

**THE MISSION AND CHURCH EXTENSION TRUST FUND OF
THE MICHIGAN AREA OF THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS

For the Years Ended December 31, 2023, 2022, and 2021

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SEBER TANS, PLC

CONSULTANTS & CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Mission and Church Extension Trust Fund
Grand Rapids, Michigan

Opinion

We have audited the accompanying financial statements of The Mission and Church Extension Trust Fund (a nonprofit organization) (the "Trust"), which comprise the statements of financial position as of December 31, 2023, 2022, and 2021, and the related statements of activities changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Mission and Church Extension Trust Fund as of December 31, 2023, 2022, and 2021, 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.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust 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 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 Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, 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 Trust'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 Trust'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.

Seber Tans, PLC

Seber Tans, PLC
Kalamazoo, Michigan
March 29, 2024

The Mission and Church Extension Trust Fund
Statements of Financial Position
December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Assets			
Current Assets			
Cash and cash equivalents	\$ 541,337	\$ 1,038,819	\$ 2,827,116
Promissory notes receivable	60,090	54,993	21,774
Mortgage notes receivable	966,350	2,203,487	1,695,112
Investments	5,003,377	5,970,287	12,211,643
Total Current Assets	<u>6,571,154</u>	<u>9,267,586</u>	<u>16,755,645</u>
Other Assets			
Promissory notes receivable, less current portion	127,365	137,431	122,513
Mortgage notes receivable, less current portion	7,252,796	6,234,609	7,583,822
Total Other Assets	<u>7,380,161</u>	<u>6,372,040</u>	<u>7,706,335</u>
Total Assets	<u>\$ 13,951,315</u>	<u>\$ 15,639,626</u>	<u>\$ 24,461,980</u>
Liabilities and Net Assets			
Current Liabilities			
Investment accounts payable	\$ 12,867,099	\$ 15,177,576	\$ 18,613,520
Net Assets Without Donor Restrictions			
Undesignated	698,203	6,723	4,359,378
Designated liquidity reserve	386,013	455,327	1,489,082
Total Net Assets	<u>1,084,216</u>	<u>462,050</u>	<u>5,848,460</u>
Total Liabilities and Net Assets	<u>\$ 13,951,315</u>	<u>\$ 15,639,626</u>	<u>\$ 24,461,980</u>

See Accompanying Notes to Financial Statements.

The Mission and Church Extension Trust Fund
Statements of Activities and Changes in Net Assets
For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Revenue			
Mortgage note interest income	\$ 392,532	\$ 358,062	\$ 446,318
Promissory note interest income	6,490	6,357	7,879
Interest income	391	1,077	109
Other income	600	500	2,146
Total Revenue	<u>400,013</u>	<u>365,996</u>	<u>456,452</u>
Expenses			
Program Expenses			
Investment interest expenses	342,268	338,103	325,147
Program grant	126,000	126,000	126,000
Distribution grant	-	3,000,000	-
Total Program Expenses	<u>468,268</u>	<u>3,464,103</u>	<u>451,147</u>
Supporting Services Expenses			
Supporting grant	42,000	42,000	42,000
Legal fees	21,480	13,030	12,041
Accounting services	17,103	23,653	25,771
Audit fee	11,200	8,200	8,550
Postage	825	-	-
Total Supporting Services Expenses	<u>92,608</u>	<u>86,883</u>	<u>88,362</u>
Net Operating Loss	(160,863)	(3,184,990)	(83,057)
Investment Income (Loss)			
Investment income	186,723	215,395	153,847
Net realized and unrealized gains (losses) on investments	596,306	(2,416,815)	1,122,958
Total Investment Income (Loss)	<u>783,029</u>	<u>(2,201,420)</u>	<u>1,276,805</u>
Change in Net Assets	622,166	(5,386,410)	1,193,748
Net Assets at Beginning of Year	<u>462,050</u>	<u>5,848,460</u>	<u>4,654,712</u>
Net Assets at End of Year	<u>\$ 1,084,216</u>	<u>\$ 462,050</u>	<u>\$ 5,848,460</u>

See Accompanying Notes to Financial Statements.

The Mission and Church Extension Trust Fund
Statements of Cash Flows
For the Years Ended December 31, 2023, 2022 and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Change in net assets	\$ 622,166	\$ (5,386,410)	\$ 1,193,748
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities:			
Net market (gains) losses on investments	(596,306)	2,416,815	(1,122,958)
Net Cash and Cash Equivalents Provided by (Used in) Operating Activities	<u>25,860</u>	<u>(2,969,595)</u>	<u>70,790</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales of investments	2,564,564	4,641,352	2,104,927
Purchases of new investments	(1,001,348)	(816,811)	(5,904,087)
Proceeds from mortgage notes receivable	2,767,911	913,965	2,188,775
Issuance of mortgage notes receivable	(2,548,961)	(73,127)	(534,565)
Proceeds from promissory notes receivable	69,369	51,863	101,424
Issuance of promissory notes receivable	(64,400)	(100,000)	(50,000)
Net Cash and Cash Equivalents Provided by (Used in) Investing Activities	<u>1,787,135</u>	<u>4,617,242</u>	<u>(2,093,526)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts from investment accounts payable	1,430,627	793,712	9,397,442
Reinvested interest on investment accounts payable	347,747	338,103	294,546
Repayments of investment accounts payable	(4,088,851)	(4,567,759)	(5,730,735)
Net Cash and Cash Equivalents (Used in) Provided by Financing Activities	<u>(2,310,477)</u>	<u>(3,435,944)</u>	<u>3,961,253</u>
Net Change in Cash and Cash Equivalents	(497,482)	(1,788,297)	1,938,517
Cash and Cash Equivalents at Beginning of Year	<u>1,038,819</u>	<u>2,827,116</u>	<u>888,599</u>
Cash and Cash Equivalents at End of Year	\$ 541,337	\$ 1,038,819	\$ 2,827,116
Supplemental Cash Flow Information:			
Cash paid for investment interest expense	<u>\$ 342,268</u>	<u>\$ 338,103</u>	<u>\$ 325,147</u>

See Accompanying Notes to Financial Statements.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE A – Summary of Significant Accounting Policies

Organization Purpose

The Mission and Church Extension Trust Fund (the “Trust”) provides a pooling of financial resources of United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and church-related organizations throughout Michigan. The Trust provides a financial opportunity whereby Michigan Methodists can realize an investment in the future of the Church while at the same time being good stewards of their own financial resources. The primary purpose of the Trust is to provide a source of funds for borrowing by United Methodist churches, churches that share common bonds and convictions in the Wesleyan tradition, and church-related organizations in the state of Michigan to be used for church buildings, additions, and improvements. A secondary purpose of the Trust is to provide a prudent and safe investment opportunity for Methodist constituents, churches, and church-related organizations in the state of Michigan.

The Trust does not have any employees. A related organization, the United Methodist Foundation of Michigan (the “Foundation”), provides administrative support and services to the Trust. The Trust provides an operating grant, based on the agreed upon budget for the Trust set by the board at the beginning of the year, for administrative services provided by the Foundation.

Basis of Presentation

The financial statements of the Trust 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 Trust 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 operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a liquidity reserve.

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, 2023, 2022, and 2021, the Trust did not have any net assets with donor restrictions.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Trust considers all highly liquid investments purchased with an original maturity of three months or less, other than amounts held for investment, to be cash equivalents.

The Trust 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, 2023, cash balances held at financial institutions exceeded depository insurance limits by approximately \$298,000. The Trust has not experienced any losses in relation to uninsured cash and cash equivalents.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE A – Summary of Significant Accounting Policies (Continued)

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, 2023, 2022, and 2021, management determined that it did not have any non-performing loans and that an allowance for loan losses was not necessary.

All loans outstanding have interest rates ranging from 0.00 percent to 7.00 percent. Interest is recorded monthly when it is received, the results of which are not materially different than the accrual basis. In certain circumstances, a note recipient may be allowed to make interest-only payments for up to a 12-month period.

Investments and Investment Allocation

The Trust has funds invested with the United Methodist Foundation Collective Investment Fund (the "Investment Fund") and through an account with Wespath Institutional Investments. The Foundation is the administrator of the Investment Fund. The assets of the Investment Fund are held by Merrill Lynch. All investments are invested at the Trust's direction.

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.

Investment Risk

The Trust 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 Trust 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.

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 Trust did not receive any contributions or promises to give during the years ended December 31, 2023, 2022, and 2021.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE A – Summary of Significant Accounting Policies (Continued)

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, 2023, 2022, and 2021, no contributed services met the criteria for recognition.

Functional Allocation 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 statements of activities. The investment interest, resident agent, and account services expenses are classified as program expenses, and the remaining expenses are classified as supporting services. For the years ended December 31, 2023, 2022, and 2021, the Trust paid an operating grant to the United Methodist Foundation of Michigan for program and support services provided. This operating grant replaced certain expenditures that the Trust had previously incurred and has been allocated between programs based on estimate of time, effort and value of the services provided in for each functional classification. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Tax Exempt Status

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

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.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE B – Liquidity and Availability

The Trust 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 statement of financial position, comprised the following as of December 31:

	2023	2022	2021
Cash and cash equivalents	\$ 541,337	\$ 1,038,819	\$ 2,827,116
Investments	5,003,377	5,970,287	12,211,643
Total financial assets	<u>5,544,714</u>	<u>7,009,106</u>	<u>15,038,759</u>
Less:			
Board-designated liquidity reserve	<u>386,013</u>	<u>455,327</u>	<u>1,489,082</u>
Amounts available for general expenditure	<u>\$ 5,158,701</u>	<u>\$ 6,553,779</u>	<u>\$ 13,549,677</u>

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 statement of financial position date.

As noted in Note E, the Trust has investment accounts payable which are payable within 60 days upon request of the investor. Redemption requests on these investments could exceed available cash and other liquid assets; however, management has determined that to be unlikely. At December 31, 2023 and 2022, the Board has designated 3 percent of total investment accounts payable as a liquidity reserve for potential future withdrawal. At December 31, 2021, the Board has designated 8 percent of total investment accounts payable as a liquidity reserve for potential future withdrawal. This reserve is not donor restricted and could be changed at the Board's discretion.

NOTE C – Mortgage and Promissory Notes Receivable

Principal payments on mortgage and promissory notes are receivable over future years as follows at December 31:

Mortgage notes receivable:	2023	2022	2021
Receivable in less than one year	\$ 966,350	\$ 2,203,487	\$ 1,695,112
Receivable in one to five years	4,698,552	6,234,609	7,553,623
Receivable in six to ten years	1,130,455	-	30,199
Receivable over ten years	1,423,789	-	-
Total mortgage notes receivable	<u>\$ 8,219,146</u>	<u>\$ 8,438,096</u>	<u>\$ 9,278,934</u>
Promissory notes receivable:	2023	2022	2021
Receivable in less than one year	\$ 60,090	\$ 54,993	\$ 21,774
Receivable in one to five years	102,013	125,889	95,028
Receivable in six to ten years	25,352	11,542	27,485
Total mortgage notes receivable	<u>\$ 187,455</u>	<u>\$ 192,424</u>	<u>\$ 144,287</u>

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE C – Mortgage and Promissory Notes Receivable (Continued)

The Trust has mortgages and promissory loans extended to churches in the state of Michigan. Terms of the notes and interest rates offered are approved by the Board of Trustees and are targeted to be competitive with rates available in commercial markets for similar loans. The safety of the investment is based on economic decisions, loan policies and practices, management of the loan portfolio and low administrative expenses.

As of December 31, 2021, one mortgage note was past due, however was subsequently paid in full. As of December 31, 2023 and 2022, all mortgage notes were current as to scheduled principal and interest payments.

Management has evaluated the need for an allowance for loan losses based on the risks inherent in the portfolio and the estimated value of the borrowing organizations. Based on management's evaluation, as of December 31, 2023, 2022, and 2021, there is no allowance for loan losses.

Mortgage notes receivable consist of the following as of December 31:

	2023		2022		2021	
	#	\$	#	\$	#	\$
Outstanding Principal						
\$ 0 - 100,000	5	\$ 230,298	6	\$ 408,865	14	\$ 359,956
\$ 100,001 - 250,000	13	1,907,824	12	2,282,766	13	2,294,952
\$ 250,001 - 500,000	6	2,268,292	6	2,022,244	9	3,173,180
\$ 500,001 +	4	3,812,732	4	3,724,221	4	3,450,846
Total mortgage notes receivable	<u>28</u>	<u>\$ 8,219,146</u>	<u>28</u>	<u>\$ 8,438,096</u>	<u>40</u>	<u>\$ 9,278,934</u>

Promissory notes receivable consist of the following as of December 31:

	2023		2022		2021	
	#	\$	#	\$	#	\$
Outstanding Principal						
\$ 0 - 25,000	0	\$ -	1	\$ 8,713	3	\$ 20,357
\$ 25,001 - 50,000	3	125,817	1	44,356	1	50,000
\$ 50,001 - 75,000	1	61,638	1	56,022	1	73,930
\$ 75,001 +	0	-	1	83,333	0	-
Total promissory notes receivable	<u>4</u>	<u>\$ 187,455</u>	<u>4</u>	<u>\$ 192,424</u>	<u>5</u>	<u>\$ 144,287</u>

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

NOTE D – 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 Trust'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 Trust 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 Trust'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 2023, 2022, or 2021.

The Trust has adopted Accounting Standards Update No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)* for its alternative investments. ASU 2015-07 removes the requirement to categorize investments measured at Net Asset Value ("NAV") within the fair value hierarchy. Therefore, alternative investments valued using NAV as a practical expedient have been excluded from the fair value hierarchy disclosures. NAV is provided by the alternative investment fund managers, who consider all reasonably available information. Furthermore, the Trust estimates the fair value of its alternative investments in hedge funds at the measurement date using NAV reported by the fund managers without further adjustment. The Trust does not expect to sell its alternative investments at a value other than NAV and management believes the NAV is calculated in accordance with U.S. GAAP.

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

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

The following table summarizes the Trust's assets measured at fair value on a recurring basis at December 31, 2023 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)
Investments				
Common stocks, at fair value	\$ 1,787,514	\$ 1,787,514	\$ -	\$ -
Other Investments, at NAV	3,215,863	-	-	-
Total investments	<u>\$ 5,003,377</u>	<u>\$ 1,787,514</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the Trust's assets measured at fair value on a recurring basis at December 31, 2022 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)
Investments				
Common stocks, at fair value	\$ 2,657,388	\$ 2,657,388	\$ -	\$ -
Other Investments, at NAV	3,312,899	-	-	-
Total investments	<u>\$ 5,970,287</u>	<u>\$ 2,657,388</u>	<u>\$ -</u>	<u>\$ -</u>

The following table summarizes the Trust'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)
Investments				
Common stocks, at fair value	\$ 3,903,225	\$ 3,903,225	\$ -	\$ -
Other Investments, at NAV	8,308,418	-	-	-
Total investments	<u>\$ 12,211,643</u>	<u>\$ 3,903,225</u>	<u>\$ -</u>	<u>\$ -</u>

The Mission and Church Extension Trust Fund
Notes to Financial Statements
For the Years Ended December 31, 2023, 2022, and 2021

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

As described above, the Trust holds shares in an investment company where the fair value of the investment held is estimated based on net asset value (NAV) per share (or its equivalent) of the investment company as a practical expedient. The fair value, unfunded commitments, and redemption rules of those investments are as follows:

	Net Asset Value as of December 31,			Unfunded	Redemption	Redemption
	2023	2022	2021	Commitments	Frequency	Notice Period
Investments at NAV:						
Alternative investments -						
Wespath MAF (I Series)	\$ 3,215,863	\$ 3,312,899	\$ 8,308,418	\$ -	Daily	Daily

The investments in Wespath’s Multiple Asset Fund (I Series) are a composite of U.S. equity funds (35.6 percent), international equity funds (30.1 percent), fixed income funds (24.5 percent), inflation protection funds (9.5 percent), and cash (.3 percent).

NOTE E – Investment Accounts Payable

The Trust offers investments at 100 percent of their face value. The purpose of the offering is to raise money to support the Trust’s mission. The minimum initial investment is \$1,000. Investment accounts are unsecured general debt obligations. The investments pay interest at a variable interest rate, which is subject to change from time to time upon 30 days’ prior written notice. An election is made at the time of purchase to have the interest either paid to the purchaser or reinvested and added to the principal balance of the investment quarterly. Withdrawals of all or part of the investments are payable within 60 days. During the years ended December 31, 2023, 2022, and 2021, the annual interest rates offered on all investments ranged from 2.50 percent to 3.00 percent. Redemption requests could exceed available cash and other liquid assets. At December 31, 2023, the Trust had liquid assets consisting of cash and cash equivalents of approximately \$541,000 and investments of approximately \$5,003,000. Outstanding investment accounts payable approximated \$12,867,000.

NOTE F – Related Party Transactions

Included in the Trust’s investments and investment accounts payable are amounts held at and for the United Methodist Foundation of Michigan (the Foundation), a related nonprofit corporation. Investments held at the Foundation totaled approximately \$1,788,000, \$2,657,000, and \$3,903,000 as of December 31, 2023, 2022, and 2021, respectively. Investments payable to the Foundation from the Trust approximated \$880,000 as of December 31, 2021. The payable was paid to the Foundation in the year ended December 31, 2022. No investments payable to the Foundation from the Trust existed as of December 31, 2023 and 2022.

During each of the years ended December 31, 2023, 2022, and 2021, the Trust granted \$168,000 to the Foundation to be used at the Foundation’s discretion. During the year ended December 31, 2022, the Trust granted the Foundation an additional \$3,000,000 contribution.

In January 2021, a mortgage note receivable totaling \$244,565 to the Foundation was refinanced and transferred to the Trust.

NOTE G – Subsequent Events

Management has evaluated subsequent events through March 29, 2024, the date the financial statements were available to be issued.