Note 10—Endowments (continued)

The Commission had the following endowment net asset composition by type of fund at:

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 33,243	$ -	$ 33,243
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	182,867	182,867
Accumulated investment gains	-	14,783	14,783
Endowment net assets, December 31, 2020	$ 33,243	$ 197,650	$ 230,893

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 31,049	$ -	$ 31,049
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	182,867	182,867
Accumulated investment gains	-	29,996	29,996
Endowment net assets, December 31, 2019	$ 31,049	$ 212,863	$ 243,912

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Commission has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2020 and 2019, the Commission had no underwater endowments.

Investment and Spending Policies – The Commission may choose to make distributions of the income to any proper recipient, including the Commission itself. 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 trustees 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 the Commission's distribution policy: 3.5% for Ministry distributions; 2.0% for inflation; and 1.0% for fees and expenses. To smooth the allowable annual distributions based on valuation of the underlying assets, the Commission uses a five-year moving average of quarterly portfolio values. The moving average is determined for the five-year period immediately preceding the fiscal year in which the funds are to be spent.

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

Note 10—Endowments (continued)

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

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, December 31, 2018	$ 26,421	$ 200,750	$ 227,171
Investment return, net	4,628	18,113	22,741
Appropriation of endowment assets for expenditure	-	(6,000)	(6,000)
Endowment net assets, December 31, 2019	31,049	212,863	243,912
Investment return, net	2,194	10,027	12,221
Appropriation of endowment assets for expenditure	-	(25,240)	(25,240)
Endowment net assets, December 31, 2020	$ 33,243	$ 197,650	$ 230,893

Note 11—Commitments and contingencies

The Commission leases office and library space from Drew University under an operating lease which will expire in December 2024. The Commission also has an agreement with Drew University to provide library services through December 2024. The pro rata share of building maintenance was $170,516 for the years ended December 31, 2020 and 2019. The pro rata share of library expenses for each of the years ended December 31, 2020 and 2019 was $50,831. The following is a schedule of future minimum rent payments and library services:

Years Ending December 31,	Rent	Library Services
2021	$ 193,500	$ 55,206
2022	199,500	56,862
2023	212,180	58,568
2024	218,545	60,325

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

The Protocol of Reconciliation and Grace Through Separation was introduced as legislation in early 2020 for the upcoming General Conference. This joins other legislative proposals that if adopted by the General Conference would provide an alternative way for churches to separate from the United Methodist Church. These proposals include a provision for new denominations to receive financial payments from the United Methodist Church and retain their real estate. The scheduled General Conference has been delayed until 2022, and the financial impact resulting from these potential separations on the Commission is unknown at this time.

Note 12—Paycheck Protection Program

The Commission received a Paycheck Protection Program ("PPP") loan in the amount of $113,859 in April 2020. The PPP loan is granted by the Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). PPP loans are considered conditional contributions under ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. The loan must be repaid if the Commission does not overcome certain barriers within the CARES Act. The barriers under the program include the requirement to maintain employee headcount, spend up to 60% of the loan proceeds on certain payroll and employee benefits, and restricts other loan proceeds to be used for other qualifying expenses such as mortgage interest, rent, and utilities. The Commission believes it has not substantially met all barriers for full loan forgiveness yet and, therefore, has recorded the receipt of the funds of $113,859 as deferred revenue in the statement of financial position as of December 31, 2020.

Note 13—Subsequent events

Management has evaluated subsequent events through July 21, 2021, the date the financial statements were available for issuance, and has determined that there are no subsequent events requiring disclosure.