

UNITED METHODIST FOUNDATION OF MICHIGAN AND SUBSIDIARY

**CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

For the Years Ended December 31, 2021, 2020, and 2019

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
United Methodist Foundation of Michigan and Subsidiary
Grand Rapids, Michigan

We have audited the accompanying consolidated financial statements of the United Methodist Foundation of Michigan and Subsidiary (a nonprofit organization) (the "Foundation"), which comprise the consolidated statements of financial position as of December 31, 2021, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the United Methodist Foundation of Michigan and Subsidiary as of December 31, 2021, 2020 and 2019, and 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 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 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 Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's 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 audit.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information contained on pages 20-23 is presented for purposes of additional analysis and is 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 audit 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 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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
April 21, 2022

United Methodist Foundation of Michigan and Subsidiary
Consolidated Statements of Financial Position
December 31, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
ASSETS			
Cash and cash equivalents	\$ 8,508,803	\$ 7,564,656	\$ 7,362,271
Accounts receivable	-	-	1,350
Mortgage and promissory notes receivable	151,922	440,390	512,065
Investments	140,589,461	123,052,041	105,707,504
Accrued dividends and interest	244,668	253,442	265,514
Property and equipment, net	20,457	24,696	17,118
Total Assets	<u>\$ 149,515,311</u>	<u>\$ 131,335,225</u>	<u>\$ 113,865,822</u>
LIABILITIES AND NET ASSETS			
Liabilities			
Accounts payable	\$ 8,722	\$ 1,200	\$ 1,703
Other accrued liabilities	50,560	130,910	38,587
Notes payable	-	34,519	49,743
Funds held for other parties:			
UMF collective funds	85,391,883	74,177,304	64,843,695
Pooled trust funds	14,060,794	12,547,418	9,927,787
Other managed trust funds	37,161,584	32,825,769	28,698,702
Total Liabilities	<u>136,673,543</u>	<u>119,717,120</u>	<u>103,560,217</u>
Net Assets Without Donor Restrictions			
Undesignated	2,011,850	2,102,694	2,068,129
Board designated for endowments	10,829,918	9,515,411	8,237,476
Total Net Assets	<u>12,841,768</u>	<u>11,618,105</u>	<u>10,305,605</u>
Total Liabilities and Net Assets	<u>\$ 149,515,311</u>	<u>\$ 131,335,225</u>	<u>\$ 113,865,822</u>

See Accompanying Notes to Financial Statements.

United Methodist Foundation of Michigan and Subsidiary
Consolidated Statements of Activities and Changes in Net Assets
For the Years Ended December 30, 2021, 2020 and 2019

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Support and Revenue			
Contributions	\$ 59,954	\$ 31,169	\$ 30,407
Fund administrative fees	999,508	858,165	746,349
Other income	4,261	97,332	9,771
Total	<u>1,063,723</u>	<u>986,666</u>	<u>786,527</u>
Dividends and interest	2,767,113	2,602,764	2,602,231
Less amounts allocated to funds held for other parties	<u>(2,540,864)</u>	<u>(2,395,624)</u>	<u>(2,470,496)</u>
Net Dividends and Interest	<u>226,249</u>	<u>207,140</u>	<u>131,735</u>
Realized and unrealized gains on investments	19,002,908	15,095,026	18,423,216
Less amounts allocated to funds held for other parties	<u>(17,738,240)</u>	<u>(14,142,590)</u>	<u>(17,735,530)</u>
Net Realized and Unrealized Gains on Investments	<u>1,264,668</u>	<u>952,436</u>	<u>687,686</u>
Net Support and Revenue	<u>2,554,640</u>	<u>2,146,242</u>	<u>1,605,948</u>
Expenses			
Program Expenses			
Investment management fees and other expenses	1,910,108	1,254,020	3,330,542
Less amounts allocated to funds held for other parties	<u>(1,287,426)</u>	<u>(1,096,748)</u>	<u>(3,235,077)</u>
Total Investment Management Fees	<u>622,682</u>	<u>157,272</u>	<u>95,465</u>
Other Program Expenses			
Salaries and benefits	356,563	334,170	314,354
Housing and utility allowances	55,000	62,875	55,000
Office expenses	57,535	55,037	48,262
Travel	8,630	6,424	33,761
Telephone	6,540	6,144	6,312
National association expense	3,214	1,290	5,984
Total Program Expenses	<u>1,110,164</u>	<u>623,212</u>	<u>559,138</u>
Supporting Services			
Salaries and benefits	100,224	99,281	97,239
Professional fees	48,183	49,219	79,419
Office expenses	44,210	44,902	37,392
Depreciation	8,173	6,684	6,623
Promotion	11,650	5,382	4,675
Telephone	3,297	3,229	3,244
Resource materials	1,899	841	683
Professional development	2,397	791	10,090
Board meetings	780	201	729
Total Supporting Services	<u>220,813</u>	<u>210,530</u>	<u>240,094</u>
Total Expenses	<u>1,330,977</u>	<u>833,742</u>	<u>799,232</u>
Change in Net Assets from Operations	1,223,663	1,312,500	806,716
Assets Merged from Acquisition of Operations	-	-	6,262,696
Total Change in Net Assets	1,223,663	1,312,500	7,069,412
Net Assets at Beginning of Year	<u>11,618,105</u>	<u>10,305,605</u>	<u>3,236,193</u>
Net Assets at End of Year	<u>\$ 12,841,768</u>	<u>\$ 11,618,105</u>	<u>\$ 10,305,605</u>

See Accompanying Notes to Financial Statements.

**United Methodist Foundation of Michigan and Subsidiary
Consolidated Statements of Cash Flows
For the Years Ended December 30, 2021, 2020 and 2019**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in Net Assets	\$ 1,223,663	\$ 1,312,500	\$ 806,716
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:			
Depreciation	8,173	6,684	6,623
Net market gains on investments	(1,264,668)	(952,436)	(687,686)
Loss on disposal of property and equipment	-	286	-
Changes in operating assets and liabilities which impacted cash:			
Accounts receivable	-	1,350	1,900
Accounts payable and other accrued liabilities	(72,828)	91,820	(12,968)
Funds held for other parties	904,848	65,841	3,813,851
Net Cash and Cash Equivalents Provided by Operating Activities	<u>799,188</u>	<u>526,045</u>	<u>3,928,436</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of general operating investments	(825,565)	(612,563)	(194,570)
Proceeds from sales of general operating investments	720,509	247,001	97,257
Purchases of property and equipment	(3,934)	(14,549)	-
Proceeds from payments on notes receivable	288,468	71,675	12,020
Net Cash and Cash Equivalents Used in Investing Activities	<u>179,478</u>	<u>(308,436)</u>	<u>(85,293)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments on note payable	(34,519)	(15,224)	(12,020)
Change in Cash and Cash Equivalents	944,147	202,385	3,831,123
Cash and Cash Equivalents at Beginning of Year	<u>7,564,656</u>	<u>7,362,271</u>	<u>3,531,148</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,508,803</u>	<u>\$ 7,564,656</u>	<u>\$ 7,362,271</u>
Supplemental Disclosures			
Non-cash assets merged from acquisition of operations	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,262,696</u>
Cash flows within funds held for other parties:			
Additions and transfers in	<u>\$ 21,877,736</u>	<u>\$ 6,688,132</u>	<u>\$ 13,221,414</u>
Redemptions and transfers out	<u>\$ (22,380,429)</u>	<u>\$ (4,741,532)</u>	<u>\$ (8,042,241)</u>
Investment activity			
Purchases of investments held for others	<u>\$ (61,775,260)</u>	<u>\$ (43,305,676)</u>	<u>\$ (41,493,367)</u>
Proceeds from sales of investments held for others	<u>\$ 62,139,876</u>	<u>\$ 40,480,601</u>	<u>\$ 40,873,386</u>

See Accompanying Notes to Financial Statements.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies

Organization Purpose

The United Methodist Foundation of Michigan (“UMF”) is a non-profit corporation organized and existing under the laws of the State of Michigan. UMF is identified through its common religious faith with the Wesleyan tradition and The United Methodist Church. The United Methodist Church is comprised of approximately 30,500 congregations and 6,270,000 members throughout the United States and 12,900 congregations and 6,470,000 members outside of the United States.

UMF’s mission is to strengthen and enhance the ministry of United Methodist churches and churches that share common bonds and convictions in the Wesleyan tradition throughout Michigan. UMF’s Articles of Incorporation provide the purposes of UMF including:

- To provide charitable giving and estate planning resources to Michigan-based churches and organizations that share common bonds and convictions in the Wesleyan tradition, including United Methodist churches, and their constituents
- To receive and administer gifts, trusts, devises, and conveyances, and the income therefrom, of real and personal property for charitable purposes in the Wesleyan tradition.

UMF fulfills its mission by performing, among others, the following activities:

- Act as trustee and administrator of gifts to churches, institutions, or causes of The United Methodist Church or churches with common bonds and convictions in the Wesleyan tradition.
- Receive bequests, gifts, and conveyances, the income of which is devoted to specific or general purposes in the Wesleyan tradition.
- Offer United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and other Michigan-based organizations an opportunity for professional investment and fund management.

Basis of Consolidation

The consolidated financial statements include the accounts of UMF and its subsidiary, UMF Collective Funds of Michigan, LLC (“UMF Funds”) (collectively, the “Foundation”). All material intercompany accounts and transactions have been eliminated in consolidation.

UMF Funds was formed on May 26, 2011, as a nonprofit limited liability company organized and existing under the laws of the State of Delaware. UMF Funds was organized and operates to further the purposes of UMF by providing one or more investment funds or portfolios maintained for the collective investment of eligible participants. UMF is the sole member of UMF Funds.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Basis of Presentation

The consolidated financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The net assets, revenues, expenses, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the Foundation is required to report information regarding its financial position and activities in the following two classes of net assets:

Net Assets Without Donor Restrictions – Net assets available for use in general and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. For the years ended December 31, 2021, 2020, and 2019, the Foundation did not have any net assets with donor restrictions.

Cash and Cash Equivalents

For the purpose of the consolidated statements of cash flows, the Foundation considers all highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

At December 31, 2021, 2020, and 2019, cash equivalents include approximately \$8,248,000, \$7,288,000, and \$7,222,000, respectively, of highly liquid investment instruments held for other parties and therefore restricted from use for the Foundation's general operations.

The Foundation maintains accounts at financial institutions consisting of cash and cash equivalents which may at times be in excess of federally insured limits. As of December 31, 2021, cash balances held at financial institutions exceeded depository insurance limits by approximately \$8,077,000. The Foundation has not experienced any losses in relation to uninsured cash and cash equivalents.

Mortgage and Promissory Notes Receivable

Management evaluates individual loans for impairment annually and, if necessary, recognizes an allowance for any amounts believed to be uncollectible. If a loan is determined to be impaired, it is classified as non-performing at that time. As of December 31, 2021, 2020 and 2019, management determined that it did not have any non-performing loans and that an allowance for loan losses was not necessary.

Property and Equipment

The Foundation capitalizes the cost of all expenditures for property and equipment in excess of \$500. Once capitalized, property and equipment are depreciated over their estimated useful lives on a straight-line basis. Ordinary repairs and maintenance which do not extend the useful of life of the asset are charged to expense when incurred.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Investments and Investment Allocation

Investments are stated at fair value based on quoted market prices. Investment income or loss attributable to funds held for others has been allocated to those assets. Certain investments and the related income can be specifically identified. All other investments allocate investment income in relation to their pro-rata interest. Investment income or loss (including realized and unrealized gains and losses on investments, interest and dividends) on Foundation assets is included in the increase or decrease in net assets without donor restrictions.

Investments are presented in the financial statements at fair value in accordance with accounting principles generally accepted in the United States of America. Changes in fair value are recorded as unrealized gains (losses). Realized gains (losses) are recorded upon the sale of the investments. Interest income is recognized under the accrual basis and dividend income is recognized on the ex-dividend date.

Funds Held for Investment

UMF Collective Funds

The Foundation serves as the administrator of The Stock Fund, The Bond Fund, The Balanced Fund (the “Funds”) and the Collective Money Market Investment Account (the “MMIA”). The Funds and the MMIA are available exclusively for the collective investment and reinvestment by United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and other charitable organizations located in Michigan. The Foundation may participate by investing its own eligible assets in the Funds and the MMIA. These assets include endowment funds and funds functioning as endowments. Each participant in the Funds and the MMIA must, at all times, be exempt from federal income taxation under Section 501(c)(3) or other applicable sections of the Internal Revenue Code. Individuals may not open a participant account or otherwise contribute funds to the Funds and the MMIA. All financial benefits of the Funds and the MMIA will be distributed exclusively to its eligible participants to be used solely for their tax-exempt purposes and participants must represent the funds will be so used.

Pooled Trust Fund

The Foundation serves as administrator of the Pooled Trust Fund, which is available for exclusive investment by the Foundation of assets it receives from contributions through charitable remainder trusts, other charitable trusts, funds operating as charitable trusts, or gift annuity contracts.

Other Managed Trust Funds

The Foundation serves as administrator of the Other Managed Trust Funds, which, from time to time, receives contributions and bequests from charitable donors who have directed or requested the Foundation use the donated funds for a specific purpose or to make payments to specific individuals or groups. The Foundation makes every effort to comply with such requests and generally treats each such contribution as if it were a charitable trust for which the Foundation acts as trustee.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Investment Risk

The Foundation utilizes various investment instruments, which are exposed to risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in their values could occur in the near term and such changes could materially affect the amounts reported in the financial statements. Additionally, some investments held by the Foundation are invested in the securities of foreign companies, which involve special risks and considerations not typically associated with investing in securities of U.S. companies. These risks include devaluation of currencies and political and economic developments. Moreover, securities of many foreign companies and their markets may be less liquid and their prices more volatile than securities of comparable U.S. companies.

Tax Exempt Status

The Foundation is exempt from federal income taxes under Section 501(c)3 of the Internal Revenue Code and from state income taxes. Contributions to the Foundation are deductible as charitable contributions for federal income tax purposes. In addition, the Foundation has been determined not to be a private foundation within the meaning of Section 509 (a) of the Code.

Revenue Recognition

Contributions are recognized when cash, securities or 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, are not recognized until the conditions on which they depend have been substantially met. Contributions that are restricted by the donor are typically reported as net assets with donor restrictions. The Foundation did not receive any donor restricted contributions in the years ended December 31, 2021, 2020 and 2019. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Foundation recognizes investment administration fees charged monthly to investors. The administration fee charged is based on a percentage of the fair market value of investments held on behalf of the investors. In addition, certain administration expenses paid by the Foundation are reimbursed by investors. Revenues for reimbursement of expenses are recognized when the expense is incurred.

Contributed Services

Donated services are recognized as contributions if services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Foundation. During the years ended December 31, 2021, 2020 and 2019, no contributed services met the criteria for recognition.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE A – Summary of Significant Accounting Policies (Continued)

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a natural basis and allocated on a functional basis to either program expenses or supporting services in the consolidated statements of activities. Expense allocations are consistently applied. Occupancy expenses are allocated on a square footage basis. Personnel, payroll taxes and benefit expenses are allocated on the basis of estimated time and effort. Other expenses such as telephone and office expenses are allocated based on estimated usage. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Upcoming Accounting Pronouncements

In September 2020, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The intent of this new standard is to expand transparency around nonfinancial gifts received in-kind, including how those gifts are used and valued. Under the new standard, an organization must report nonfinancial in-kind contributions as a separate line item on the statement of activities, apart from contributions of cash or other financial assets. Additionally, the new standard expands an organization’s required disclosures to include, among other items, a report of such donations by category of asset, a description of the valuation techniques and data used to calculate donation value, and the principal (or most advantageous) market used to calculate that value. The new gifts-in-kind guidance should be applied on a retrospective basis for annual periods beginning after June 15, 2021 (the Foundation’s December 31, 2022 year-end). Management is currently assessing the effect, if any, that the implementation of the new standard will have on the Foundation’s consolidated financial statements.

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities. This standard is effective for fiscal years beginning after December 15, 2021 (the Foundation’s December 31, 2022 year-end). Management is currently assessing the effect that the implementation of the new standard will have on the Organization’s financial statements due to the operating leases disclosed in Note I.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE B – Merger and Acquisition of Operations

On July 8, 2019, the Foundation filed a Certificate of Merger that legally merged the Michigan Conference Capital Mission Fund of the United Methodist Church (the “Extension Fund”) into the Foundation, thereby causing the Foundation to acquire the Extension Fund’s assets and operations. The Foundation also acquired the Extension Fund’s subsidiary, the UMF Capital Mission Fund, LLC (the “LLC”) in the merger. The board has designated the investible assets of the Extension Fund and future income from those assets as an endowment fund as shown in Note F, all of which were invested in the UMF Collective Funds as of December 31, 2021, 2020 and 2019. As a result of the transaction, the Foundation also acquired mortgages receivable as describe in Note D.

NOTE C – Liquidity and Availability

The Fund has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations are due. Financial assets available for general expenditure, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position, comprised the following as of December 31:

	2021	2020	2019
	<u> </u>	<u> </u>	<u> </u>
Cash and cash equivalents	\$ 8,508,803	\$ 7,564,656	\$ 7,362,271
Accounts receivable	-	-	1,350
Investments	140,589,461	123,052,041	105,707,504
Accrued dividends and interest	244,668	253,442	265,514
Total financial assets	<u>149,342,932</u>	<u>130,870,139</u>	<u>113,336,639</u>
Less:			
Funds held for other parties	136,614,261	119,550,491	103,470,184
Board designated endowment	10,829,918	9,515,411	8,237,476
	<u>147,444,179</u>	<u>129,065,902</u>	<u>111,707,660</u>
Available for general expenditure	<u>\$ 1,898,753</u>	<u>\$ 1,804,237</u>	<u>\$ 1,628,979</u>

As described in Note G, the Board of Directors has set aside a board-designated endowment with the intention that it be permanently invested and that income from the endowment be used only for specific purposes as voted by the Board. However, these funds are not donor restricted and therefore, the amount set aside for these purposes could be redirected to meet liquidity needs at the Board’s discretion.

While management realizes there could be unanticipated liquidity needs, they believe that the financial assets in the table above are sufficient to meet operating needs within a minimum of one year of the consolidated statement of financial position date.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE D – Mortgage and Promissory Notes Receivable

Mortgages and notes receivable consisted of the following as of December 31:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Mortgage note receivable, secured by real estate, in the original amount of \$163,018. The note calls for monthly principal payments of \$250 through September 2020; then monthly principal payments of \$500 through December 2020; then monthly payments of \$500 of principal and 2.5 percent interest with a balloon payment of the remaining principal in January 2023.	\$ 151,922	\$ 154,094	\$ 157,017
Mortgage note receivable, secured by real estate, in the original amount of \$750,000. The note provides for interest of 5 percent per year and calls for monthly principal payments of \$3,125, plus interest. On January 21, 2021, the entire balance of this mortgage was refinanced and transferred to the Mission and Church Extension Trust Fund of the Michigan Area of the United Methodist Church.	-	244,565	305,305
Promissory note agreement calling for monthly installments of \$801, including interest at 2.5 percent. The Foundation has a note payable to an anonymous donor on behalf of the church bearing the same terms as the promissory note receivable. The promissory note and the note payable were paid in full during 2021.	-	41,731	49,743
Total mortgages and notes receivable	<u>\$ 151,922</u>	<u>\$ 440,390</u>	<u>\$ 512,065</u>

As of December 31, 2021, the principal payments on mortgage and notes receivable expected to be paid over future years are as follows:

Year Ending December 31, 2022	\$ 2,227
Year Ending December 31, 2023	149,695
	<u>\$ 151,922</u>

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE E – Financial Instruments and Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). In instances whereby inputs used to measure fair value fall into different levels of the hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Foundation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Fair values determined by Level 3 inputs use other inputs that are not observable due to little, if any, market activity for the related asset or liability. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques which take into account the characteristic of the asset or liability.

The Foundation's policy is to recognize transfers amongst the different levels of the fair value hierarchy as of the end of the reporting period. There were no transfers amongst the fair value classifications during 2021, 2020, or 2019.

As seen in the following tables, the fair values of corporate bonds, time certificates, and government agency securities which the Foundation owns are determined primarily based on Level 2 inputs. The Foundation estimates the fair value of these securities using quoted prices for identical or similar assets in active markets, with additional consideration to contractual cash flows, benchmark yields, and credit spreads.

The Foundation's investments include amounts invested with a related party for the purpose of funding loans to third parties (see Note J). The Foundation is guaranteed a 2 percent annual return on the investment and is subject to limited risk. The loan funds are not traded in an active market, and the stated contract value of the investment certificate approximates its cash value.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE E – Financial Instruments and Fair Value Measurements (Continued)

The following table summarizes the Foundation’s assets measured at fair value on a recurring basis at December 31, 2021 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
UMF COLLECTIVE INVESTMENT FUNDS				
Stock Fund				
Common & preferred stocks	\$ 64,513,015	\$ 64,513,015	\$ -	\$ -
Bond Fund				
United States Treasury and government agency securities	2,302,806	-	2,302,806	-
Time certificates	393,522	-	393,522	-
Corporate bonds	23,244,640	-	23,244,640	-
Common and preferred stocks	2,046,839	2,046,839	-	-
Total UMF Bond Fund	<u>27,987,807</u>	<u>2,046,839</u>	<u>25,940,968</u>	<u>-</u>
POOLED TRUST FUND				
United States Treasury and government agency securities	619,651	-	619,651	-
Corporate bonds	1,759,432	-	1,759,432	-
Common and preferred stocks	10,730,074	10,730,074	-	-
Total Pooled Trust Funds	<u>13,109,157</u>	<u>10,730,074</u>	<u>2,379,083</u>	<u>-</u>
OTHER MANAGED TRUST FUNDS				
United States Treasury and government agency securities	4,696,977	-	4,696,977	-
Mutual funds	532,778	532,778	-	-
Corporate bonds	2,417,856	-	2,417,856	-
Common and preferred stocks	26,451,817	26,451,817	-	-
Total Other Managed Trust Funds	<u>34,099,428</u>	<u>26,984,595</u>	<u>7,114,833</u>	<u>-</u>
Total investments, at fair value	\$ 139,709,407	<u>\$ 104,274,523</u>	<u>\$ 35,434,884</u>	<u>\$ -</u>
Loan funds, at contract value	<u>880,054</u>			
Total investments	<u>\$ 140,589,461</u>			

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE E – Financial Instruments and Fair Value Measurements (Continued)

The following table summarizes the Foundation’s assets measured at fair value on a recurring basis at December 31, 2020 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
UMF COLLECTIVE INVESTMENT FUNDS				
Stock Fund				
Common & preferred stocks	\$ 54,603,433	\$ 54,603,433	\$ -	\$ -
Bond Fund				
United States Treasury and government agency securities	1,264,479	-	1,264,479	-
Time certificates	499,712	-	499,712	-
Corporate bonds	21,963,720	-	21,963,720	-
Common and preferred stocks	1,883,011	1,883,011	-	-
Total UMF Bond Fund	25,610,922	1,883,011	23,727,911	-
POOLED TRUST FUND				
United States Treasury and government agency securities	656,128	-	656,128	-
Corporate bonds	1,949,986	-	1,949,986	-
Common and preferred stocks	9,152,111	9,152,111	-	-
Total Pooled Trust Funds	11,758,225	9,152,111	2,606,114	-
OTHER MANAGED TRUST FUNDS				
United States Treasury and government agency securities	3,554,151	-	3,554,151	-
Corporate bonds	3,395,773	-	3,395,773	-
Common and preferred stocks	23,249,483	23,249,483	-	-
Total Other Managed Trust Funds	30,199,407	23,249,483	6,949,924	-
Total investments, at fair value	\$ 122,171,987	\$ 88,888,038	\$ 33,283,949	\$ -
Loan funds, at contract value	880,054			
Total investments	\$ 123,052,041			

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE E – Financial Instruments and Fair Value Measurements (Continued)

The following table summarizes the Foundation’s assets measured at fair value on a recurring basis at December 31, 2019 and the valuation techniques used to determine those fair values:

	Total	Quoted Prices in Active Markets (Level 1)	Prices with Observable Inputs (Level 2)	Prices with Unobservable Inputs (Level 3)
UMF COLLECTIVE INVESTMENT FUNDS				
Stock Fund				
Common & preferred stocks	\$ 44,710,952	\$ 44,710,952	\$ -	\$ -
Bond Fund				
United States Treasury and government agency securities	561,388	-	561,388	-
Time certificates	684,706	-	684,706	-
Corporate bonds	21,230,629	-	21,230,629	-
Common and preferred stocks	1,792,658	1,792,658	-	-
Total UMF Bond Fund	<u>24,269,381</u>	<u>1,792,658</u>	<u>22,476,723</u>	<u>-</u>
POOLED TRUST FUND				
United States Treasury and government agency securities	255,772	-	255,772	-
Corporate bonds	1,591,817	-	1,591,817	-
Common and preferred stocks	7,277,310	7,277,310	-	-
Total Pooled Trust Funds	<u>9,124,899</u>	<u>7,277,310</u>	<u>1,847,589</u>	<u>-</u>
OTHER MANAGED TRUST FUNDS				
United States Treasury and government agency securities	3,847,662	-	3,847,662	-
Corporate bonds	3,277,064	-	3,277,064	-
Common and preferred stocks	19,597,492	19,597,492	-	-
Total Other Managed Trust Funds	<u>26,722,218</u>	<u>19,597,492</u>	<u>7,124,726</u>	<u>-</u>
Total investments, at fair value	\$ 104,827,450	<u>\$ 73,378,412</u>	<u>\$ 31,449,038</u>	<u>\$ -</u>
Loan funds, at contract value	<u>880,054</u>			
Total investments	<u>\$ 105,707,504</u>			

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE F – Investment Concentration and Credit Risk

The Foundation's investment policy requires the investment portfolio be widely diversified. Except for a large holding of United States Treasury securities, no more than 2 percent of the portfolio is represented by the securities of any one issuer. Except for the investment accounts of the Mission and Church Extension Trust Fund, which are held only by the Pooled Trust Fund, all corporate bonds and other debt securities held are of investment grade. There are no bond maturities extending beyond 2044 or bonds whose market values are materially in excess of maturity value.

The common stock portfolio, while diversified, is subject to general risks of a market decline. The decline could be caused by changing prospects for the economy as a whole, or particular companies, changing investor psychology, higher interest rates or other developments.

The Foundation's investments, including cash equivalents held by investment managers, comprised the following as a percentage of total investments at December 31:

	2021	2020	2019
Cash equivalents	5.54%	5.59%	6.40%
Certificates of deposit	0.26%	0.38%	0.61%
Loan funds	0.59%	0.68%	0.78%
United States Treasury and government agency securities	5.12%	4.20%	4.13%
Corporate bonds	18.42%	20.95%	23.11%
Stocks and mutual funds	70.07%	68.20%	64.97%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

NOTE G – Funds Functioning as Endowment

The Foundation currently has no net assets with donor restrictions. However, the Foundation's Board of Directors has designated certain funds to provide continued ongoing support for the Foundation. The Board intends to keep these funds invested within a quasi-endowment on a perpetual basis. The income earned from these funds is used to support the annual operating expenses of the Foundation, though grants from income may be made for specific purposes as approved by the Board. The endowment is segregated into five separate funds which the Board believes best represent the activities of the Foundation. The balances of these funds at December 31 were as follows:

	2021	2020	2019
Extension Fund	\$ 7,536,095	\$ 6,912,332	\$ 6,130,546
Endowment Fund	1,429,514	1,289,109	1,187,230
Reserve Fund	1,631,122	1,111,886	733,636
Stewardship Fund	47,166	40,902	37,324
Trella Rough Trust for Small Church Development	186,021	161,182	148,740
Total	<u>\$ 10,829,918</u>	<u>\$ 9,515,411</u>	<u>\$ 8,237,476</u>

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE G – Funds Functioning as Endowment (Continued)

Changes in Board-designated endowments for the years ending December 31 are as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance, January 1	\$ 9,515,411	\$ 8,237,476	\$ 1,724,857
Net investment return	1,408,262	1,094,196	724,936
Contributions	599,384	405,372	54,741
Investments acquired in merger	-	-	5,808,470
Appropriated for expenditure	<u>(693,139)</u>	<u>(221,633)</u>	<u>(75,528)</u>
Balance, December 31	<u>\$ 10,829,918</u>	<u>\$ 9,515,411</u>	<u>\$ 8,237,476</u>

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of growth while seeking to maintain the purchasing power of the endowment assets. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve an absolute return of 5 percent. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). The Foundation has established benchmarks and acceptable ranges of investments in equities, fixed income, and cash equivalents consistent with the overall investment policy goal. The investment policy stresses diversity of investments by limiting exposure to any single company, limiting exposure to small cap stocks, requiring certain investment grade debt securities, and limiting cash investments at banks.

Spending Policies in Consideration of Investment Objectives

To achieve the Foundation's goal of maintaining the endowment in perpetuity, the Foundation has established investment and spending policies designed to maintain the fund for the long-term. However, on a year-to-year basis, market fluctuations may result in significant reductions or additions to the endowed amount.

The Foundation calculates the spendable portion of the investment return included in the operating amount by using a rolling average. Annual spending is generally capped at 5 percent of the annual market return of the overall endowment fund as of the previous December 31.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE H – Property and Equipment

As of December 31, property and equipment consisted of the following:

	2021	2020	2019
Office equipment	\$ 43,570	\$ 39,636	\$ 35,764
Less: Accumulated depreciation	(23,113)	(14,940)	(18,646)
Total	<u>\$ 20,457</u>	<u>\$ 24,696</u>	<u>\$ 17,118</u>

NOTE I – Leased Facilities

The Foundation leases space under a 62-month non-cancellable lease agreement through December 31, 2022. The lease requires monthly payments of approximately \$1,990 through December 31, 2019, increasing by 2 percent annually thereafter.

The Foundation leases additional office space in Brighton, Michigan under a 36-month non-cancellable lease agreement. The lease required monthly payments of \$675 through June 30, 2021, at which time the Foundation renewed the lease for an additional year with monthly payments of approximately \$690.

Rent expense under these agreements approximated \$33,100, \$32,500, and \$32,000 for the years ended December 31, 2021, 2020 and 2019, respectively. Future minimum lease payments required under non-cancellable lease agreements approximate \$30,000 for the year ending December 31, 2022. The Foundation is in the process of assessing its facilities needs for 2022 and beyond and has not yet entered into any renewal agreements for when the current leases expire.

NOTE J – Related Party

The Foundation's investments and funds held for other parties included various amounts held for or held by The Mission and Church Extension Trust Fund of the Michigan Area of the United Methodist Church (the "Trust"), a related nonprofit corporation. Investments held by the Trust on behalf of the Foundation approximated \$880,000 as of December 31, 2021, 2020 and 2019. Investments held by the Foundation for the Trust approximated \$3,903,000, \$3,502,000, and \$2,525,000 as of December 31, 2021, 2020 and 2019, respectively.

During each of the years ended December 31, 2021 and 2020, the Trust granted \$168,000 to the Foundation to be used at the Foundation's discretion.

As described in Note D of the financial statements, on January 21, 2021, a mortgage receivable totaling \$244,565 to the Foundation was refinanced and transferred to the Trust.

United Methodist Foundation of Michigan and Subsidiary
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2021, 2020 and 2019

NOTE K – COVID-19 and Paycheck Protection Program

A novel strain of coronavirus surfaced and has spread around the world, with resulting business and social disruption. The coronavirus was declared a Public Health Emergency of International Concern by the World Health Organization on January 30, 2020. The coronavirus has caused worldwide shutdowns and the curtailment of businesses operations, government operations, and the activities of charitable organizations. These interruptions have contributed to stock market volatility which may impact the return on investments of the Foundation, a primary source of revenue for the Foundation. The extent to which the coronavirus may impact investment activity will continue to depend on future developments. These future developments are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions required to contain the virus or treat its impact, among others.

During the year ended December 31, 2020 the Foundation received a \$82,580 Paycheck Protection Program loan. The proceeds were utilized to maintain operations, primarily to retain the Organization's employees. Subsequent to December 31, 2020, the loan was forgiven. The Organization recorded the amount of forgiveness in 2020 as grant income. Recording the income in 2020 most appropriately matches the income with the period the related expenses were incurred.

NOTE L – Subsequent Events

Management has evaluated subsequent events through April 21, 2022, the date the consolidated financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

United Methodist Foundation of Michigan and Subsidiary
Schedule of Combined Financial Position
December 31, 2021 (with comparative totals for December 31, 2020 and 2019)

	United Methodist Foundation of Michigan			UMF	Eliminations	2021 Total	2020 Total	2019 Total
	General Operating	Pooled Trust Funds	Other Managed Trust Funds	Collective Funds of Michigan, LLC				
ASSETS								
Cash and cash equivalents	\$ 260,584	\$ 933,427	\$ 3,031,185	\$ 4,283,607	\$ -	\$ 8,508,803	\$ 7,564,656	\$ 7,362,271
Accounts receivable	55,490	-	-	-	(55,490)	-	-	1,350
Mortgage and promissory notes receivable	151,922	-	-	-	-	151,922	440,390	512,065
Investments	11,532,543	13,989,211	34,099,428	92,500,822	(11,532,543)	140,589,461	123,052,041	105,707,504
Accrued dividends and interest	-	18,210	30,971	195,487	-	244,668	253,442	265,514
Property and equipment, net	20,457	-	-	-	-	20,457	24,696	17,118
Total Assets	\$ 12,020,996	\$ 14,940,848	\$ 37,161,584	\$ 96,979,916	\$ (11,588,033)	\$ 149,515,311	\$ 131,335,225	\$ 113,865,822
LIABILITIES AND NET ASSETS								
Liabilities								
Accounts payable	\$ 8,722	\$ -	\$ -	\$ -	\$ -	\$ 8,722	\$ 1,200	\$ 1,703
Other accrued liabilities	50,560	-	-	-	-	50,560	130,910	38,587
Notes payable	-	-	-	-	-	-	34,519	49,743
Funds held for other parties:								
UMF collective funds	-	-	-	96,979,916	(11,588,033)	85,391,883	74,177,304	64,843,695
Pooled trust funds	-	14,060,794	-	-	-	14,060,794	12,547,418	9,927,787
Other managed trust funds	-	-	37,161,584	-	-	37,161,584	32,825,769	28,698,702
Total Liabilities	59,282	14,060,794	37,161,584	96,979,916	(11,588,033)	136,673,543	119,717,120	103,560,217
Net Assets Without Donor Restrictions								
Undesignated	1,131,796	880,054	-	-	-	2,011,850	2,102,694	2,068,129
Board designated for endowments	10,829,918	-	-	-	-	10,829,918	9,515,411	8,237,476
Total Net Assets	11,961,714	880,054	-	-	-	12,841,768	11,618,105	10,305,605
Total Liabilities and Net Assets	\$ 12,020,996	\$ 14,940,848	\$ 37,161,584	\$ 96,979,916	\$ (11,588,033)	\$ 149,515,311	\$ 131,335,225	\$ 113,865,822

See Independent Auditors' Report.

United Methodist Foundation of Michigan and Subsidiary
Schedule of Other Managed Trust Funds
December 31, 2021

	<u>FAIR MARKET VALUE</u>
Agency Funds:	
Board of Pension of the West Michigan Conference of the United Methodist Church	\$ 22,661,116
West Michigan Conference Trustees Investment Fund	785,366
Bayshore Camp	6,474,643
Detroit Annual Conference:	
Church Endowment	3,648,372
Camp Endowment	512,956
WMRP Endowment	1,230,579
Combined Fund	1,156,265
University United Methodist Church	<u>567,846</u>
Total Agency Funds	<u>37,037,143</u>
Trust Funds:	
Bellevue United Methodist Church - Madison Fund	56,956
Dale and Mary Holmes Trust	<u>67,485</u>
Total Trust Funds	<u>124,441</u>
TOTAL OTHER MANAGED TRUST FUNDS	<u>\$ 37,161,584</u>

See Independent Auditors' Report.

**United Methodist Foundation of Michigan and Subsidiary
Schedule of Funds Held for Investment - Financial Position
December 31, 2021**

FINANCIAL POSITION			
	AMORTIZED COST	ESTIMATED FAIR VALUE	GROSS UNREALIZED HOLDING GAINS (LOSSES)
UMF COLLECTIVE FUNDS			
Stock Fund			
Cash and cash equivalents	\$ 1,837,945	\$ 1,837,945	\$ -
Equities	48,224,248	64,513,015	16,288,767
Total UMF Stock Fund	<u>50,062,193</u>	<u>66,350,960</u>	<u>16,288,767</u>
Bond Fund			
Cash and cash equivalents	1,874,077	1,874,077	-
Corporate bonds	22,861,703	23,244,640	382,937
Equities	802,331	1,784,059	981,728
Government securities	2,347,424	2,302,806	(44,618)
Preferred stocks	269,380	262,780	(6,600)
Time certificates	375,940	393,522	17,582
Accrued dividends and interest	195,487	195,487	-
Total UMF Bond Fund	<u>28,726,342</u>	<u>30,057,371</u>	<u>1,331,029</u>
Money Market Investment Account			
Cash and cash equivalents	<u>571,585</u>	<u>571,585</u>	<u>-</u>
TOTAL NET ASSETS	<u>\$ 79,360,120</u>	<u>\$ 96,979,916</u>	<u>\$ 17,619,796</u>
POOLED TRUST FUNDS			
Cash and cash equivalents	\$ 933,427	\$ 933,427	\$ -
Corporate bonds	1,739,934	1,759,432	19,498
Equities	7,923,151	10,649,084	2,725,933
Government securities	599,593	619,651	20,058
Loan funds	880,054	880,054	-
Preferred stocks	84,018	80,990	(3,028)
Accrued dividends and interest	18,210	18,210	-
TOTAL NET ASSETS	<u>\$ 12,178,387</u>	<u>\$ 14,940,848</u>	<u>\$ 2,762,461</u>
OTHER MANAGED TRUST FUNDS			
Cash and cash equivalents	\$ 3,031,185	\$ 3,031,185	\$ -
Corporate bonds	2,432,219	2,417,856	(14,363)
Equities	17,337,947	26,450,760	9,112,813
Government securities	4,693,210	4,696,977	3,767
Mutual funds	661,605	532,778	(128,827)
Preferred stocks	1,102	1,057	(45)
Accrued dividends and interest	30,971	30,971	-
TOTAL NET ASSETS	<u>\$ 28,188,239</u>	<u>\$ 37,161,584</u>	<u>\$ 8,973,345</u>

See Independent Auditors' Report.

**United Methodist Foundation of Michigan and Subsidiary
Schedule of Funds Held for Investment - Financial Activity
December 31, 2021**

FINANCIAL ACTIVITY					
	UMF COLLECTIVE FUNDS OF MICHIGAN, LLC			POOLED TRUST FUNDS	OTHER MANAGED TRUST FUNDS
	STOCK FUND	BOND FUND	MONEY MARKET INVESTMENT		
INCOME FROM INVESTING OPERATIONS:					
Investment income	\$ 936,039	\$ 848,409	\$ 122	\$ 240,517	\$ 515,777
Net realized and unrealized gains (losses) on investments	11,783,034	(533,204)	-	1,859,780	4,628,630
Management and administrative fees	(600,146)	(274,237)	56,189	(181,305)	(287,927)
TOTAL INCOME FROM INVESTING OPERATIONS	12,118,927	40,968	56,311	1,918,992	4,856,480
FUND TRANSFERS					
Additions	6,939,582	5,147,112	7,321,644	2,040,405	428,993
Redemptions	(9,026,767)	(2,511,612)	(7,446,371)	(2,446,021)	(949,658)
NET ASSET VALUE - BEGINNING OF THE YEAR	56,319,218	27,380,903	640,001	13,427,472	32,825,769
NET ASSET VALUE - END OF THE YEAR	\$ 66,350,960	\$ 30,057,371	\$ 571,585	\$ 14,940,848	\$ 37,161,584
AVERAGE NET ASSET VALUE (NAV)	\$ 61,335,089	\$ 28,719,137	\$ 605,793	\$ 14,184,160	\$ 34,993,677
RETURN ON AVERAGE NAV:					
Income Return	1.53%	2.95%	0.02%	1.70%	1.47%
Capital Return	19.21%	-1.86%	0.00%	13.11%	13.23%
Total Return	20.74%	1.09%	0.02%	14.81%	14.70%
EXPENSES ON AVERAGE NAV	0.98%	0.95%	-9.28%	1.28%	0.82%

*The Average Net Asset Value (NAV) was determined by dividing the sum of net assets at January 1, 2021 and December 31, 2021 by a factor of 2. Historical annual calculation of investment return calculated on a daily basis may differ.