums payable	-	144,912
Commission payable	9,256	12,762
Deferred agency revenue	200,236	216,538
Surplus notes	1,678,950	2,028,950
Total Liabilities	371,850,659	357,850,192
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	5,667,028	5,129,734
Board-designated	238,357	238,357
Undesignated	13,243,795	10,369,213
Total Without Donor Restrictions	19,149,180	15,737,304
With Donor Restrictions:		
Subject to purpose restrictions	19,410	19,410
Endowment	16,475,718	14,617,097
Total With Donor Restrictions	16,495,128	14,636,507
Total Net Assets	35,644,308	30,373,811
Total Liabilities and Net Assets	$ 407,494,967	$ 388,224,003

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 STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Allocation from UMC:						
Allocation from the General Funds	$ 5,934,262	$ -	$ 5,934,262	$ 5,947,798	$ -	$ 5,947,798
Other Operating Income:						
Investment return, net	1,672,856	30,956	1,703,812	1,830,151	4,081	1,834,232
Distribution from Benefit Trust	1,286,380	-	1,286,380	964,406	-	964,406
Contributions and other	688,080	275	688,355	1,035,356	250	1,035,606
Grant income	1,536,107	-	1,536,107	-	-	-
Premiums earned, net of reinsurance	-	-	-	241,351	-	241,351
Ceding commission revenue	-	-	-	1,244,476	-	1,244,476
Other service fee income	2,119,030	-	2,119,030	1,591,338	-	1,591,338
Net assets released from restriction	-	-	-	9,908	(9,908)	-
Total Other Operating Income	7,302,453	31,231	7,333,684	6,916,986	(5,577)	6,911,409
Total Operating Revenue and Support	13,236,715	31,231	13,267,946	12,864,784	(5,577)	12,859,207
Operating Expenses:						
Program Services:						
Administration	4,143,463	-	4,143,463	4,147,660	-	4,147,660
Financial services	1,304,840	-	1,304,840	1,243,446	-	1,243,446
Management information systems	2,189,577	-	2,189,577	2,358,923	-	2,358,923
Statistics and records	456,588	-	456,588	602,267	-	602,267
Total Program Services	8,094,468	-	8,094,468	8,352,296	-	8,352,296
United Methodist Church Foundation:						
Grants	-	-	-	9,908	-	9,908
Funds management	132,236	-	132,236	185,853	-	185,853
Management and general	14,694	-	14,694	20,650	-	20,650
United Methodist Insurance Company:						
Insurance services	611,228	-	611,228	1,880,304	-	1,880,304
Total Operating Expenses	8,852,626	-	8,852,626	10,449,011	-	10,449,011
Excess of operating revenue over operating expenses	4,384,089	31,231	4,415,320	2,415,773	(5,577)	2,410,196
Nonoperating Revenues (Expenses):						
Net increase in Permanent Fund	-	1,824,028	1,824,028	-	915,972	915,972
Unrealized gains (losses) on debt securities to be held to maturity	(950,700)	3,362	(947,338)	1,297,273	4,483	1,301,756
Other comprehensive gain (loss)	(21,513)	-	(21,513)	7,472	-	7,472
Total Nonoperating Revenues (Expenses)	(972,213)	1,827,390	855,177	1,304,745	920,455	2,225,200
Change in net assets	3,411,876	1,858,621	5,270,497	3,720,518	914,878	4,635,396
Net assets, beginning of year	15,737,304	14,636,507	30,373,811	12,016,786	13,721,629	25,738,415
Net assets, end of year	$ 19,149,180	$ 16,495,128	$ 35,644,308	$ 15,737,304	$ 14,636,507	$ 30,373,811

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, 2021

	Program Services					UMCF Program Services		UMCF Supporting Services	UMI Program Services	
	Administration	Financial Services	Management Information Systems	Statistics and Records	Total Program Services	Grants	Funds Management	Management and General	Insurance Services	Total
Salaries	$ 2,803,158	$ 999,737	$ 1,161,790	$ 250,246	$ 5,214,931	$ -	$ 82,321	$ 9,147	$ 139,917	$ 5,446,316
Employee benefits	858,766	324,488	314,139	84,314	1,581,707	-	14,810	1,646	24,710	1,622,873
Continuing education	44,218	3,607	3,206	2,008	53,039	-	135	15	-	53,189
Retiree benefits	86,832	-	-	-	86,832	-	-	-	-	86,832
Grants	(8,306)	-	-	-	(8,306)	-	-	-	-	(8,306)
Telephone	13,786	1,255	192,086	630	207,757	-	1,501	167	-	209,425
Postage and freight	4,375	129	1,181	-	5,685	-	13	1	30	5,729
Printing	2,801	-	-	-	2,801	-	-	-	-	2,801
Office supplies	3,312	531	1,109	-	4,952	-	649	72	30	5,703
Rent	-	-	-	-	-	-	4,320	480	-	4,800
Subscriptions and memberships	9,285	1,142	426	-	10,853	-	4,300	478	420	16,051
Equipment replacement and maintenance	6,117	104	67,296	-	73,517	-	254	28	-	73,799
Software support and maintenance	65,889	8,434	424,122	119,390	617,835	-	9,380	1,042	-	628,257
Building repair and maintenance	121,800	-	-	-	121,800	-	-	-	-	121,800
Promotional materials/other office	294	-	-	-	294	-	3,607	401	-	4,302
Depreciation	135,933	-	53,673	-	189,606	-	-	-	-	189,606
Professional fees	738,184	14,575	14,829	-	767,588	-	64,510	7,168	-	839,266
Meeting	13,882	-	-	-	13,882	-	6	1	110	13,999
Staff travel	11,817	13	1,862	-	13,692	-	791	88	1,011	15,582
Insurance	78,444	-	-	-	78,444	-	4,706	523	5,961	89,634
Bank/financing charges	-	45,682	-	-	45,682	-	-	-	111,405	157,087
Bad debt recovery	-	(5,000)	-	-	(5,000)	-	-	-	-	(5,000)
Overhead allocation	(847,161)	(90,055)	(46,142)	-	(983,358)	-	-	-	-	(983,358)
Policy acquisition and underwriting		-	-	-	-	-	-	-	450,095	450,095
Other	37	198	-	-	235	-	-	-	4,564	4,799
Intercompany eliminations	-	-	-	-	-	-	(59,067)	(6,563)	(127,025)	(192,655)
Total Expenses for Operations	$ 4,143,463	$ 1,304,840	$ 2,189,577	$ 456,588	$ 8,094,468	$ -	$ 132,236	$ 14,694	$ 611,228	$ 8,852,626

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

	Program Services					UMCF			UMI	
						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	$ 5,033,091	$ -	$ 79,401	$ 8,822	$ 108,712	$ 5,230,026
Employee benefits	766,342	319,631	268,862	102,409	1,457,244	-	14,480	1,609	19,254	1,492,587
Continuing education	15,138	724	1,618	-	17,480	-	-	-	-	17,480
Retiree benefits	105,570	-	-	-	105,570	-	-	-	-	105,570
Grants	3,500	-	-	-	3,500	9,908	-	-	-	13,408
Telephone	18,440	1,642	182,208	960	203,250	-	1,502	167	105	205,024
Postage and freight	1,889	243	1,463	16	3,611	-	-	-	-	3,611
Printing	401	-	-	-	401	-	37	4	-	442
Office supplies	6,483	1,987	3,218	-	11,688	-	1,373	153	-	13,214
Rent	750	-	-	-	750	-	4,320	480	-	5,550
Subscriptions and memberships	15,500	828	283	40	16,651	-	941	105	511	18,208
Equipment replacement and maintenance	6,107	-	148,271	-	154,378	-	-	-	-	154,378
Software support and maintenance	93,156	-	429,524	120	522,800	-	11,676	1,297	-	535,773
Building repair and maintenance	142,454	-	-	-	142,454	-	-	-	-	142,454
Promotional materials/other office	-	-	-	-	-	-	3,611	401	3,050	7,062
Depreciation	146,626	-	83,087	-	229,713	-	-	-	-	229,713
Professional fees	807,576	-	5,784	242,852	1,056,212	-	65,610	7,290	-	1,129,112
Meeting	23,337	-	-	-	23,337	-	-	-	-	23,337
Staff travel	37,169	1,679	5,551	162	44,561	-	4,558	506	1,739	51,364
Insurance	157,582	-	-	-	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)	-	(871,469)	-	-	-	-	(871,469)
Policy acquisition and underwriting	-	-	-	-	-	-	-	-	1,758,067	1,758,067
Other	47	-	-	-	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	$ 8,352,296	$ 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 these statements.

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	$ 5,270,497	$ 4,635,396
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	189,606	229,713
Net (gains) losses on investments	487,868	(2,014,087)
Loss on disposal of fixed assets	1,342	15,424
Other comprehensive (gain) loss	21,513	(7,472)
Change in operating activities:		
Accrued interest and dividends receivable	6,004	84,167
Due from annual conferences	2,599,740	(2,945,855)
Accounts receivable	66,984	(101,047)
Prepaid expenses and other assets	38,208	63,803
General Agency Benefit Trust assets	(4,290,265)	(18,663,569)
Premiums receivable, net	260,753	8,835,387
Reinsurance recoverable - paid losses	(26,407)	2,674,211
Reinsurance recoverable - unpaid losses	1,990,346	8,163,960
Commission receivable	(64,526)	71,774
Deferred policy acquisition costs	-	1,384,824
Prepaid reinsurance premium	-	8,920,046
Loss escrow	395,015	-
Accounts payable and accrued expenses	1,347,716	(384,747)
Due to various agencies	(621,883)	9,416,788
Due to General Funds	3,353,223	4,287,982
Paycheck Protection Program deferred grant revenue	(1,978,756)	1,978,756
General Agency Benefit Trust obligations	4,290,265	18,663,569
Liability for losses and loss adjustment expenses	(2,167,671)	(8,575,436)
Losses payable	112,771	(50,768)
Unearned premiums	-	(9,004,077)
Reinsurance premiums payable	(144,912)	(7,936,616)
Commission payable	(3,506)	(1,593,098)
Deferred ceding commissions	-	(1,381,041)
Deferred agency revenue	(16,302)	(79,669)
Net cash flows from operating activities	11,117,623	16,688,318
Cash flows from investing activities:		
Change in funds held by investors in UMC Foundation	10,179,522	(10,525,202)
Change in participant balances in short-term investment portfolio	(7,769,794)	6,994,726
Net purchases of investments	(5,623,200)	(11,609,210)
Acquisition of fixed assets	(728,242)	(11,536)
Net cash flows from investing activities	(3,941,714)	(15,151,222)
Cash flows from financing activities:		
Payment of surplus notes	(350,000)	-
Net change in cash and cash equivalents	6,825,909	1,537,096
Cash and cash equivalents, beginning of year	20,038,816	18,501,720
Cash and cash equivalents, end of year	$ 26,864,725	$ 20,038,816

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

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 $166,408,122 and $154,515,963 for 2021 and 2020, 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 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, Artex Risk Solutions (“Artex”); Suracy, 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 45% and 46% of GCFAs total operating revenue in 2021 and 2020, 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 $438,702 and $467,093 as of December 31, 2021 and 2020, 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, 2021 and 2020.

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. There was no deferred ceding commission income reported as of December 31, 2021 and 2020.

During 2020, based on an agreement with Suracy, a percentage of UMI's ceding commission income was 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, 2021 and 2020 was $71,695 and is 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.

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, 2021 and 2020.

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, 2021 or 2020.

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:

	2021	2020
Financial assets at year-end:		
Cash and cash equivalents	$ 26,864,725	$ 20,038,816
Investments, at fair value	151,144,464	138,260,851
Accrued interest and dividends receivable	508,881	514,885
Due from annual conferences	27,477,398	30,077,138
Accounts receivable	845,285	912,269
General Agency Benefit Trust assets	190,402,745	186,112,480
Premiums receivable, net of allowance for doubtful accounts	248,228	508,981
Commissions receivable	64,526	-
Total financial assets	397,556,252	376,425,420
Less amounts not available to be used for general expenditures within one year:		
Net assets in endowments subject to donor restriction	16,475,718	14,617,097
Net assets subject to purpose restriction	19,410	19,410
Due to related organizations:		
General agencies	42,906,334	50,676,128
Other affiliated organizations	234,157	231,975
General advance specials	15,743,804	8,598,075
General Funds	63,706,806	60,353,583
Board-designated net assets limited to use	238,357	238,357
General Agency Benefit Trust obligations	190,402,745	186,112,480
Funds held for investors in the UMC Foundation	50,126,948	39,947,426
Financial assets not available to be used within one year	379,854,279	360,794,531
Financial assets available to meet general expenditures within one year	$ 17,701,973	$ 15,630,889

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 $1,620,344 and $1,636,344 in 2021 and 2020, 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, 2021 and 2020 consists of the following:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Texas Methodist Foundation Loan Fund	$ 15,768,015	$ 15,788,748	$ 25,485,254	$ 25,505,931
Mutual funds	18,808,951	18,106,948	11,859,216	11,672,486
Short-term collateralized loan fund	160,337	160,337	3,114,868	3,114,868
Fixed income	8,601,637	8,165,448	8,803,412	8,208,114
Corporate bonds	37,222,184	35,447,743	30,695,672	27,946,452
Cash	10,531,140	10,531,140	10,136,291	10,136,291
Total investments	$ 91,092,264	$ 88,200,364	$ 90,094,713	$ 86,584,142

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, 2021 and 2020 was 2.73% and 3.63%, 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:

	2021	2020
Texas Methodist Foundation Loan Fund	17.3%	28.3%
Mutual funds	20.6%	13.2%
Short-term collateralized loan fund	0.2%	3.5%
Fixed income	9.4%	9.8%
Corporate bonds	40.9%	34.0%
Cash	11.6%	11.2%
	100.0%	100.0%

Note 4—Investments (continued)

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

	2021	2020
Interest and dividends, net of interest paid to depositors	$ 1,255,591	$ 1,131,084
Realized and unrealized gains (losses)	(487,868)	2,014,087
Investment fees	(11,249)	(9,183)
	$ 756,474	$ 3,135,988

	2021	2020
Operating investment return	$ 1,703,812	$ 1,834,232
Unrealized gains (losses) on debt securities to be held to maturity	(947,338)	1,301,756
	$ 756,474	$ 3,135,988

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:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Long-term investments portfolio				
UMC Foundation:				
Cash and cash equivalents	$ 3,250,984	$ 3,250,984	$ 2,420,677	$ 2,420,677
Mutual funds	3,435,314	3,267,521	4,329,723	4,103,409
Common stocks	45,070,782	33,366,059	37,053,334	29,333,334
Government securities	8,433,168	8,232,902	7,717,469	7,663,248
Corporate bonds	6,400,221	6,412,535	2,905,477	2,671,535
Alternative investments	3,500,895	2,710,918	3,145,803	2,696,308
Total UMC Foundation	70,091,364	57,240,919	57,572,483	48,888,511
Investments held in trust for UMI:				
Domestic corporate bonds	134,989	134,733	227,670	413,778
Foreign corporate bonds	32,736	32,672	61,178	220,977
Domestic government securities	324,251	322,564	427,748	13,041
Foreign government securities	-	-	13,350	58,631
Total UMI	491,976	489,969	729,946	706,427
Total long-term investments portfolio	$ 70,583,340	$ 57,730,888	$ 58,302,429	$ 49,594,938
General Agency Benefit Trust assets:				
Multiple Asset Fund (held with Wespath)	$ 190,402,745	$ 62,988,166	$ 186,112,480	$ 55,411,838

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:

	2021	2020
Interest and dividends	$ 4,383	$ 5,368
Realized and unrealized gains	55,062	9,718
Investment fees	(918)	(797)
	$ 58,527	$ 14,289

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.

Methodist Socially Principled Fund – The objective of the Methodist Socially Principled Model 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. There is no guarantee that these objectives will be reached. 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 model is designed for those investors who are seeking a single asset allocation to provide broad diversification, reasonable income, and protection against inflation. The Foundation reserves the right to change the asset allocation or mix of this model as allowed by its statement of investment policy, objectives, and guidelines at any time without notice to participants.

Methodist Socially Principled Plus Fund – The objective of the Methodist Socially Principled Plus Model is to provide similar investment returns as the Methodist Socially Principled 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. There is no guarantee that these objectives will be reached. The targeted allocation of the fund is 30% invested in a fixed income fund, 25% in a domestic large capitalization equity portfolio, 10% in a domestic small/mid-capitalization equity portfolio, 15% in an international equity portfolio, and 20% in an alternative investment portfolio. This model is designed for those investors who are seeking an option to provide broad diversification, reasonable current income, and protection against inflation. The Foundation reserves the right to change the asset allocation or mix of this model as allowed by its statement of investment policy, objectives, and guidelines at any time without notice to participants.

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.

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)

The following is a summary of the primary funds in which participants may invest through the Foundation. (continued):

Short-Term Income Fund – The Short-Term Income Fund's objective is liquidity and a reasonable rate of return. There is no guarantee that these objectives will be reached. This fund is designed for short-term investment of funds when the timing of the investor's liquidity needs is uncertain or variable.

The following funds were offered to participants for the year ended December 31, 2020, but not for the year ended December 31, 2021.

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 Plus Fund – The Balanced Plus Fund's 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.

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, 2021 and 2020.

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:

	2021		2020	
	Fair Value	Cost	Fair Value	Cost
Methodist Socially Principled Fund	$ 36,356,972	$ 29,081,464	$ 24,573,480	$ 20,641,495
Methodist Socially Principled Plus Fund	26,760,607	22,379,381	15,038,413	13,055,085
Equity Fund	3,970,564	2,800,809	2,979,878	2,350,328
Fixed Income Fund	1,895,729	1,881,736	1,940,501	1,830,824
Short-Term Income Fund	1,107,492	1,097,529	1,109,919	1,101,634
International Equity Fund	-	-	90,058	97,799
Balanced Fund	-	-	6,021,009	5,117,065
Balanced Plus Fund	-	-	5,536,572	4,493,997
Small/Mid Cap Domestic Equity Growth Portfolio	-	-	181,994	99,098
Small/Mid Cap Domestic Equity Value Portfolio	-	-	100,659	101,186
Total investments	$ 70,091,364	$ 57,240,919	$ 57,572,483	$ 48,888,511

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.

	2021 (Unaudited)			
	Methodist Socially Principled Fund	Methodist Socially Principled Plus Fund	Equity Fund	Fixed Income Fund
Investment return on the average participant's account, net of total expenses	17.15%	6.37%	0.01%	5.00%
Total expenses for the average participant's account	0.75%	0.70%	0.83%	0.91%

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

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, 2021 and 2020:

	2021	2020
Interest and dividends	$ 46,599	$ 55,087
Amortization expense	(2,085)	(1,387)
Realized and unrealized gains	6,155	21,193
Investment fees	(4,299)	(4,506)
	$ 46,370	$ 70,387

Note 5—Property and equipment

Property and equipment consist of the following as of December 31, 2021 and 2020:

	2021	2020
Land	$ 1,752,408	$ 1,752,408
Building	4,547,406	4,547,406
Equipment	3,026,514	2,302,971
Software	1,386,170	1,386,170
Building improvements	980,361	980,361
Office furniture	372,844	372,844
Total land and fixed assets	12,065,703	11,342,160
Less accumulated depreciation and amortization	(6,398,675)	(6,212,426)
Land and fixed assets, net	$ 5,667,028	$ 5,129,734

Depreciation expense totaled $189,606 and $229,713 for the years ended December 31, 2021 and 2020, 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.

GCFA 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 $511,318 and $471,651 in 2021 and 2020, 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 $2,250 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 $733,898 and $676,486 in 2021 and 2020, respectively, exclusive of reimbursement from the Benefit Trust.

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

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 $190,403,000 and $186,112,000 as of December 31, 2021 and 2020, 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 2021 and 2020, 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 $11,166,749 and $10,046,935 in 2021 and 2020, respectively. GCFAs retained share of the 2021 and 2020 amount was $1,286,380 and $964,406, 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 2021 and 2020 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 2021 and 2020, 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, 2021 and 2020 was as follows:

	2021	2020
Contributions	$ 1,745	$ 916
Dividends and interest income	389,313	342,869
Unrealized investment gains	2,010,314	1,153,948
Gas royalties	8,017	6,041
Distributions to General Funds	(585,193)	(587,638)
Property taxes	(168)	(164)
Net increase in Permanent Fund	$ 1,824,028	$ 915,972

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, 2021 and 2020 have been designated by the Board of Directors for the following purposes:

	2021	2020
Annual Conference Administrative and Financial Support	$ 238,357	$ 238,357

Note 11—Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2021 and 2020 have been restricted by the donors for the following purpose restrictions:

	2021	2020
Subject to purpose restrictions:		
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 restrictions	19,410	19,410
Endowments:		
The Professional Association of UMC Secretaries endowment	50	50
Permanent Fund endowment fund held in perpetuity	5,510,251	5,508,506
Accumulated earnings on Permanent Fund endowment fund	10,808,019	8,985,736
UMC Foundation endowment fund held in perpetuity	79,872	79,597
Accumulated earnings on UMC Foundation endowment fund	77,526	43,208
Total endowments	16,475,718	14,617,097
Total net assets with donor restrictions	$ 16,495,128	$ 14,636,507

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, 2021 and 2020, GCFA had the following endowment net asset composition by type of fund:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 5,590,173	$ 5,590,173
Accumulated investment gains	-	10,885,545	10,885,545
Endowment net assets, December 31,	$ -	$ 16,475,718	$ 16,475,718

	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

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, 2021 and 2020, 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, 2021 and 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
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
Investment return, net	-	2,441,961	2,441,961
Contributions	-	2,020	2,020
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(585,360)	(585,360)
Endowment net assets, December 31, 2021	$ -	$ 16,475,718	$ 16,475,718

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, 2021 and 2020 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

December 31, 2021	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	$ 15,768,015	$ -	$ -	$ 15,768,015
Mutual funds	18,808,951	18,808,951	-	-
Short-term collateralized loan fund	160,337	160,337	-	-
Fixed income	8,601,637	8,601,637	-	-
Corporate bonds	37,222,184	-	37,222,184	-
Total short-term investment portfolio	80,561,124	$ 27,570,925	$ 37,222,184	$ 15,768,015
Long-term investment portfolio:				
Cash and cash equivalents	$ 3,250,984	$ 3,250,984	$ -	$ -
Mutual funds	3,435,314	3,435,314	-	-
Common stocks	45,070,782	45,070,782	-	-
Government securities	8,757,419	8,757,419	-	-
Corporate bonds	6,567,946	-	6,567,946	-
Alternative investments	643,466	-	-	643,466
	67,725,911	$ 60,514,499	$ 6,567,946	$ 643,466
Alternative investments:				
Renaissance Access*	948,060			
CQS ABS*	602,146			
Summit Partners*	1,307,223			
Total long-term investment portfolio	70,583,340			
Benefit Trust Assets - Multiple Asset Fund (Held with Wespath)*	190,402,745			
Total investments at fair value	$ 341,547,209			

* 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, 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	-
Alternative investments	737,402	-	-	737,402
	55,894,028	$ 51,962,301	$ 3,194,325	$ 737,402
Alternative investments:				
Renaissance Access*	840,026			
CQS ABS*	512,706			
Summit Partners*	1,055,669			
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)

For alternative investments and 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, 2021:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Multiple Asset Fund (Wespath) [a]	$ 190,402,745	none	daily	daily
Renaissance Access [b]	948,060	none	monthly	60 days
CQS ABS [c]	602,146	none	quarterly	90 days
Summit Partners [d]	1,307,223	none	quarterly	30 days
ACAP Strategic Fund [e]	643,466	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 2021 and 2020 for assets measured at fair value based on Level 3 significant unobservable information:

	ACAP Strategic Fund	Texas Methodist Foundation Loan Fund
December 31, 2019	$ -	$ 14,215,822
Interest income	-	513,574
Purchases	737,402	11,000,000
Withdrawals	-	(244,142)
December 31, 2020	737,402	25,485,254
Interest income	-	526,908
Unrealized losses	(93,936)	-
Withdrawals	-	(10,244,147)
December 31, 2021	$ 643,466	$ 15,768,015

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 $515,155 and $754,009 as of December 31, 2021 and 2020, 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, 2021 and 2020.

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

No premiums were written or earned on a direct or ceded basis in 2021.

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

	2020	
	Written	**Earned**
Direct	$ (520,481)	$ 8,483,597
Ceded	677,800	(8,242,246)
Net	$ 157,319	$ 241,351

Note 14—Insurance activity (continued)

The components of the liability for losses and loss adjustment expenses and related reinsurance recoverable as of December 31, 2021 and 2020 are as follows:

	2021		2020	
	Gross Liability	Reinsurance Recoverable	Gross Liability	Reinsurance Recoverable
Case-basis reserves	$ 1,357,223	$ 1,092,590	$ 1,516,725	$ 1,102,727
IBNR reserves	2,604,107	2,425,345	4,602,076	4,405,554
Claim handling fees	12,500	-	22,700	-
Net	$ 3,973,830	$ 3,517,935	$ 6,141,501	$ 5,508,281

Losses and loss adjustment expense activity for the years ended December 31, 2021 and 2020 are as follows:

	2021	2020
Liabilities as of January 1, net of reinsurance recoverable of $5,508,281 and $13,672,241, respectively	$ 633,220	$ 1,044,696
Incurred related to:		
Development of prior years	154,787	124,435
Claim handling fees	20,495	40,677
Total incurred during the year	175,282	165,112
Paid related to:		
Prior years	(321,912)	(474,411)
Claim handling fees	(30,695)	(102,177)
Total paid during the year	(352,607)	(576,588)
Liability as of December 31, net of reinsurance recoverable of $3,517,935 and $5,508,281, respectively	$ 455,895	$ 633,220

The unfavorable prior year development of $154,787 recorded in 2021 is predominantly attributable to development on the 2018 and 2019 property liability coverage, 2017 to 2019 general liability coverage, and the 2009 sexual misconduct coverage assumed from Zurich and offset by favorable development on the 2008 worker's compensation coverage.

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.

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, 2021 and 2020 is as follows:

	2021	2020
Net outstanding liabilities:		
Property and Crime	$ 77,987	$ 59,829
General Liability	28,893	22,577
Sexual Misconduct	101,190	249,824
Other short-duration insurance lines	235,325	278,290
Liabilities for unpaid losses and loss adjustment expenses, net of reinsurance	443,395	610,520
Reinsurance recoverable:		
Property and Crime	1,784,209	3,579,177
General Liability	699,192	605,434
Sexual Misconduct	999,530	1,178,052
Other short-duration insurance lines	35,004	145,618
Total reinsurance recoverable on unpaid losses and loss adjustment expenses	3,517,935	5,508,281
Unallocated loss adjustment expenses	12,500	22,700
Total gross liability for unpaid losses and loss adjustment expenses	$ 3,973,830	$ 6,141,501

Other short-duration insurance lines above include 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, 2021, 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	451,579	451,579	-	374
2017	720,000	715,085	4,915	449
2018	1,145,000	1,080,828	64,172	512
2019	255,000	246,100	8,900	341
2020	-	-	-	158
2021	-	-	-	-
Total	$ 2,856,539	$ 2,778,552	$ 77,987	

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	62,500	49,284	13,216	74
2018	20,000	10,884	9,116	82
2019	22,500	15,939	6,561	51
2020	-	-	-	7
2021	-	-	-	-
Total	$ 123,085	$ 94,192	$ 28,893	

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	5,500	1,785	3,715	1
2016	7,000	-	7,000	-
2017	10,000	397	9,603	1
2018	13,500	-	13,500	-
2019	7,000	-	7,000	-
2020	-	-	-	-
2021	-	-	-	-
Total	$ 43,000	$ 2,182	$ 40,818	

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, 2021 and 2020, 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 $179,173 and $150,642 for the years ended December 31, 2021 and 2020, 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, 2021 and 2020 totaled $28,726 and $28,004, respectively, and are eliminated on the consolidated statements of financial position. This expense includes salaries, benefits, and related payroll expenses totaling $164,626 and $127,966 for 2021 and 2020, respectively, associated with UMI's president and CEO.

GCFA received administration fees of $12,625 and $5,500 during 2021 and 2020, 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 $114,750 and $131,375 for the years ended December 31, 2021 and 2020, 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 $-0- and $1,272,540 during 2021 and 2020, respectively, and are included as a component of policy acquisition and other underwriting expenses on the consolidated statements of activities.

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

	2021	2020
Consolidated Statements of Financial Position:		
Due from annual conferences	$ 27,477,398	$ 30,077,138
Due from UMI	28,726	28,004
General Agency Benefit Trust assets	190,402,745	186,112,480
Due to related organizations:		
General agencies	42,906,334	50,676,128
Other affiliated organizations	234,157	231,975
General advance specials	15,743,804	8,598,075
General Funds	63,706,806	60,353,583
General Agency Benefit Trust obligations	190,402,745	186,112,480
Consolidated Statements of Activities - Revenues:		
Allocation from The General Funds	5,934,262	5,947,798
Distribution from Benefit Trust	1,286,380	964,406
Consolidated Statements of Activities - Expenses:		
Group insurance expense	733,898	676,486

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, 2021 and 2020, UMI's net assets without donor restrictions amounted to $1,877,495 and $2,529,090, 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 $9,047 and $10,145 were made on the surplus notes in 2021 and 2020, respectively, upon approval from the Department. Interest payable totaling $299 and $361 was accrued at December 31, 2021 and 2020, 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 2021 and 2020 upon approval from the Department. Interest payable of $-0- was due and accrued on the surplus note at December 31, 2021 and 2020. 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 $108,984 and $110,145 in 2021 and 2020, 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, 2021 and 2020.

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.

The Protocol of Reconciliation and Grace Through Separation was introduced as legislation in early 2020 for the upcoming General Conference. This joins other legislative proposals that if adopted by the General Conference would provide an alternative way for churches to separate from The United Methodist Church. These proposals include a provision for new denominations to receive financial payments from The United Methodist Church and retain their real estate. The scheduled General Conference has been delayed until 2024, and the financial impact resulting from these potential separations on GCFA is unknown at this time.

Note 18—Paycheck Protection Program

GCFA received a Paycheck Protection Program ("PPP") loan in the amount of $1,212,000 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 received full forgiveness of this $1,212,000 loan during 2021 and has, therefore, recorded the funds received as grant income on the consolidated statement of activities for the year ended December 31, 2021.

Note 19—Subsequent events

Management has evaluated subsequent events through August 19, 2022, the date the consolidated financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure other than those included below.

On June 17, 2022, Suracy terminated its agency agreement with UMIA. Effective June 21, 2022, UMI transitions insurance placements for new business and existing policyholders now through renewal to third party insurers through UMIA and Sovereign Insurance Group ("Sovereign") and expects all future renewals to occur through Sovereign. As of June 30, 2022, UMIA estimates $8,545 of agency commissions due from Suracy, which includes unearned commissions at the date of termination of $59,477 that Suracy has asserted are not due under the terms of the contract. UMI believes that the unearned commissions continue to be due under the terms of the contact, has engaged external counsel and intends to vigorously defend its position. As of June 30, 2022, no formal demand or suit has been made by Suracy or UMI. As such, the ultimate timing and impact of this matter on UMI is uncertain at this time, but could be material. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In June 2022, the land and building owned by GCFA were sold for $13,150,000. The all-cash proceeds will result in a gain in 2022. As a result of the building sale, GCFA began leasing office space from The General Board of Discipleship/The Upper Room, a related party. The initial term of the lease is for twelve months ending on December 31, 2022 and allows for four extension periods of two years each.

SUPPLEMENTARY INFORMATION

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021							2020
	GCFA	UMC Foundation	UMI	Permanent Fund	Benefit Trust	Eliminations	TOTAL	TOTAL
ASSETS								
Cash and cash equivalents	$ 25,247,965	$ -	$ 1,616,760	$ -	$ -	$ -	$ 26,864,725	$ 20,038,816
Short-term investment portfolio	80,561,124	-	-	-	-	-	80,561,124	79,958,422
Accrued interest and dividends receivable	487,437	21,444	-	-	-	-	508,881	514,885
Due from annual conferences	27,477,398	-	-	-	-	-	27,477,398	30,077,138
Accounts receivable	843,803	-	-	1,482	-	-	845,285	912,269
Prepaid expenses and other assets	218,085	-	66,669	-	-	-	284,754	322,962
Long-term investment portfolio	3,178,348	70,091,364	491,976	16,553,260	-	(19,731,608)	70,583,340	58,302,429
Notes receivable	2,000,000	-	-	-	-	(2,000,000)	-	-
General Agency Benefit Trust assets	-	-	-	-	190,402,745	-	190,402,745	186,112,480
Land and fixed assets, net	5,667,028	-	-	-	-	-	5,667,028	5,129,734
Investment in subsidiary	3,664,690	-	-	-	-	(3,664,690)	-	-
Premiums receivable, net of allowance for doubtful accounts	-	-	248,228	-	-	-	248,228	508,981
Reinsurance recoverable - paid losses	-	-	319,013	-	-	-	319,013	292,606
Reinsurance recoverable - unpaid losses	-	-	3,517,935	-	-	-	3,517,935	5,508,281
Reinsurance premiums receivable	-	-	64,526	-	-	-	64,526	-
Loss escrow	-	-	149,985	-	-	-	149,985	545,000
Total Assets	$ 149,345,878	$ 70,112,808	$ 6,475,092	$ 16,554,742	$ 190,402,745	$ (25,396,298)	$ 407,494,967	$ 388,224,003

GENERAL COUNCIL ON FINANCE AND ADMINISTRATION OF THE UNITED METHODIST CHURCH AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)

DECEMBER 31, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021							
	GCFA	UMC Foundation	UMI	Permanent Fund	Benefit Trust	Eliminations	TOTAL	2020 TOTAL
LIABILITIES AND NET ASSETS								
Liabilities:								
Accounts payable and accrued expenses	$ 2,441,521	$ 6,970	$ 211,177	$ 4,828	$ -	$ -	$ 2,664,496	$ 1,316,780
Due to Related Organizations:								
General agencies	42,906,334	-	-	-	-	-	42,906,334	50,676,128
Other affiliated organizations	86,270	(83,757)	-	231,644	-	-	234,157	231,975
General advance specials	15,743,804	-	-	-	-	-	15,743,804	8,598,075
General Funds	63,706,806	-	-	-	-	-	63,706,806	60,353,583
Paycheck Protection Program deferred grant revenue	-	-	-	-	-	-	-	1,978,756
General Agency Benefit Trust obligations	-	-	-	-	190,402,745	-	190,402,745	186,112,480
Funds held for investors in the UMC Foundation	-	69,858,556	-	-	-	(19,731,608)	50,126,948	39,947,426
Liability for losses and loss adjustment expenses	-	-	3,973,830	-	-	-	3,973,830	6,141,501
Losses payable	-	-	203,097	-	-	-	203,097	90,326
Reinsurance premiums payable	-	-	-	-	-	-	-	144,912
Commission payable	-	-	9,256	-	-	-	9,256	12,762
Deferred agency revenue	-	-	200,236	-	-	-	200,236	216,538
Surplus notes	-	-	3,678,950	-	-	(2,000,000)	1,678,950	2,028,950
Total Liabilities	124,884,735	69,781,769	8,276,546	236,472	190,402,745	(21,731,608)	371,850,659	357,850,192
Net Assets:								
Without Donor Restrictions:								
Invested in property and equipment	5,667,028	-	-	-	-	-	5,667,028	5,129,734
Board-designated	3,903,047	-	-	-	-	(3,664,690)	238,357	238,357
Undesignated	14,880,991	164,258	(1,801,454)	-	-	-	13,243,795	10,369,213
Total Without Donor Restrictions	24,451,066	164,258	(1,801,454)	-	-	(3,664,690)	19,149,180	15,737,304
With Donor Restrictions:								
Subject to purpose restrictions	10,027	9,383	-	-	-	-	19,410	19,410
Endowment	50	157,398	-	16,318,270	-	-	16,475,718	14,617,097
Total With Donor Restrictions	10,077	166,781	-	16,318,270	-	-	16,495,128	14,636,507
Total Net Assets	24,461,143	331,039	(1,801,454)	16,318,270	-	(3,664,690)	35,644,308	30,373,811
Total Liabilities and Net Assets	$ 149,345,878	$ 70,112,808	$ 6,475,092	$ 16,554,742	$ 190,402,745	$ (25,396,298)	$ 407,494,967	$ 388,224,003

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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021					
	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	$ 2,004,624	$ -	$ -	$ -	$ -	$ 2,004,624
Episcopal	549,996	-	-	-	-	549,996
General Administration	3,235,403	-	-	-	-	3,235,403
Interdenominational Cooperation	29,763	-	-	-	-	29,763
Human Relations Day	9,138	-	-	-	-	9,138
One Great Hour of Sharing	66,182	-	-	-	-	66,182
Student Day	9,373	-	-	-	-	9,373
World Communion Day	16,324	-	-	-	-	16,324
Peace with Justice Sunday	5,656	-	-	-	-	5,656
Native American Ministries Sunday	7,803	-	-	-	-	7,803
Total all General Funds	5,934,262	-	-	-	-	5,934,262
Other Operating Income:						
Investment Return:						
Interest and dividends, net of fees and interest paid to depositors	1,294,507	1,860	46,370	-	(100,000)	1,242,737
Realized gains on investments	409,393	20,726	-	-	-	430,119
Investment Return, Net	1,703,900	22,586	46,370	-	(100,000)	1,672,856
Distribution from Benefit Trust	1,286,380	-	-	-	-	1,286,380
Contribution and other	689,494	3,386	-	-	(4,800)	688,080
Grant income	1,475,541	19,940	40,626	-	-	1,536,107
Premiums earned, net of reinsurance	-	-	-	-	-	-
Ceding commission revenue	-	-	-	-	-	-
Other service fee income	1,604,318	231,391	371,176	-	(87,855)	2,119,030
Total Other Operating Income	6,759,633	277,303	458,172	-	(192,655)	7,302,453
Total Operating Revenue and Support	12,693,895	277,303	458,172	-	(192,655)	13,236,715
Operating Expenses:						
Program Services:						
Administration	4,143,463	-	-	-	-	4,143,463
Financial services	1,304,840	-	-	-	-	1,304,840
Management information systems	2,189,577	-	-	-	-	2,189,577
Statistics and records	456,588	-	-	-	-	456,588
Total Program Services	8,094,468	-	-	-	-	8,094,468
United Methodist Church Foundation:						
Grants	-	-	-	-	-	-
Funds management	-	191,303	-	-	(59,067)	132,236
Management and general	-	21,257	-	-	(6,563)	14,694
United Methodist Insurance Company:						
Insurance services	-	-	738,253	-	(127,025)	611,228
Total Operating Expenses	8,094,468	212,560	738,253	-	(192,655)	8,852,626
Excess (deficiency) of operating revenue over operating expenses	4,599,427	64,743	(280,081)	-	-	4,384,089
Nonoperating Revenues (Expenses):						
Net increase in Permanent Fund	-	-	-	-	-	-
Unrealized gains (losses) on debt securities to be held to maturity	(952,324)	1,624	-	-		(950,700)
Other comprehensive gain (loss)	-	-	(21,513)	-		(21,513)
Total Nonoperating Revenues (Expenses)	(952,324)	1,624	(21,513)	-	-	(972,213)
Change in net assets	3,647,103	66,367	(301,594)	-	-	3,411,876
Net assets, beginning of year	20,565,604	97,891	(1,499,860)	238,359	(3,664,690)	15,737,304
Net assets, end of year	$ 24,212,707	$ 164,258	$ (1,801,454)	$ 238,359	$ (3,664,690)	$ 19,149,180

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, 2021 (WITH COMPARATIVE TOTALS FOR 2020)

	2021					
	With Donor Restrictions					
	UMC Foundation	Other	Permanent Fund	Total With Donor Restrictions	2021 Total Consolidated	2020 Total Consolidated
Operating Revenue and Support:						
Allocation from UMC:						
Allocation from the General Funds:						
World Service Fund	$ -	$ -	$ -	$ -	$ 2,004,624	$ 1,973,792
Episcopal	-	-	-	-	549,996	646,488
General Administration	-	-	-	-	3,235,403	3,192,227
Interdenominational Cooperation	-	-	-	-	29,763	54,262
Human Relations Day	-	-	-	-	9,138	13,747
One Great Hour of Sharing	-	-	-	-	66,182	37,422
Student Day	-	-	-	-	9,373	7,702
World Communion Day	-	-	-	-	16,324	13,016
Peace with Justice Sunday	-	-	-	-	5,656	4,691
Native American Ministries Sunday	-	-	-	-	7,803	4,451
Total all General Funds	-	-	-	-	5,934,262	5,947,798
Other Operating Income:						
Investment Return:						
Interest and dividends, net of fees and interest paid to depositors	1,605	-	-	1,605	1,244,342	1,121,901
Realized gains on investments	29,351	-	-	29,351	459,470	712,331
Investment Return, Net	30,956	-	-	30,956	1,703,812	1,834,232
Distribution from Benefit Trust	-	-	-	-	1,286,380	964,406
Contribution and other	275	-	-	275	688,355	1,035,606
Grant income	-	-	-	-	1,536,107	-
Premiums earned, net of reinsurance	-	-	-	-	-	241,351
Ceding commission revenue	-	-	-	-	-	1,244,476
Other service fee income	-	-	-	-	2,119,030	1,591,338
Total Other Operating Income	31,231	-	-	31,231	7,333,684	6,911,409
Total Operating Revenue and Support	31,231	-	-	31,231	13,267,946	12,859,207
Operating Expenses:						
Program Services:						
Administration	-	-	-	-	4,143,463	4,147,660
Financial services	-	-	-	-	1,304,840	1,243,446
Management information systems	-	-	-	-	2,189,577	2,358,923
Statistics and records	-	-	-	-	456,588	602,267
Total Program Services	-	-	-	-	8,094,468	8,352,296
United Methodist Church Foundation:						
Grants	-	-	-	-	-	9,908
Funds management	-	-	-	-	132,236	185,853
Management and general	-	-	-	-	14,694	20,650
United Methodist Insurance Company:						
Insurance services	-	-	-	-	611,228	1,880,304
Total Operating Expenses	-	-	-	-	8,852,626	10,449,011
Excess (deficiency) of operating revenue over operating expenses	31,231	-	-	31,231	4,415,320	2,410,196
Nonoperating Revenues (Expenses):						
Net increase in Permanent Fund	-	-	1,824,028	1,824,028	1,824,028	915,972
Unrealized gains (losses) on debt securities to be held to maturity	3,362	-	-	3,362	(947,338)	1,301,756
Other comprehensive gain (loss)	-	-	-	-	(21,513)	7,472
Total Nonoperating Revenues (Expenses)	3,362	-	1,824,028	1,827,390	855,177	2,225,200
Change in net assets	34,593	-	1,824,028	1,858,621	5,270,497	4,635,396
Net assets, beginning of year	132,188	10,077	14,494,242	14,636,507	30,373,811	25,738,415
Net assets, end of year	$ 166,781	$ 10,077	$16,318,270	$16,495,128	$ 35,644,308	$ 30,373,811

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, 2021

						Administration					
	General Secretary's Office	Building & Support Services	Episcopal Services	Legal Services	Audit	Staff Benefits/ Recruitment	Shared Services	Association Training And Other	Meetings	Total	Budget (Unaudited)
Salaries	$ 689,635	$ 520,061	$ 220,486	$ 359,802	$ -	$ 668,403	$ 344,771	$ -	$ -	$ 2,803,158	$ 2,310,132
Employee benefits	201,123	185,477	75,877	108,819	-	223,248	64,222	-	-	858,766	742,945
Continuing education	2,058	2,008	-	5,903	-	31,277	2,972	-	-	44,218	10,325
Retiree benefits	-	-	-	-	-	86,832	-	-	-	86,832	108,698
Grants	-	-	-	-	-	-	-	(8,306)	-	(8,306)	-
Telephone	4,142	1,885	1,360	1,260	-	2,520	2,619	-	-	13,786	15,324
Postage and freight	230	3,954	-	139	-	19	33	-	-	4,375	9,062
Printing	1,831	-	-	30	-	-	940	-	-	2,801	3,200
Office supplies	14	2,906	-	15	-	269	108	-	-	3,312	11,404
Subscriptions and memberships	5,771	823	-	1,166	-	828	697	-	-	9,285	18,369
Equipment replacement/maintenance	-	6,117	-	-	-	-	-	-	-	6,117	1,199
Software support and maintenance	177	63,500	-	-	-	2,212	-	-	-	65,889	63,600
Building repair and maintenance	-	121,800	-	-	-	-	-	-	-	121,800	158,239
Promotional materials/other office expense	110	-	-	-	-	-	50	-	134	294	950
Depreciation	-	135,933	-	-	-	-	-	-	-	135,933	135,418
Professional fees	-	-	4,460	67,630	651,877	8,287	-	-	5,930	738,184	698,588
Meeting	-	-	-	-	-	95	1,285	(3,713)	16,215	13,882	193,657
Staff travel	1,463	113	-	47	-	303	6,013	205	3,673	11,817	176,634
Insurance	-	-	-	78,444	-	-	-	-	-	78,444	103,384
Bank/financing charges	-	-	-	-	-	-	-	-	-	-	-
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Overhead allocation	-	(228,401)	-	(12,218)	-	(570,917)	(35,625)	-	-	(847,161)	(521,176)
Other	-	-	-	37	-	-	-	-	-	37	-
Total Expenses for Operations	$ 906,554	$ 816,176	$ 302,183	$ 611,074	$ 651,877	$ 453,376	$ 388,085	$ (11,814)	$ 25,952	$ 4,143,463	$ 4,239,952

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, 2021

	Operations							
	Financial Services	Budget (Unaudited)	Management Information Systems	Budget (Unaudited)	Statistics and Records	Budget (Unaudited)	Total	Budget (Unaudited)
Salaries	$ 999,737	$ 923,598	$ 1,161,790	$ 1,009,000	$ 250,246	$ 245,820	$ 5,214,931	$ 4,488,550
Employee benefits	324,488	319,326	314,139	410,000	84,314	103,774	1,581,707	1,576,045
Continuing education	3,607	600	3,206	1,198	2,008	-	53,039	12,123
Retiree benefits	-	-	-	-	-	-	86,832	108,698
Grants	-	-	-	-	-	-	(8,306)	-
Telephone	1,255	1,356	192,086	166,608	630	960	207,757	184,248
Postage and freight	129	900	1,181	2,250	-	-	5,685	12,212
Printing	-	-	-	-	-	-	2,801	3,200
Office supplies	531	2,400	1,109	8,400	-	500	4,952	22,704
Subscriptions and memberships	1,142	10,674	426	-	-	315	10,853	29,358
Equipment replacement/maintenance	104	-	67,296	217,167	-	-	73,517	218,366
Software support and maintenance	8,434	-	424,122	412,576	119,390	41,400	617,835	517,576
Building repair and maintenance	-	-	-	-	-	-	121,800	158,239
Promotional materials/other office expense	-	-	-	-	-	-	294	950
Depreciation	-	-	53,673	51,827	-	-	189,606	187,245
Professional fees	14,575	-	14,829	19,130	-	2,250	767,588	719,968
Meeting	-	-	-	-	-	-	13,882	193,657
Staff travel	13	1,750	1,862	37,185	-	1,450	13,692	217,019
Insurance	-	-	-	-	-	-	78,444	103,384
Bank/financing charges	45,682	-	-	-	-	-	45,682	-
Bad debt expense	(5,000)	-	-	-	-	-	(5,000)	-
Overhead allocation	(90,055)	(87,867)	(46,142)	(45,000)	-	-	(983,358)	(654,043)
Other	198	-	-	-	-	-	235	-
Total Expenses for Operations	$ 1,304,840	$ 1,172,737	$ 2,189,577	$ 2,290,341	$ 456,588	$ 396,469	$ 8,094,468	$ 8,099,499

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, 2021

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	2021
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			275,000	293,000	284,928	284,928	284,928	284,960	284,960
2016				410,000	480,000	455,000	455,000	451,542	451,579
2017					740,000	715,000	720,000	720,000	720,000
2018						990,000	1,110,000	1,050,000	1,145,000
2019							345,000	230,000	255,000
2020								-	-
2021									-
Total									2,856,539

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

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			138,969	281,051	284,928	284,928	284,928	284,960	284,960
2016				169,600	284,050	430,269	434,507	451,542	451,579
2017					286,677	675,450	707,021	711,945	715,085
2018						397,445	978,779	1,025,691	1,080,828
2019							159,175	202,535	246,100
2020								-	-
2021									-
Total									2,778,552
All outstanding liabilities before 2013, net of reinsurance									-
Liabilities for losses and loss adjustment expenses, net of reinsurance									$ 77,987

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, 2021

General Liability

Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			35,000	10,000	7,135	12,500	11,619	11,619	11,619
2016				23,000	8,500	7,500	6,466	6,466	6,466
2017					24,000	36,500	47,500	42,000	62,500
2018						30,000	16,500	16,000	20,000
2019							14,500	15,000	22,500
2020								-	-
2021									-
Total									123,085

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

Accident Year	2013	2014	2015	2016	2017	2018	2019	2020	2021
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			4,642	5,499	7,135	7,135	11,619	11,619	11,619
2016				3,370	5,414	6,466	6,466	6,466	6,466
2017					3,840	7,274	14,015	36,158	49,284
2018						3,506	5,986	8,134	10,884
2019							4,374	6,131	15,939
2020								-	-
2021									-
Total									94,192
All outstanding liabilities before 2013, net of reinsurance									-
Liabilities for losses and loss adjustment expenses, net of reinsurance									$ 28,893

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, 2021

Sexual Misconduct

	Incurred Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance								
Accident Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			14,000	13,500	9,500	7,500	7,000	6,000	5,500
2016				20,500	19,000	11,500	10,000	8,000	7,000
2017					24,000	19,500	15,500	12,000	10,000
2018						26,000	16,000	16,000	13,500
2019							10,000	8,500	7,000
2020								-	-
2021									-
Total									43,000

	Cumulative Paid Losses and Allocated Loss Adjustment Expenses, Net of Reinsurance								
Accident Year	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
2013	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
2014		-	-	-	-	-	-	-	-
2015			-	-	-	1,785	1,785	1,785	1,785
2016				-	-	-	-	-	-
2017					-	397	397	397	397
2018						-	-	-	-
2019							-	-	-
2020								-	-
2021									-
Total									2,182
All outstanding liabilities before 2013, net of reinsurance									60,372
Liabilities for losses and loss adjustment expenses, net of reinsurance									$ 101,190

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, 2021

The following is the average annual percentage payout of incurred claims, by age, net of reinsurance as of December 31, 2021 by significant category:

Average Annual Percentage Payout of Incurred Claims by Age

Years	1	2	3	4	5	6	7	8	9
Type of Insurance:									
Property and Crime	24.8%	27.4%	5.3%	1.1%	0.8%	0.0%	0.0%	0.0%	0.0%
General Liability	16.9%	9.2%	15.9%	9.8%	14.9%	0.0%	0.0%	0.0%	0.0%
Sexual Misconduct	0.0%	0.6%	0.0%	6.5%	0.0%	0.0%	0.0%	0.0%	0.0%