

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

FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES

*As of and for the Years Ended December 31, 2019 and 2018*

*And Report of Independent Auditor*

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

---

**REPORT OF INDEPENDENT AUDITOR..... 1-2**

**FINANCIAL STATEMENTS**

Statements of Financial Position..... 3  
Statements of Activities ..... 4  
Statements of Functional Expenses ..... 5  
Statements of Cash Flows ..... 6  
Notes to the Financial Statements ..... 7-21

**SUPPLEMENTAL SCHEDULES**

Schedule of Financial Position Information by Fund ..... 22-23  
Schedule of Activities Information by Fund ..... 24-25  
Episcopal Fund Consolidating Statement of Functional Expenses by Natural Account ..... 26

## Report of Independent Auditor

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

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

We have audited the accompanying financial statements of The General Funds of The United Methodist Church, which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The General Funds of The United Methodist Church as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules on pages 22 through 26 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Cherry Bekaert LLP*

Charlotte, North Carolina  
August 21, 2020

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

DECEMBER 31, 2019 AND 2018

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
Due from General Council on Finance and Administration	\$ 56,066,947	\$ 60,183,121
Accounts receivable	20,343	2,755
Prepaid expenses	385,337	26,167
Investments held at The United Methodist Church Foundation	2,722,437	2,413,246
Net pension plan assets held at Wespath Benefits and Investments	6,997,489	5,409,393
Property and equipment, net	353,580	237,507
<b>Total Assets</b>	<b>\$ 66,546,133</b>	<b>\$ 68,272,189</b>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 653,494	\$ 435,342
Grants payable to and amounts held for affiliated organizations	34,499,824	34,961,269
Net unfunded pension obligation	247,659	480,198
<b>Total Liabilities</b>	<b>35,400,977</b>	<b>35,876,809</b>
Net Assets:		
Without Donor Restrictions:		
Invested in property and equipment	353,580	237,507
Board-designated	16,593,856	15,777,353
Undesignated	13,848,834	16,265,690
Total Without Donor Restrictions	30,796,270	32,280,550
With Donor Restrictions:		
Subject to purpose restrictions	27,963	35,985
Endowment	320,923	78,845
Total With Donor Restrictions	348,886	114,830
<b>Total Net Assets</b>	<b>31,145,156</b>	<b>32,395,380</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 66,546,133</b>	<b>\$ 68,272,189</b>

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

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Contributions	\$ 131,670,884	\$ 851,290	\$ 132,522,174	\$ 142,412,726	\$ 1,236,722	\$ 143,649,448
Special gifts	-	38,336,958	38,336,958	-	47,798,055	47,798,055
Total Contributions	131,670,884	39,188,248	170,859,132	142,412,726	49,034,777	191,447,503
Grant income	614,208	-	614,208	-	-	-
Investment return on investments held at The United Methodist Church Foundation	488,790	85,322	574,112	(187,721)	(8,363)	(196,084)
Other income	2,111,804	-	2,111,804	1,358,692	-	1,358,692
Net assets released from restrictions	39,039,514	(39,039,514)	-	49,092,161	(49,092,161)	-
Total Operating Revenue and Support	173,925,200	234,056	174,159,256	192,675,858	(65,747)	192,610,111
Operating Expenses:						
Management and General:						
Fixed Charges:						
The Connectional Table	535,632	-	535,632	545,664	-	545,664
General Council on Finance and Administration	2,852,628	-	2,852,628	2,902,116	-	2,902,116
United Methodist Communications Division of Program and Benevolence Interpretation	769,680	-	769,680	776,388	-	776,388
Total Management and General	4,157,940	-	4,157,940	4,224,168	-	4,224,168
Program Services:						
Distributions:						
On-ratio allocations	104,310,120	-	104,310,120	113,501,070	-	113,501,070
Grants	3,176,559	-	3,176,559	2,060,654	-	2,060,654
General conference support	3,742,682	-	3,742,682	1,593,464	-	1,593,464
Special gifts distributed	39,008,105	-	39,008,105	49,034,777	-	49,034,777
Other expenses	107,391	-	107,391	308,035	-	308,035
Total Distributions	150,344,857	-	150,344,857	166,498,000	-	166,498,000
Episcopal expenses, excluding administrative charges and net changes in benefit plan obligations	22,797,874	-	22,797,874	23,289,085	-	23,289,085
Total Program Expenses	173,142,731	-	173,142,731	189,787,085	-	189,787,085
Total Operating Expenses	177,300,671	-	177,300,671	194,011,253	-	194,011,253
Operating Income (loss)	(3,375,471)	234,056	(3,141,415)	(1,335,395)	(65,747)	(1,401,142)
Nonoperating Activities:						
Net changes in benefit plan obligations	1,891,191	-	1,891,191	1,563,646	-	1,563,646
Change in net assets	(1,484,280)	234,056	(1,250,224)	228,251	(65,747)	162,504
Net assets, beginning of year	32,280,550	114,830	32,395,380	32,052,299	180,577	32,232,876
Net assets, end of year	\$ 30,796,270	\$ 348,886	\$ 31,145,156	\$ 32,280,550	\$ 114,830	\$ 32,395,380

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

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

*YEARS ENDED DECEMBER 31, 2019 AND 2018*

	2019			2018		
	Program Services	Management and General	Total	Program Services	Management and General	Total
Operating Expenses:						
Fixed charges	\$ -	\$ 4,157,940	\$ 4,157,940	\$ -	\$ 4,224,168	\$ 4,224,168
On-ratio allocations	104,310,120	-	104,310,120	113,501,070	-	113,501,070
Grants	3,176,559	-	3,176,559	2,060,654	-	2,060,654
General conference support	3,742,682	-	3,742,682	1,593,464	-	1,593,464
Special gifts distributed	39,008,105	-	39,008,105	49,034,777	-	49,034,777
Other expenses	107,391	-	107,391	308,035	-	308,035
Episcopal expenses:						
Salaries	11,025,700	-	11,025,700	10,919,656	-	10,919,656
Employee benefits	2,974,000	-	2,974,000	3,092,196	-	3,092,196
Office allowance	5,651,340	-	5,651,340	5,685,814	-	5,685,814
Travel	1,967,409	-	1,967,409	2,104,281	-	2,104,281
Other expenses	1,179,425	-	1,179,425	1,487,138	-	1,487,138
Total Operating Expenses	<u>\$ 173,142,731</u>	<u>\$ 4,157,940</u>	<u>\$ 177,300,671</u>	<u>\$ 189,787,085</u>	<u>\$ 4,224,168</u>	<u>\$ 194,011,253</u>

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

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

*YEARS ENDED DECEMBER 31, 2019 AND 2018*

	<b>2019</b>	<b>2018</b>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (1,250,224)	\$ 162,504
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Realized and unrealized (gains) losses on investments	(467,475)	276,546
(Gains) losses on pension plan assets held by Wespath Benefits and Investments	(4,921,594)	1,546,052
Change in accrued pension costs	1,874,200	(4,327,338)
Changes in operating assets and liabilities:		
Due from General Council on Finance and Administration	4,116,174	626,238
Accounts receivable	(17,588)	10,771
Prepaid expenses	(359,170)	1,380
Accounts payable and accrued expenses	218,152	203,550
Grants payable to and amounts held for affiliated organizations	(461,445)	485,236
Net cash flows from operating activities	<u>(1,268,970)</u>	<u>(1,015,061)</u>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(116,073)	(237,507)
Net sales of investments	<u>1,385,043</u>	<u>1,252,568</u>
Net cash flows from investing activities	<u>1,268,970</u>	<u>1,015,061</u>
Net change in cash and cash equivalents	-	-
Cash and equivalents, beginning of year	-	-
Cash and equivalents, end of year	<u>\$ -</u>	<u>\$ -</u>

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



# THE GENERAL FUNDS OF THE UNITED METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

---

### Note 1—Nature of the General Funds

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

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

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

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

The General Funds include the following:

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

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

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

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

# THE GENERAL FUNDS OF THE UNITED METHODIST CHURCH

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

---

### Note 1—Nature of the General Funds (continued)

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

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

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

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

### Note 2—Summary of significant accounting policies

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

*Basis of Presentation* – The General Funds' financial statements have been prepared to focus on the organization as a whole and to classify balances and transactions into two net asset categories based on the existence or absence of donor-imposed restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the General Funds. These net assets may be used at the discretion of General Funds' management and the Board of Directors. The General Funds has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub classifications are as follows:

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

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

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

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

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

*DECEMBER 31, 2019 AND 2018*

---

**Note 2—Summary of significant accounting policies (continued)**

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

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

*Contributions and Gifts* – Contributions 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.

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

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

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

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

*Property and Equipment* – Property and equipment are comprised primarily of capitalized software and miscellaneous office equipment. Property and equipment are reported at cost at date of acquisition, or fair value at date of donation in the case of gifts. Depreciation is provided over the estimated useful lives (three to nine years) of the respective assets, using the straight-line method with a modified half-year convention. The modified half-year convention treats property placed in service or retired during the first half of the year as being made on the first day of the year. Thus, a full-year's depreciation under this method is allowed on property placed in service in the first six months, and no depreciation is allowed on property placed in service in the second six months.

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

DECEMBER 31, 2019 AND 2018

---

**Note 2—Summary of significant accounting policies (continued)**

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

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

*Level 1* – Quoted prices in active markets that are accessible at the measurement date for identical securities.

*Level 2* – Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Inputs include quoted prices for similar assets and liabilities in active markets, inputs that are derived from investment manager reporting or corroborated by an independent advisor, and inputs obtained with benchmarks for similar assets for substantially the full term on the financial investments. If market quotations are not readily available for valuations, assets may be valued by a method the investment manager of the fund believes accurately reflects fair value.

*Level 3* – Prices or valuations that require using significant unobservable inputs in determining fair value. The inputs into the determination of fair value require significant judgment or estimation by the investment manager. The investment manager uses either the market approach, which generally consists of using comparable market transactions, or the income approach which generally consists of the net present value of estimated future cash flows, adjusted as appropriate for liquidity, credit, market, and/or other risk factors.

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

*Reclassifications* – Certain reclassifications of pension plan assets and liabilities previously reported as separate components have been made to the accompanying financial statements to maintain consistency with current year presentation. These reclassifications decreased total assets and total liabilities by \$18,436,311 as of December 31, 2018. Additionally, operating income decreased and nonoperating income increased by \$1,563,646 for the year ended December 31, 2018. The reclassifications had no impact on previously reported net assets.

*Current Pronouncements* – FASB issued Accounting Standards Update (“ASU”) 2018-08, *Not-for-Profit Entities (Topic 958) – Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU clarifies and improves the scope and the accounting guidance for contributions received and contributions made. The General Funds adopted this standard during the year ended December 31, 2019, and has adjusted the presentation of these statements accordingly. The update had no impact on prior year net assets.

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

DECEMBER 31, 2019 AND 2018

**Note 3—Liquidity and availability of resources**

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year-end:		
Due from General Council on Finance and Administration	\$ 56,066,947	\$ 60,183,121
Accounts receivable	20,343	2,755
Investments	2,722,437	2,413,246
Net pension plan assets held at Wespath Benefits and Investments	<u>6,997,489</u>	<u>5,409,393</u>
Total financial assets	<u>65,807,216</u>	<u>68,008,515</u>
Less amounts not available to be used for general expenditures within one year:		
Endowments	320,923	78,845
Subject to purpose restriction	27,963	35,985
Board-designated net assets limited to use excluding pension assets available to fund projected benefit payments within one year	<u>15,439,978</u>	<u>14,569,367</u>
Financial assets not available to be used within one year	<u>15,788,864</u>	<u>14,684,197</u>
Financial assets available to meet general expenditures within one year	<u>\$ 50,018,352</u>	<u>\$ 53,324,318</u>

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

A portion of the board-designated net assets relates to various pension plans described in Note 4. At December 31, 2018 and 2019, the board-designated net assets relating to these pensions plans have been reduced by the projected benefit plan payments of \$1,153,878 and \$1,207,986, respectively, as these pension assets are available for expenditure within one year. Additional pension assets could be used if 2020 benefit payments exceed the projected amounts.

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

DECEMBER 31, 2019 AND 2018

**Note 4—Employee benefits**

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

The General Funds maintain assets on deposit with and under the management of Wespath related to the Plan's obligations set forth below. These assets are held in the Pension Trust of The United Methodist Church for the exclusive benefit of Plan participants.

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

	<u>2019</u>	<u>2018</u>
Accrued pension costs:		
Bishop Retirement, Pension, and Welfare Benefits programs	\$ 19,947,814	\$ 17,873,232
Special Unfunded Pension Aid	842,895	1,043,277
Total pension benefit obligations	<u>\$ 20,790,709</u>	<u>\$ 18,916,509</u>
Fair value of assets:		
Bishop Retirement, Pension, and Welfare Benefits programs	\$ 26,945,301	\$ 23,282,622
Special Unfunded Pension Aid	484,267	462,546
Total assets	<u>\$ 27,429,568</u>	<u>\$ 23,745,168</u>

*Pension Designated Investments* – The investments under Wespath management are invested in the Multiple Asset Fund (“MAF”) at Wespath (see Note 6). The assets of these programs had investment returns \$4,818,885 and (\$1,517,023) in 2019 and 2018, respectively. The Special Unfunded Pension Aid assets had a gain (loss) of approximately \$92,272 and (\$27,173) in 2019 and 2018, respectively.

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

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

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

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

DECEMBER 31, 2019 AND 2018

**Note 4—Employee benefits (continued)**

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

	<u>2019</u>	<u>2018</u>
Benefit Obligation:		
Benefit obligation, beginning of year	\$ (17,873,229)	\$ (21,937,125)
Service costs	(328,070)	(442,095)
Interest costs	(715,502)	(746,725)
Actuarial gain (loss)	(2,187,217)	4,035,076
Benefits paid	<u>1,156,206</u>	<u>1,217,640</u>
Benefit obligation, end of year	<u>(19,947,812)</u>	<u>(17,873,229)</u>
Fair Value of Assets:		
Fair value of assets, beginning of year	23,282,622	26,017,285
Actual return on assets	4,818,885	(1,517,023)
Benefits paid	<u>(1,156,206)</u>	<u>(1,217,640)</u>
Fair value of assets, end of year	<u>26,945,301</u>	<u>23,282,622</u>
Net funded status	<u>\$ 6,997,489</u>	<u>\$ 5,409,393</u>
Key Assumptions:		
Discount rate, end of prior year	4.06%	3.43%
Discount rate, end of current year	2.99%	4.06%
Salary scale	2.00%	2.00%
Annual benefit increases	2.00%	2.00%

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

The General Funds expects to make no contributions to these plans in 2020.

The following projected benefit payments are expected to be paid:

<u>Years Ending December 31,</u>	<u>Bishops' Welfare</u>	<u>Jurisdictional Conference</u>	<u>Central Conference</u>	<u>Total</u>
2020	\$ 29,094	\$ 228,500	\$ 896,284	\$ 1,153,878
2021	35,071	199,462	934,278	1,168,811
2022	45,117	172,100	919,817	1,137,034
2023	53,287	146,859	965,783	1,165,929
2024	51,291	124,013	1,037,380	1,212,684
2025-2029	210,202	363,835	5,211,004	5,785,041

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

DECEMBER 31, 2019 AND 2018

**Note 4—Employee benefits (continued)**

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

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

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

	<u>2019</u>	<u>2018</u>
<b>Benefit Obligation:</b>		
Benefit obligation, beginning of year	\$ (1,043,277)	\$ (1,306,722)
Interest costs	(40,095)	(42,317)
Actuarial gain (loss)	129,052	159,753
Benefits paid	<u>111,425</u>	<u>146,009</u>
Benefit obligation, end of year	<u>(842,895)</u>	<u>(1,043,277)</u>
<b>Fair Value of Assets:</b>		
Fair value of assets, beginning of year	563,079	686,754
Actual return on assets	102,708	(31,521)
Contributions	40,874	51,363
Benefits paid	(111,425)	(146,009)
Transfers	<u>-</u>	<u>2,492</u>
Fair value of assets, end of year	<u>595,236</u>	<u>563,079</u>
Net unfunded status	<u>\$ (247,659)</u>	<u>\$ (480,198)</u>
<b>Key Assumptions:</b>		
Discount rate, end of prior year	4.06%	3.43%
Discount rate, end of current year	2.99%	4.06%
Annual benefit increases	2.00%	2.00%

The estimated contribution for the year ending December 31, 2020 for these special programs is \$30,000.



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

DECEMBER 31, 2019 AND 2018

**Note 4—Employee benefits (continued)**

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

<u>Years Ending December 31,</u>	<u>No Mortality Assumptions</u>	<u>With Mortality Assumptions</u>
2020	\$ 103,135	\$ 99,675
2021	105,079	93,883
2022	107,047	87,892
2023	109,054	81,797
2024	111,100	75,684
2025-2029	587,671	291,408

*Health Care 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.

The Episcopal Fund (a fund of the General Funds) provides health, dental, life, and other employee benefits for its active employees and health, dental, and life benefits to non-Medicare eligible retirees through the Plan. Retirees who are Medicare eligible, and who elect to enroll, are eligible for a Health Reimbursement Account (“HRA”) up to \$2,100 annually and \$2,000 annually for their spouse, if applicable. Unused reimbursement funds continue to roll-over to subsequent years until death of the retiree or their spouse, whichever is later.

The Plan’s unfunded accumulated postretirement benefit obligation (“APBO”) was approximately \$76,725,000 and \$94,500,000 and the Plan’s unfunded expected postretirement benefit obligation (“EPBO”) was approximately \$106,750,000 and \$131,500,000 as of December 31, 2019 and 2018, respectively.

All active and retired bishops are covered by the Plan. The cost of the benefits is recognized as expense as premiums are paid. The total costs of benefits for active and retired bishops was approximately \$1,596,000 and \$1,776,000 in 2019 and 2018, respectively, and are included in Episcopal expenses on the statements of activities.

**Note 5—Investments**

The Pacific Homes Corpus (“PHC”) was transferred to the General Funds in 1998 following the resolution of a legal dispute. The Executive Committee of GCFA has designated these funds to be held intact indefinitely. Consistent with Executive Committee resolutions, certain amounts are distributed from the earnings on these investments to support the litigation reserve fund. The Bridges of Unity Endowment Fund (“BoU”), the Pastoral Ministry Fund and the Hope for Children of Africa Fund are endowment funds invested through The United Methodist Church Foundation (“The UMC Foundation”). BoU exists to support ecumenical and interreligious ministries of The United Methodist Church. The purpose of the Pastoral Ministry Fund is to meet the pastoral needs of bishops and their families not met under the provisions of the Episcopal Fund or Courtesy Fund and the purpose of the Hope for Children of Africa Fund is to assist in providing relief and reconciliation to innocent children that are victims of war, famines and the destruction of schools and hospitals on the continent of Africa.

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

DECEMBER 31, 2019 AND 2018

**Note 5—Investments (continued)**

The following table illustrates the composition of the investments held at The UMC Foundation:

	<u>2019</u>	<u>2018</u>
Investments held at The UMC Foundation:		
Pacific Homes Corpus	\$ 2,401,514	\$ 2,334,400
Bridges of Unity Endowment	92,786	78,846
Pastoral Ministry	80,139	-
Hope for Children of Africa	147,998	-
Total investments	<u>\$ 2,722,437</u>	<u>\$ 2,413,246</u>

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

The following table presents investment return for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Investment return - Pacific Homes Corpus		
Dividends and interest income	\$ 68,860	\$ 79,032
Realized gains	37,133	121,110
Unrealized gains (losses)	382,797	(387,863)
Total investment return - Pacific Homes Corpus	<u>488,790</u>	<u>(187,721)</u>
Investment return - Bridges of Unity		
Dividends and interest income	1,732	1,430
Realized gains	49	2,979
Unrealized gains (losses)	12,034	(12,772)
Total investment return - Bridges of Unity	<u>13,815</u>	<u>(8,363)</u>
Investment return - Pastoral Ministry		
Dividends and interest income	10,955	-
Realized gains	25,352	-
Unrealized losses	(2,130)	-
Total investment return - Pastoral Ministry	<u>34,177</u>	<u>-</u>
Investment return - Hope for Children of Africa		
Dividends and interest income	25,090	-
Realized gains	21,462	-
Unrealized losses	(9,222)	-
Total investment return - Hope for Children of Africa	<u>37,330</u>	<u>-</u>
Total investment return	<u>\$ 574,112</u>	<u>\$ (196,084)</u>

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

DECEMBER 31, 2019 AND 2018

**Note 6—Fair value measurements**

For entities that calculate the net asset value (“NAV”) per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2019:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Investments held at Wespath <sup>(a)</sup>	\$ 27,540,539	none	-	-
The UMC Foundation <sup>(b)</sup>	<u>2,722,437</u>	none	daily	3 days
Total	<u>\$ 30,262,976</u>			

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

**Note 7—Related party transactions**

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

	<u>2019</u>	<u>2018</u>
Statements of Financial Position:		
Investments:		
Investments held at UMC Foundation	\$ 2,722,437	\$ 2,413,246
Due from GCFA	56,066,947	60,183,121
Grants payable and amounts held for affiliated organizations	34,499,824	34,961,269
Statements of Activities:		
Fixed charges	4,157,940	4,224,168
On-ratio allocations	104,310,120	113,501,070
Investment return on investments held at The UMC Foundation	574,112	(196,084)
Employee benefits - group insurance expense	1,675,652	1,850,767

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

DECEMBER 31, 2019 AND 2018

**Note 8—Description of board-designated net assets**

Certain net assets without donor restrictions at December 31, 2019 and 2018 have been designated by the Board of Directors for the following purposes:

	<u>2019</u>	<u>2018</u>
Contingency funds for particular administrative purposes	\$ 3,826,295	\$ 4,643,911
General Conference	3,274,954	2,320,945
Litigation reserve	237,884	315,462
Pacific Homes Corpus	2,455,701	3,478,465
Pension and retirement support	6,799,022	5,018,570
Total board-designated net assets	<u>\$ 16,593,856</u>	<u>\$ 15,777,353</u>

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

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

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

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

**Note 9—Net assets with donor restrictions**

Net assets with donor restrictions at December 31, 2019 and 2018 have been restricted by the donors for the following purpose restrictions:

	<u>2019</u>	<u>2018</u>
Subject to purpose restriction:		
Episcopal Fund	\$ 27,963	\$ 35,985
Endowments:		
Accumulated earnings on BoU endowment	37,458	23,641
Accumulated earnings on Pastoral Ministry endowment	10,789	-
Accumulated earnings on Hope for Children of Africa endowment	37,330	-
BoU endowment fund held in perpetuity	55,328	55,204
Pastoral Ministry endowment fund held in perpetuity	69,350	-
Hope for Children of Africa endowment fund held in perpetuity	110,668	-
Total endowments	<u>320,923</u>	<u>78,845</u>
Total net assets with donor restrictions	<u>\$ 348,886</u>	<u>\$ 114,830</u>

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

DECEMBER 31, 2019 AND 2018

**Note 9—Net assets with donor restrictions (continued)**

Net assets with donor restrictions for the years ended December 31, 2019 and 2018 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restriction	<u>\$ 39,039,514</u>	<u>\$ 49,092,161</u>

**Note 10—Endowment**

As discussed in Note 5, The General Funds hold three endowment funds invested through The UMC Foundation.

The Board of Directors of the General Funds has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the General Funds classifies as donor restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the General Funds in a manner consistent with the standard of prudence prescribed by UPMIFA.

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

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

As of December 31, 2019 and 2018, the General Funds had the following endowment net asset composition by type of fund:

	<u>December 31, 2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 235,346	\$ 235,346
Accumulated investment gains	-	85,577	85,577
Endowment net assets, December 31, 2019	<u>\$ -</u>	<u>\$ 320,923</u>	<u>\$ 320,923</u>

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

DECEMBER 31, 2019 AND 2018

**Note 10—Endowment (continued)**

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

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

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

*Strategies Employed for Achieving Objectives* – To satisfy its long-term rate-of-return objectives, the General Funds relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The General Funds targets a diversified asset allocation that places a greater emphasis on corporate bonds and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Changes in endowment net assets for the years ended December 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2017	\$ -	\$ 87,208	\$ 87,208
Investment return, net	-	(8,363)	(8,363)
Endowment net assets, December 31, 2018	-	78,845	78,845
Endowment funds received	-	180,143	180,143
Appropriation of endowment assets for expenditure	-	(33,702)	(33,702)
Investment return, net	-	95,637	95,637
Endowment net assets, December 31, 2019	<u>\$ -</u>	<u>\$ 320,923</u>	<u>\$ 320,923</u>

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

*DECEMBER 31, 2019 AND 2018*

---

**Note 11—Subsequent events**

Management has evaluated subsequent events through August 21, 2020, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure other than those included below

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 2021, and the financial impact resulting from these potential separations on the General Funds is unknown at this time.

As a result of the spread of COVID-19, in early 2020, economic uncertainties have arisen, which are likely to negatively impact operating results of the General Funds. Other financial impacts could occur though such potential impact is unknown at this time.

In accordance with Section 1102 of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), signed March 27, 2020, the General Funds applied for and received a Paycheck Protection Program loan on May 12, 2020, totaling \$137,800. Section 1106 of the CARES Act provides for forgiveness of up to the full principal amount of qualifying loans including accrued interest to the extent the General Funds incurs certain qualifying expenses and maintains a certain level of average full-time equivalent employees during the measurement period following closing of the loan. Any portion of the loan that is not forgiven has a term of two years with an interest rate of 1%.

## **SUPPLEMENTAL SCHEDULES**



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

DECEMBER 31, 2019

			General Administration		Inter-Denominational Cooperation	Ministerial Education	Black College	Africa University	Subtotal
	World Services	Episcopal	General Conference	General Admin. Other					
<b>ASSETS</b>									
Due from General Council on Finance and Administration	\$ 20,780,757	\$ 14,143,181	\$ 3,238,789	\$ 2,205,148	\$ 6,389,885	\$ 4,839,544	\$ 2,609,099	\$ 651,452	\$ 54,857,855
Accounts receivable	-	5,343	15,000	-	-	-	-	-	20,343
Prepaid expenses	-	4,335	381,002	-	-	-	-	-	385,337
Investments held at The United Methodist Church Foundation	-	320,923	-	2,401,514	-	-	-	-	2,722,437
Net pension plan assets held at Wespath Benefits and Investments	-	6,997,489	-	-	-	-	-	-	6,997,489
Property and equipment, net	-	-	353,580	-	-	-	-	-	353,580
<b>Total Assets</b>	<b>\$ 20,780,757</b>	<b>\$ 21,471,271</b>	<b>\$ 3,988,371</b>	<b>\$ 4,606,662</b>	<b>\$ 6,389,885</b>	<b>\$ 4,839,544</b>	<b>\$ 2,609,099</b>	<b>\$ 651,452</b>	<b>\$ 65,337,041</b>
<b>LIABILITIES AND NET ASSETS</b>									
Liabilities:									
Accounts payable and accrued expenses	\$ -	\$ 276,075	\$ 377,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 653,494
Grants payable to and amounts held for affiliated organizations	19,024,124	-	-	260,912	5,905,614	4,839,544	2,609,099	651,452	33,290,745
Net unfunded pension obligation	247,659	-	-	-	-	-	-	-	247,659
<b>Total Liabilities</b>	<b>19,271,783</b>	<b>276,075</b>	<b>377,419</b>	<b>260,912</b>	<b>5,905,614</b>	<b>4,839,544</b>	<b>2,609,099</b>	<b>651,452</b>	<b>34,191,898</b>
Net Assets:									
Without Donor Restrictions:									
Invested in property and equipment	-	-	353,580	-	-	-	-	-	353,580
Board-designated	1,508,974	6,997,489	3,257,372	4,345,750	484,271	-	-	-	16,593,856
Undesignated	-	13,848,821	-	-	-	-	-	-	13,848,821
<b>Total Without Donor Restrictions</b>	<b>1,508,974</b>	<b>20,846,310</b>	<b>3,610,952</b>	<b>4,345,750</b>	<b>484,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,796,257</b>
With Donor Restrictions:									
Subject to purpose restrictions	-	27,963	-	-	-	-	-	-	27,963
Endowment	-	320,923	-	-	-	-	-	-	320,923
<b>Total With Donor Restrictions</b>	<b>-</b>	<b>348,886</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348,886</b>
<b>Total Net Assets</b>	<b>1,508,974</b>	<b>21,195,196</b>	<b>3,610,952</b>	<b>4,345,750</b>	<b>484,271</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,145,143</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 20,780,757</b>	<b>\$ 21,471,271</b>	<b>\$ 3,988,371</b>	<b>\$ 4,606,662</b>	<b>\$ 6,389,885</b>	<b>\$ 4,839,544</b>	<b>\$ 2,609,099</b>	<b>\$ 651,452</b>	<b>\$ 65,337,041</b>

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

DECEMBER 31, 2019

	Special Gifts											Grand Total
	World Service Specials	Bishops Special Appeals	One Great Hour of Sharing	World Communion Day	Youth Services	Human Relations Day	United Methodist Student Day	Native American Day	Peace with Justice Sunday	Total		General and Special Days
<b>ASSETS</b>												
Due from General Council on Finance and Administration	\$ 219,936	\$ 13	\$ 295,736	\$ 362,856	\$ 15,336	\$ 45,247	\$ 232,045	\$ 28,227	\$ 9,696	\$ 1,209,092		\$ 56,066,947
Accounts receivable	-	-	-	-	-	-	-	-	-	-	-	20,343
Prepaid expenses	-	-	-	-	-	-	-	-	-	-	-	385,337
Investments held at The United Methodist Church Foundation	-	-	-	-	-	-	-	-	-	-	-	2,722,437
Net pension plan assets held at Wespath Benefits and Investments	-	-	-	-	-	-	-	-	-	-	-	6,997,489
Property and equipment, net	-	-	-	-	-	-	-	-	-	-	-	353,580
<b>Total Assets</b>	<b>\$ 219,936</b>	<b>\$ 13</b>	<b>\$ 295,736</b>	<b>\$ 362,856</b>	<b>\$ 15,336</b>	<b>\$ 45,247</b>	<b>\$ 232,045</b>	<b>\$ 28,227</b>	<b>\$ 9,696</b>	<b>\$ 1,209,092</b>		<b>\$ 66,546,133</b>
<b>LIABILITIES AND NET ASSETS</b>												
Liabilities:												
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 653,494
Grants payable to and amounts held for affiliated organizations	219,936	-	295,736	362,856	15,336	45,247	232,045	28,227	9,696	1,209,079		34,499,824
Net unfunded pension obligation	-	-	-	-	-	-	-	-	-	-	-	247,659
<b>Total Liabilities</b>	<b>219,936</b>	<b>-</b>	<b>295,736</b>	<b>362,856</b>	<b>15,336</b>	<b>45,247</b>	<b>232,045</b>	<b>28,227</b>	<b>9,696</b>	<b>1,209,079</b>		<b>35,400,977</b>
Net Assets:												
Without Donor Restrictions:												
Invested in property and equipment	-	-	-	-	-	-	-	-	-	-	-	353,580
Board-designated	-	-	-	-	-	-	-	-	-	-	-	16,593,856
Undesignated	-	13	-	-	-	-	-	-	-	-	13	13,848,834
<b>Total Without Donor Restrictions</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>30,796,270</b>
With Donor Restrictions:												
Subject to purpose restrictions	-	-	-	-	-	-	-	-	-	-	-	27,963
Endowment	-	-	-	-	-	-	-	-	-	-	-	320,923
<b>Total With Donor Restrictions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>348,886</b>
<b>Total Net Assets</b>	<b>-</b>	<b>13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13</b>	<b>31,145,156</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 219,936</b>	<b>\$ 13</b>	<b>\$ 295,736</b>	<b>\$ 362,856</b>	<b>\$ 15,336</b>	<b>\$ 45,247</b>	<b>\$ 232,045</b>	<b>\$ 28,227</b>	<b>\$ 9,696</b>	<b>\$ 1,209,092</b>		<b>\$ 66,546,133</b>

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

YEAR ENDED DECEMBER 31, 2019

										Special Gifts		
	World Service	Episcopal		General Administration		Inter- denominational Cooperation	Ministerial Education	Black College	Africa University	Subtotal	World Service Specials	
		Without Donor Restrictions	With Donor Restrictions	General Conference	GA Other						Without Donor Restrictions	With Donor Restrictions
Operating Revenue and Support:												
Contributions	\$ 65,838,206	\$ 20,874,849	\$ 180,143	\$ 2,485,201	\$ 8,323,695	\$ 1,742,476	\$ 16,583,035	\$ 8,967,449	\$ 2,116,847	\$ 127,111,901	\$ -	\$ 671,147
Special gifts	-	-	-	-	-	-	-	-	-	-	-	-
Total Contributions	65,838,206	20,874,849	180,143	2,485,201	8,323,695	1,742,476	16,583,035	8,967,449	2,116,847	127,111,901	-	671,147
Grant income	-	-	-	450,000	164,208	-	-	-	-	614,208	-	-
Investment return on investments held at The United Methodist Church Foundation	-	-	85,322	-	488,790	-	-	-	-	574,112	-	-
Other income	-	14,318	-	2,097,486	-	-	-	-	-	2,111,804	-	-
Net assets released from restrictions	-	31,409	(31,409)	-	-	-	-	-	-	-	671,147	(671,147)
Total Operating Revenue and Support	65,838,206	20,920,576	234,056	5,032,687	8,976,693	1,742,476	16,583,035	8,967,449	2,116,847	130,412,025	671,147	-
Operating Expenses:												
Management and General:												
Fixed Charges:												
The Connectional Table	535,632	-	-	-	-	-	-	-	-	535,632	-	-
General Council on Finance and Administration	1,919,119	745,656	-	-	-	50,792	-	-	-	2,715,567	-	-
United Methodist Communications Division of Program and Benevolence Interpretation	358,416	-	-	-	-	-	-	-	-	358,416	-	-
Total Management and General	2,813,167	745,656	-	-	-	50,792	-	-	-	3,609,615	-	-
Program Services:												
Distributions:												
On-ratio allocations	63,025,041	-	-	-	7,756,258	1,670,689	16,583,035	8,967,449	2,116,847	100,119,319	-	-
Grants	590,379	-	-	-	2,586,180	-	-	-	-	3,176,559	-	-
General conference support	-	-	-	3,742,682	-	-	-	-	-	3,742,682	-	-
Special gifts distributed	-	-	-	-	-	-	-	-	-	-	671,147	-
Other expenses	-	31,409	-	-	75,982	-	-	-	-	107,391	-	-
Total Distributions	63,615,420	31,409	-	3,742,682	10,418,420	1,670,689	16,583,035	8,967,449	2,116,847	107,145,951	671,147	-
Episcopal expenses, excluding administrative charges and net changes in benefit plan obligations	-	22,797,874	-	-	-	-	-	-	-	22,797,874	-	-
Total Program Services	63,615,420	22,829,283	-	3,742,682	10,418,420	1,670,689	16,583,035	8,967,449	2,116,847	129,943,825	671,147	-
Total Operating Expenses	66,428,587	23,574,939	-	3,742,682	10,418,420	1,721,481	16,583,035	8,967,449	2,116,847	133,553,440	671,147	-
Operating income (loss)	(590,381)	(2,654,363)	234,056	1,290,005	(1,441,727)	20,995	-	-	-	(3,141,415)	-	-
Nonoperating Activities:												
Net changes in benefit plan obligations	303,092	1,588,099	-	-	-	-	-	-	-	1,891,191	-	-
Change in net assets	(287,289)	(1,066,264)	234,056	1,290,005	(1,441,727)	20,995	-	-	-	(1,250,224)	-	-
Net assets, beginning of year	1,796,263	21,912,574	114,830	2,320,947	5,787,477	463,276	-	-	-	32,395,367	-	-
Net assets, end of year	\$ 1,508,974	\$ 20,846,310	\$ 348,886	\$ 3,610,952	\$ 4,345,750	\$ 484,271	\$ -	\$ -	\$ -	\$ 31,145,143	\$ -	\$ -

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

YEAR ENDED DECEMBER 31, 2019

	Special Gifts			One Great Hour of Sharing	World Communion Day	Youth Services	Human Relations Day	United Methodist Student Day	Native American Ministries	Peace with Justice Sunday	Total Special Gifts and Special Sundays	Grand Total
	General Advance Specials		Bishops' Appeals									
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions									
Operating Revenue and Support:												
Contributions	\$ -	\$ -	\$ -	\$ 2,709,028	\$ 663,666	\$ 37,039	\$ 471,659	\$ 370,123	\$ 270,892	\$ 216,719	\$ 5,410,273	\$ 132,522,174
Special gifts	-	38,336,958	-	-	-	-	-	-	-	-	38,336,958	38,336,958
Total Contributions	-	38,336,958	-	2,709,028	663,666	37,039	471,659	370,123	270,892	216,719	43,747,231	170,859,132
Grant income	-	-	-	-	-	-	-	-	-	-	-	614,208
Investment return on investments held at The United Methodist Church Foundation	-	-	-	-	-	-	-	-	-	-	-	574,112
Other income	-	-	-	-	-	-	-	-	-	-	-	2,111,804
Net assets released from restrictions	38,336,958	(38,336,958)	-	-	-	-	-	-	-	-	-	-
Total Operating Revenue and Support	38,336,958	-	-	2,709,028	663,666	37,039	471,659	370,123	270,892	216,719	43,747,231	174,159,256
Operating Expenses:												
Management and General:												
Fixed Charges:												
The Connectional Table	-	-	-	-	-	-	-	-	-	-	-	535,632
General Council on Finance and Administration	-	-	-	78,966	19,345	-	13,748	10,789	7,896	6,317	137,061	2,852,628
United Methodist Communications Division of Program and Benevolence Interpretation	-	-	-	99,996	65,004	-	63,756	60,000	72,504	50,004	411,264	769,680
Total Management and General	-	-	-	178,962	84,349	-	77,504	70,789	80,400	56,321	548,325	4,157,940
Program Services:												
Distributions:												
On-ratio allocations	-	-	-	2,530,066	579,317	37,039	394,155	299,334	190,492	160,398	4,190,801	104,310,120
Grants	-	-	-	-	-	-	-	-	-	-	-	3,176,559
General conference support	-	-	-	-	-	-	-	-	-	-	-	3,742,682
Special gifts distributed	38,336,958	-	-	-	-	-	-	-	-	-	39,008,105	39,008,105
Other expenses	-	-	-	-	-	-	-	-	-	-	-	107,391
Total Distributions	38,336,958	-	-	2,530,066	579,317	37,039	394,155	299,334	190,492	160,398	43,198,906	150,344,857
Episcopal expenses, excluding administrative charges and net changes in benefit plan obligations	-	-	-	-	-	-	-	-	-	-	-	22,797,874
Total Program Services	38,336,958	-	-	2,530,066	579,317	37,039	394,155	299,334	190,492	160,398	43,198,906	173,142,731
Total Operating Expenses	38,336,958	-	-	2,709,028	663,666	37,039	471,659	370,123	270,892	216,719	43,747,231	177,300,671
Operating income (loss)	-	-	-	-	-	-	-	-	-	-	-	(3,141,415)
Nonoperating Activities:												
Net changes in benefit plan obligations	-	-	-	-	-	-	-	-	-	-	-	1,891,191
Change in net assets	-	-	-	-	-	-	-	-	-	-	-	(1,250,224)
Net assets, beginning of year	-	-	13	-	-	-	-	-	-	-	13	32,395,380
Net assets, end of year	\$ -	\$ -	\$ 13	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 31,145,156

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

YEAR ENDED DECEMBER 31, 2019

	<b>Management and Administration</b>	<b>Council of Bishops</b>	<b>Interpreters</b>	<b>Ecumenical</b>	<b>Jurisdictional Conferences</b>	<b>Central Conferences</b>	<b>Retired Bishops</b>	<b>Total</b>
Operating Expenses:								
Salaries	\$ 618,498	\$ -	\$ -	\$ -	\$ 8,446,606	\$ 1,960,596	\$ -	\$ 11,025,700
Employee benefits	148,196	-	-	-	1,988,070	293,170	517,665	2,947,101
Continuing education	4,659	-	-	-	21,961	279	-	26,899
Office allowance	-	-	-	-	3,967,592	1,683,748	-	5,651,340
Grants	-	-	-	38,800	-	-	-	38,800
Rent	123,100	-	-	-	-	-	-	123,100
Telephone	23,412	-	-	-	-	-	-	23,412
Postage and freight	2,514	-	-	-	-	-	-	2,514
Printing	1,488	-	-	-	-	-	-	1,488
Office supplies	17,811	-	-	-	-	-	-	17,811
Subscriptions/memberships	5,466	-	-	-	-	-	-	5,466
Equipment replacement/maintenance	29,078	-	-	-	50,905	30,685	-	110,668
Equipment lease	2,332	-	-	-	-	-	-	2,332
Software support and maintenance	7,569	-	-	-	-	-	-	7,569
Promotional materials/other office expense	1,166	-	-	-	-	-	-	1,166
Professional fees	20,362	30,090	93,527	-	-	-	-	143,979
Legal fees	-	69,779	-	-	-	-	-	69,779
Meeting expense	5,709	495,432	-	-	-	-	-	501,141
Travel	128,467	43,563	526	24,206	896,350	544,972	329,325	1,967,409
Honorarium/speakers	470	-	-	-	-	-	-	470
Insurance	-	-	-	-	110,621	-	-	110,621
Bank/financing charges	-	-	-	-	-	145	-	145
Other	(150)	3,459	-	-	15,360	295	-	18,964
Episcopal expenses excluding administrative charges and net changes in benefit plan obligations	1,140,147	642,323	94,053	63,006	15,497,465	4,513,890	846,990	22,797,874
Administrative charges (GCFA/UMCOM)	-	745,656	-	-	-	-	-	745,656
<b>Total Operating Expenses</b>	<b>1,140,147</b>	<b>1,387,979</b>	<b>94,053</b>	<b>63,006</b>	<b>15,497,465</b>	<b>4,513,890</b>	<b>846,990</b>	<b>23,543,530</b>
Nonoperating Expenses:								
Change in benefit plan obligations	3,230,786	-	-	-	-	-	-	3,230,786
<b>Total Expenses</b>	<b>\$ 4,370,933</b>	<b>\$ 1,387,979</b>	<b>\$ 94,053</b>	<b>\$ 63,006</b>	<b>\$ 15,497,465</b>	<b>\$ 4,513,890</b>	<b>\$ 846,990</b>	<b>\$ 26,774,316</b>