

**THE FLORIDA ANNUAL CONFERENCE OF  
THE UNITED METHODIST CHURCH AND ITS DISTRICTS**

**COMBINED FINANCIAL STATEMENTS**

December 31, 2020 and 2019

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
Lakeland, Florida

COMBINED FINANCIAL STATEMENTS  
December 31, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

The Audit Committee on  
Finance and Administration  
The Florida Annual Conference of  
The United Methodist Church and its Districts  
Lakeland, Florida

***Report on the Financial Statements***

We have audited the accompanying combined financial statements of The Florida Annual Conference of The United Methodist Church and its Districts, which comprise the combined statements of financial position as of December 31, 2020 and 2019 and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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

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

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

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(Continued)

## **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Florida Annual Conference of The United Methodist Church and its Districts as of December 31, 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.

## **Emphasis of Matters**

As discussed in Note 1, the combined financial statements being presented are only for The Florida Annual Conference of The United Methodist Church and its Districts and do not include the assets, liabilities and net assets, and the revenues and expenses of the entire Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. that are recorded in the accounts of the other organizations of the Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. which include Florida Southern College and The Florida United Methodist Children's Home. Accordingly, the accompanying combined financial statements are not intended to present the financial position of the entire Board of Trustees of The Florida Annual Conference of The United Methodist Church, Inc. as of December 31, 2020 and 2019, or the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

As discussed in Note 1 to the combined financial statements, The Florida Annual Conference of The United Methodist Church and its Districts has adopted ASU 2014-09, *Revenue from Contracts with Customers*. Our opinion is not modified with respect to this matter.

## **Other Matter**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information on pages 35-40 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

  
Crowe LLP

Tampa, Florida  
March 9, 2022

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,512,322	\$ 5,336,973
Accounts receivable	5,446,506	5,483,141
Less allowance for doubtful accounts:		
Health/pension benefits	(99,712)	(172,989)
Ministry protection	<u>(2,500,562)</u>	<u>(2,083,327)</u>
Net accounts receivable (Note 7)	2,846,232	3,226,825
Grants Receivable	297,164	2,087,790
Notes and mortgage notes receivable (Notes 4 and 7)	1,010,706	3,148,235
Less allowance for loan losses	<u>(160,633)</u>	<u>(160,633)</u>
Net notes and mortgage notes receivable	850,073	2,987,602
Investments		
Held with affiliated organizations (Notes 5 and 7)	11,683,587	9,833,525
Beneficial interest in trusts held with others (Notes 7 and 8)	2,204,654	2,176,648
Held with third party brokers (Notes 6 and 7)	132,138,541	115,500,642
Certificates of deposit (Notes 6 and 7)	<u>107,905</u>	<u>106,742</u>
Total investments	146,134,687	127,617,557
Property and equipment, net (Note 10)	50,905,158	60,563,498
Assets held for sale (Note 10)	6,905,000	5,458,000
Other assets	<u>178,099</u>	<u>726,111</u>
Total assets	<u>\$ 215,628,735</u>	<u>\$ 208,004,356</u>
<b>LIABILITIES AND NET ASSETS</b>		
Liabilities		
Accounts payable and accrued expenses	\$ 1,581,008	\$ 1,487,012
Accrued loss reserves (Note 11)	9,505,234	8,880,621
Notes payable (Notes 7 and 12)	4,366,097	4,523,899
Lines of credit (Notes 7 and 13)	379,770	798,489
Other postemployment benefit liability (Note 14)	31,243,436	32,706,086
Funds held as agent	<u>1,584,978</u>	<u>1,496,753</u>
Total liabilities	48,660,523	49,892,860
Net assets		
Net assets without donor restrictions	28,689,960	28,679,491
Board designated		
Ministry protection (Note 11)	11,265,825	8,783,570
Pension and health benefits (Notes 14)	<u>31,406,154</u>	<u>23,904,503</u>
Total net assets without donor restrictions	71,361,939	61,367,564
Net assets with donor restrictions	<u>95,606,273</u>	<u>96,743,932</u>
Total net assets	<u>166,968,212</u>	<u>158,111,496</u>
Total liabilities and net assets	<u>\$ 215,628,735</u>	<u>\$ 208,004,356</u>

See accompanying notes to combined financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINED STATEMENT OF ACTIVITIES  
 Year ended December 31, 2020

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenue</b>			
Contributions and apportionments			
Conference benevolences, clergy support and church development	\$ 10,325,365	\$ -	\$ 10,325,365
Conference service and administration	3,851,755	-	3,851,755
Closed church real property contributions	-	2,777,677	2,777,677
Other contributions and grants	299,182	5,797,228	6,096,410
Self-insurance program (Notes 11)	16,432,967	-	16,432,967
Interest income on loans	-	104,452	104,452
Interest and dividends (Notes 5 and 6)	1,521,540	937,241	2,458,781
Change in valuation of beneficial interest in trusts held with others (Note 7)	-	28,005	28,005
Net investment return (Notes 5 and 6)	8,621,927	5,900,360	14,522,287
Fees for services	1,061,353	1,093,410	2,154,763
Other income	878,883	165,651	1,044,534
Gain (loss) on sale/disposal of fixed assets	141,735	(2,431,778)	(2,290,043)
Net assets released from restrictions (Note 17)	<u>15,509,905</u>	<u>(15,509,905)</u>	<u>-</u>
Total revenue	<u>58,644,612</u>	<u>(1,137,659)</u>	<u>57,506,953</u>
<b>Expenses</b>			
Conference benevolences, clergy support and church development	1,883,142	-	1,883,142
Conference service and administration	11,120,665	-	11,120,665
Other benevolences and grant expenditures	6,564,588	-	6,564,588
Self-insurance program (Notes 11)	15,858,306	-	15,858,306
Depreciation (Note 10)	1,710,289	-	1,710,289
Costs of services and other expenses	<u>8,957,334</u>	<u>-</u>	<u>8,957,334</u>
Total expenses	<u>46,094,324</u>	<u>-</u>	<u>46,094,324</u>
<b>Change in net assets before other changes</b>	12,550,288	(1,137,659)	11,412,629
Other post retirement changes other than net periodic cost (Note 14)	<u>(2,555,913)</u>	<u>-</u>	<u>(2,555,913)</u>
<b>Change in net assets</b>	9,994,375	(1,137,659)	8,856,716
Net assets at beginning of year	<u>61,367,564</u>	<u>96,743,932</u>	<u>158,111,496</u>
<b>Net assets at end of year</b>	<u>\$ 71,361,939</u>	<u>\$ 95,606,273</u>	<u>\$ 166,968,212</u>

See accompanying notes to combined financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINED STATEMENT OF ACTIVITIES  
 Year ended December 31, 2019

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
<b>Revenue</b>			
Contributions and apportionments			
Conference benevolences, clergy support and church development	\$ 11,925,986	\$ -	\$ 11,925,986
Conference service and administration	5,471,089	-	5,471,089
Closed church real property contributions	-	1,832,229	1,832,229
Other contributions and grants	751,721	3,703,518	4,455,239
Self-insurance program (Notes 11)	13,542,713	-	13,542,713
Interest income on loans	-	135,464	135,464
Interest and dividends (Notes 5 and 6)	1,987,428	1,231,232	3,218,660
Change in valuation of beneficial interest in trusts held with others (Note 7)	-	226,221	226,221
Net investment return (Notes 5 and 6)	13,428,638	7,976,138	21,404,776
Fees for services	4,217,703	950,041	5,167,744
Other income	875,505	1,144,213	2,019,718
Gain (loss) on sale/disposal of fixed assets	-	(3,210,734)	(3,210,734)
Net assets released from restrictions (Note 17)	<u>15,946,174</u>	<u>(15,946,174)</u>	<u>-</u>
Total revenue	<u>68,146,957</u>	<u>(1,957,852)</u>	<u>66,189,105</u>
<b>Expenses</b>			
Conference benevolences, clergy support and church development	12,956,223	-	12,956,223
Conference service and administration	12,915,429	-	12,915,429
Other benevolences and grant expenditures	7,981,549	-	7,981,549
Self-insurance program (Notes 11 and 12)	16,542,329	-	16,542,329
Depreciation (Note 10)	1,743,851	-	1,743,851
Costs of services and other expenses	<u>10,071,295</u>	<u>-</u>	<u>10,071,295</u>
Total expenses	<u>62,210,676</u>	<u>-</u>	<u>62,210,676</u>
<b>Change in net assets before other changes</b>	5,936,281	(1,957,852)	3,978,429
Other post retirement changes other than net periodic cost (Note 14)	<u>4,042,673</u>	<u>-</u>	<u>4,042,673</u>
<b>Change in net assets</b>	9,978,954	(1,957,852)	8,021,102
Net assets at beginning of year	<u>51,388,610</u>	<u>98,701,784</u>	<u>150,090,394</u>
<b>Net assets at end of year</b>	<u>\$ 61,367,564</u>	<u>\$ 96,743,932</u>	<u>\$ 158,111,496</u>

See accompanying notes to combined financial statements.

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINED STATEMENTS OF CASH FLOWS  
 Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 8,856,716	\$ 8,021,102
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase (decrease) in provision for bad debts	343,958	(35,010)
Depreciation	1,710,289	1,743,851
Postretirement benefit changes other than periodic cost	2,555,913	(4,042,673)
Unrealized (gain) loss on investments	(8,911,691)	(16,497,719)
Realized (gain) on investments	(6,071,820)	(5,635,636)
Contribution of closed church real property	(2,777,677)	(1,832,229)
(Gain) loss on sale/disposal of property and equipment	2,290,043	4,412,734
Contributions with donor restriction endowments	(64,341)	1,957,852
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	36,635	779,804
(Increase) decrease in grants receivable	1,790,626	1,820,445
(Increase) decrease in other assets	548,012	(530,786)
Increase (decrease) in accounts payable and accrued expenses	93,996	(1,344,440)
Increase (decrease) in OPEB liability	(4,018,563)	6,380,409
Increase (decrease) in accrued loss reserves	624,613	1,109,780
Increase (decrease) in funds held as agent	88,225	(114,023)
Net cash (used in) operating activities	<u>(2,905,066)</u>	<u>(3,806,539)</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(869,065)	(1,758,039)
Proceeds from sale of property and equipment	7,857,750	2,168,665
Proceeds from the repayment of notes and mortgage notes receivables	2,137,529	77,867
Purchase of investments	(69,216,663)	(18,389,812)
Sales and maturities of investments	<u>65,683,044</u>	<u>23,388,821</u>
Net cash provided by investing activities	5,592,595	5,487,502
<b>Cash flows from financing activities</b>		
Borrowings on lines-of-credit	44,281	246,367
Borrowings on long-term debt	1,900,000	323,459
Payments on long-term debt	(2,520,802)	(1,890,810)
Contributions with donor restriction endowments	<u>64,341</u>	<u>(1,957,852)</u>
Net cash used in financing activities	<u>(512,180)</u>	<u>(3,278,836)</u>
Change in cash and cash equivalents	2,175,349	(1,597,873)
Cash and cash equivalents at beginning of year	<u>5,336,973</u>	<u>6,934,846</u>
<b>Cash and cash equivalents at end of year</b>	<u>\$ 7,512,322</u>	<u>\$ 5,336,973</u>
<b>Supplemental disclosure of cash flow information</b>		
Interest paid	<u>\$ 175,348</u>	<u>\$ 282,352</u>

See accompanying notes to combined financial statements.



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Organization: The Florida Annual Conference of The United Methodist Church and its Districts (the Conference) is composed of the clergy and lay members of approximately 600 churches and missions located in Florida from the Apalachicola River to Key West and is a part of The United Methodist Church. The primary financial responsibility of the Conference is to serve as a conduit for monies contributed by individual church members through their local churches for the programs of The United Methodist Church at the district, conference, jurisdictional and national levels.

The entities, boards, and committees for which funds are included in the accompanying combined financial statements of the Conference include the Conference Board of Pension and Health Benefits, the Ministry Protection Committee, the Board of Camps and Retreat Ministries, the Committee on New Church Development, the Preachers' Relief Board, the Florida Conference Episcopal Office, and other committees and boards that are part of the ministry of the Conference. Also included in the accompanying combined financial statements is the Conference's eight district offices and the Cabinet Development Fund. All significant balances and transactions among the Conference entities included in the accompanying combined financial statements have been eliminated.

These combined financial statements do not include all the assets, liabilities, and net assets, and revenues and expenses of the entire Board of Trustees of the Florida Annual Conference of the United Methodist Church, Inc. ("Board of Trustees") that are recorded in the accounts of other organizations that generally accepted accounting principles in the United States of America (GAAP) requires be consolidated into the financial statements of the Board of Trustees because the Board of Trustees have a controlling interest in these organizations. These organizations are Florida Southern College and The Florida United Methodist Children's Home.

Basis of Accounting: The combined financial statements of the Conference have been prepared on the accrual basis of accounting and accordingly, reflect all significant receivables, payables and other liabilities.

Affiliated Organizations: The Florida United Methodist Foundation, Inc. (the Foundation) is a 501(c) (3) not-for-profit organization organized on June 19, 1966. The Foundation is an agency of the Conference and the United Methodist Church. Members of the Foundation are the lay and clergy members of the Florida Annual Conference. The Board of Directors is elected by the corporate members of the Foundation at the annual meeting of the Florida United Methodist Foundation. Because of the way the Board of Directors is selected, the Foundation is not required to be consolidated with the Conference financial statements.

The purpose of the Foundation is to facilitate low-interest loans to United Methodist churches and agencies of the Conference, and to facilitate charitable giving to churches, institutions, boards, and agencies of the Conference. As such, the Foundation serves as a channel in the handling of gifts to United Methodist institutions through charitable and estate planning opportunities. The Foundation is legally authorized to serve as trustee in the administration of charitable gift annuities, charitable trusts, donor advised funds, and other gifts created for the benefit of any United Methodist institution, local church or church organization.

The Foundation makes first mortgage loans to United Methodist churches, including loans for the construction and major improvement of churches, parsonages, church schools and other church operated facilities. The Foundation also serves as the agent of the Conference in managing the church loans the Conference owns. For this service, the Foundation receives 2/10ths of 1.0% of loan balances annually which amounted to approximately \$4,596 and \$5,910 for the years ended December 31, 2020 and 2019, respectively, and has been included in Conference service and administration expense in the accompanying combined statements of activities.

The Foundation manages investments on behalf of the Conference. The Conference paid the Foundation \$77,272 and \$104,160 for the years ended December 31, 2020 and 2019, respectively, to manage Conference investments held by the Foundation. The Foundation pays the Conference for property and casualty insurance. The Foundation paid the Conference \$17,286 and \$16,205 for property and casualty insurance for the years ended December 31, 2020 and 2019, respectively.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Florida Southern College (FSC) was founded in 1883. FSC is a liberal arts college with more than fifty academic and pre-professional programs located in Lakeland, Florida. The thirty-seven persons serving on the Board of Trustees of FSC are elected by the Florida Annual Conference of the United Methodist Church in accordance with the FSC by-laws.

The Conference provides financial support to FSC through its apportionment giving budget. FSC received \$186,860 and \$209,600 from the Conference Board of Higher Education and Campus Ministry for the years ended December 31, 2020 and 2019, respectively.

The Florida United Methodist Children's Home, Inc. (the Home) was incorporated in 1908 as a not-for-profit corporation. The purpose of the Home is to care for children who otherwise cannot be provided for. The Home is governed by a Board of Trustees which consists of Florida United Methodist Church members or clergy. Nominations for the Board of Trustees come from the current Board and are approved by the Florida Annual Conference of the United Methodist Church in accordance with the Home's by-laws.

The Conference serves as a conduit for donations made by Florida United Methodist churches for the Home. The Conference forwarded \$403,693 and \$481,847 during the years ended December 31, 2020 and 2019, respectively, in donations from churches to the Home. In addition, the Home pays the Conference for property and casualty insurance. The Home paid the Conference \$261,321 and \$216,343 for property and casualty insurance for 2020 and 2019, respectively.

Revenue Recognition: In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Codification (ASC) No. 2014-09, *Revenue from Contracts with Customers*, and subsequent amendments to the ASU (Topic 606). Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The new guidance also added Subtopic 340-40, *Other Assets and Deferred Costs—Contracts with Customers*, to Topic 606 to require the deferral of incremental costs of obtaining a contract with a customer. Topic 606 requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract.

The Conference adopted the requirements of Topic 606 as of January 1, 2020, utilizing the modified retrospective method of transition. Adoption of the new guidance did not require any significant changes to the Conference's accounting policies for revenue recognition, trade and other receivables, contract costs, contract liabilities, or deferred costs. Accordingly, there has been no adjustment to net assets or any other statement of financial position accounts as of January 1, 2020, to reflect adoption of the new guidance.

*Revenue Recognized under Topic 606:*

Topic 606 applies to revenue generated from ministry protection programs and camp and retreat fees. Performance obligations under the ministry protection programs are provided over the term of the respective protection period and revenue is recognized over the corresponding protection period (over time). Camp and retreat fees are recognized upon completion of the associated event (at a point in time) when the performance obligation is considered to be completed.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

*Revenue Recognized under ASC 958-605:*

The Conference derives its revenue primarily from apportionments, contributions, and benevolences, as well as pension payments, which are accounted for under ASC 958-605. Pension payments are recognized as revenue at the time of collection, in amounts that reflect the consideration the Conference expects to be entitled to and in exchange for the value provided from the pension benefits.

Incidental items that are immaterial in the context of the contracts are recognized as expense. Costs incurred to obtain a contract are expensed as incurred when the amortization period is less than a year.

The Conference's contracts are cancelable at any time by either party. The Conference's standard payment terms for clergy related events are typically due before the scheduled event. Payment terms can vary based upon the entity that is paying. The Conference does not have any significant financing components. There is no variable consideration related to services provided.

Net Asset Classifications: The combined financial statements report the changes in and totals of each net asset class based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions consist of operating funds available for any purpose authorized by the Board of Trustees and the Council on Finance and Administration. The Conference does put certain designations on funds annually which represent unrestricted funds which are used for future shortfalls in budgeted support and revenue for emergency and unanticipated needs of the Conference.

Net assets with donor restrictions consist of funds arising from gifts in which the donor has stipulated, as a condition of the gift, restrictions on how or when the gift may be spent as well as funds arising from a gift or bequest in which the donor has stipulated, as a condition of the gift, the principal be maintained in perpetuity and only the investment income from investment of the funds be expended. Certain donor endowments also specify that a portion of the earnings from the investment be reinvested as principal, or that all income earned over a period of time be reinvested. Amounts are also transferred for specific uses from time to time, as requested by the donor.

Gifts and Contributions: Gifts and contributions are recorded at their fair value on the date of receipt. All contributions are considered to be classified as net assets without donor restrictions unless specifically restricted by the donor. Gifts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions.

Closed Church Real Property: The real property of former United Methodist churches are carried at their appraised fair value as of the date title to the property is transferred to the Conference net of accumulated depreciation. In the year of closure, the property is recorded as closed church real property contributions in the Cabinet development fund

Net Assets Released from Restrictions: When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Fair Value of Financial Instruments: The Conference's financial instruments include cash and cash equivalents, accounts receivable, contributions receivable, grants receivable, notes and mortgages receivable, investments, beneficial interests in trusts held with others, accounts payable, and notes payable which approximate fair value at December 31, 2020 and 2019.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash and Cash Equivalents: The Conference considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments: Investments are stated at fair value, as determined by quoted market prices in the statements of financial position; unrealized gains and losses are included in the statement of activities. Realized gains/losses on disposition are based on net proceeds and the adjusted carrying amounts of the securities sold using the specific identification method.

Concentration of Credit Risk: The Conference maintains cash deposits with several financial institutions, sometimes in excess of the \$250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). Cash balances in excess of \$250,000 will potentially be subject to concentrations of credit risk. Management believes the risk is managed by maintaining all deposits in high quality financial institutions.

Use of Estimates: The preparation of combined financial statements in conformity with GAAP 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 combined financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable: Accounts receivable represents amounts due and what management expects to collect from the churches within the Conference for apportionments, insurance premiums, insurance recoveries and other miscellaneous items and is stated at net realizable value. Interest is not normally charged on accounts receivable. Management provides an allowance for doubtful accounts for any amounts considered to be uncollectible. The allowance for doubtful accounts is \$2,600,274 and 2,256,316 as of December 31, 2020 and 2019, respectively. A receivable is charged off after collection efforts by the Conference have been exhausted and it is deemed that the receivable is uncollectible.

Contributions Receivable: Unconditional promises to give are recorded as contributions receivable and contribution revenue when received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Conditional promises to give are not included as support until the conditions are substantially met.

Grants Receivable: Grants are recorded as grants receivable and grant revenue when awarded. The receivable is reduced as grant funds are received from the granting agencies. As of December 31, 2020, grants receivable consisted of \$297,164 in funds due from the United Methodist Committee on Relief. As of December 31, 2019, grants receivable consisted of \$1,040,000 in funds due from the United Methodist Committee on Relief and \$1,047,790 from the Volunteer Florida Foundation.

Property and Equipment: Property and equipment is stated at cost or, if donated, at the estimated fair value at the date of donation. The Conference follows the practice of capitalizing all expenditures in excess of \$5,000 for property and equipment. Routine repairs and maintenance are expensed as incurred. Depreciation is provided over the estimated useful lives of respective assets on a straight-line basis as follows:

	<u>Years</u>
Buildings and improvements	10 - 40
Furniture, fixtures and equipment	5 - 10

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Impairment of Long-Lived Assets: On an ongoing basis, the Conference reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying amounts may be overstated. The Conference recognizes impairment losses if the undiscounted cash flows expected to be generated by the asset are less than the carrying value of the related asset. The impairment loss adjusts the assets to fair value. No impairment on long-lived assets was deemed necessary at December 31, 2020. Impairment on assets held for sale was \$1,202,000 at December 31, 2019. This is reflected in the Conference service and administration expenses in the statements of activities and as a reduction to the net property and equipment in the statements of financial position.

Assets Held for Sale: Real property that is listed for sale within the next twelve months is considered an asset held for sale. The property is carried at the lower of its net book value or its current fair value. An impairment loss is recorded if it is determined that the fair value is less than the property's net book value.

Funds Held as Agent: General church apportionments and other program remittances from individual churches are considered funds held as agent. These remittances are for the benefit of third parties not under the control of the Conference and the use of such funds is also not under the control of the Conference. Consequently, such remittances are not included as revenue in the accompanying combined financial statements.

Funds received from individual churches for benevolences, Conference service and administration, new church starts, certain pension and benefit programs and the ministry protection program are considered unrestricted net assets. These remittances represent funds whose use is determined internally by the Conference through approval of the annual budget.

Donated Goods and Services: Significant non-cash asset contributions are recorded at fair value when received. A number of volunteers have donated significant time to the Conference's administrative and program services; however, no amounts have been reflected for these types of donated services, as there is no objective basis available to measure the value of such services.

Notes and Mortgage Notes Receivable: Notes and mortgage notes receivable primarily represent loans made to facilitate the sale of closed church properties. These notes are serviced by the Foundation. The notes are reported on the statements of financial position at the outstanding principal balance. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. The repayment term and maturity date of loans 60 days or more past due, based on contractual terms, may be extended at the original contract interest rate.

Allowance for Loan Loss: An allowance for loan loss is maintained at an amount the Conference believes is adequate to provide for potential loan losses. The Conference's periodic evaluation of the adequacy of the allowance is based on known and inherent risks in the notes and mortgage notes receivable portfolio, adverse situations the Conference is aware of that may affect the borrower's ability to repay, the estimated value of any underlying collateral, and current economic conditions. The evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

Interest on Notes Receivable: Interest on loans in the Conference's church mortgage loan portfolio is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. Interest income was \$104,452 and \$135,464 for years ending December 31, 2020 and 2019, respectively.

Operating Leases: Rent expense for the Conference's operating leases, which generally have varying rent payments over the lease term, is recorded on a straight-line basis over the reasonably assured lease term.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Allocation of Expenses: The cost of program and administrative activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Most expenses are directly charged to the department/ministry incurring the expense. The expenses that are allocated include allocation of Conference Center costs which are allocated based on number of staff in each department and depreciation.

Income Tax: The Conference is exempt from federal and state income tax under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore, no provision for income taxes has been made in the accompanying combined financial statements. The Conference has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi) of the Internal Revenue code.

The Conference follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. The Conference does not have any tax benefits recorded at December 31, 2020 and does not expect that position to significantly change in the next year. The Conference would recognize interest and/or penalties related to income tax matters in income tax expense, if applicable, and there were no amounts accrued for interest and penalties at December 31, 2020.

Recently Issued Accounting Pronouncements: In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Leases (Topic 842), to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements for lessees and lessors. The new standard applies a right-or-use model that requires, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset for the lease term and a liability to make lease payments to be recorded. The ASU is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. Management is currently evaluating the impact of this ASU on the Conference's financial statements. Management does not anticipate this ASU to have a future material impact on the Conference's financial statements.

**NOTE 2 – LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 7,512,322	\$ 5,336,973
Accounts receivable	2,846,232	3,226,825
Operating investments	<u>86,758,244</u>	<u>75,858,959</u>
Total financial assets available	<u>\$ 97,116,798</u>	<u>\$ 84,422,757</u>

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(Continued)

**NOTE 2 – LIQUIDITY AND AVAILABILITY** (Continued)

The Conference regularly monitors liquidity required to meet its operational needs, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Conference considers all expenditures related to its ongoing ministry-related activities as well as the conduct of services undertaken to support these activities to be general expenditures. The investment amount listed above represents assets which could be converted to cash on a short-term basis and thus are available to support cash flow needs and operations. The Conference has adopted a policy of funding administrative expenses from current revenue. This policy results in the Conference maintaining investment portfolios that do not necessarily generate significant amounts of interest and dividend income. Accordingly, the Conference reinvests the interest and dividends generated by its investments and has no immediate plans to liquidate investments to fund current operations.

The Conference's endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes, except for the amounts available for general use. Donor-restricted endowment funds are not available for general expenditures. As part of the Conference's liquidity management plan, the Conference invests cash in excess of daily requirements in short-term investments, CD's, and money market funds.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

**NOTE 3 – FUNCTIONAL EXPENSE**

Year Ending December 31, 2020

	Conference Programs									Total
	Conference Board of Pension & Health Benefits	Ministry Protection Program	New Church Development	Cabinet Development Fund	Board of Camps and Retreat Ministries	Disaster Recovery	Other Programs	Total Programs	Administrative	
Salaries and related costs	\$ 159,473	\$ 320,042	\$ 695,558	\$ -	\$ 1,187,118	\$ 78,338	\$823,748	\$ 3,264,277	\$ 2,320,207	\$ 5,584,484
Meetings and travel	75	4,005	44,633	-	7,125	3,888	19,908	79,634	123,435	203,069
Program development	2,359,097	15,843,102	1,293,986	1,645,063	297,536	-	7,747,752	29,186,536	-	29,186,536
Office Expense	19,550	24,300	288,651	-	81,790	2,073	26,074	442,438	1,371,573	1,814,011
Depreciation	37,381	56,072	37,381	638,446	511,125	37,381	224,287	1,542,073	168,215	1,710,289
Closed church property mgmt.	-	-	-	6,486,858	-	-	-	6,486,858	-	6,486,858
Interest Expense	-	-	-	121,636	20,988	-	29,981	172,605	-	172,605
Other	8,564	48,773	129,745	2,210	535,673	2,644	153,546	881,155	55,318	936,473
	<u>\$ 2,584,140</u>	<u>\$ 16,296,294</u>	<u>\$ 2,489,954</u>	<u>\$ 8,894,213</u>	<u>\$ 2,641,355</u>	<u>\$ 124,324</u>	<u>\$ 9,025,296</u>	<u>\$ 42,055,576</u>	<u>\$ 4,038,748</u>	<u>\$ 46,094,324</u>

(Continued)



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

**NOTE 3 – FUNCTIONAL EXPENSE (Continued)**

Year Ending December 31, 2019

	Conference Programs									Administrative	Total
	Conference Board of Pension & Health Benefits	Ministry Protection Program	New Church Development	Cabinet Development Fund	Board of Camps and Retreat Ministries	Disaster Recovery	Other Programs	Total Programs			
Salaries and related costs	\$ 168,287	\$ 69,338	\$ 1,188,146	\$ -	\$ 2,302,945	\$ 2,917,344	\$1,659,783	\$ 8,305,843	\$ 2,181,288	\$ 10,487,131	
Meetings and travel	2,612	9,013	101,830	41	16,008	266,595	146,908	543,007	386,804	929,811	
Program development	14,085,653	16,542,329	3,576,443	4,330,774	1,174,876	1,109,000	2,210,940	43,030,015	-	43,030,015	
Office Expense	22,095	12,314	32,561	-	109,298	66,599	52,630	295,497	906,303	1,201,800	
Depreciation	29,699	44,549	29,699	679,180	515,237	74,248	148,496	1,521,107	222,744	1,743,851	
Closed church property mgmt.	-	-	-	1,836,878	-	-	-	1,836,878	-	1,836,878	
Interest Expense	-	-	-	152,568	29,694	-	-	182,262	-	182,262	
Other	11,194	11,538	85,478	959,845	1,133,609	89,629	223,496	2,514,789	284,139	2,798,928	
	<u>\$ 14,319,540</u>	<u>\$ 16,689,081</u>	<u>\$ 5,014,157</u>	<u>\$ 7,959,286</u>	<u>\$ 5,281,667</u>	<u>\$ 4,523,415</u>	<u>\$ 4,442,253</u>	<u>\$ 58,229,398</u>	<u>\$ 3,981,278</u>	<u>\$ 62,210,676</u>	

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THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 4 - NOTES AND MORTGAGE NOTES RECEIVABLE**

Notes and mortgage notes receivable consisted of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Cabinet development loans and mortgage notes	\$ 850,073	\$ 2,987,602
Conference loans to churches	<u>160,633</u>	<u>160,633</u>
Subtotal	1,010,706	3,148,235
Allowance for loan losses	<u>(160,633)</u>	<u>(160,633)</u>
Loans, net of allowance	<u><u>\$ 850,073</u></u>	<u><u>\$ 2,987,602</u></u>

Cabinet development loans and mortgage notes represent loans advanced to entities who have purchased former United Methodist Church real estate. The loans are collateralized by a first mortgage on the church property and a title policy is required showing the Conference as the first lien holder of the property. There are no nonperforming loans that are specifically identified. The Conference considers all loans performing based on communications and agreements with borrowers. No allowance for uncollectible cabinet development notes and mortgage notes receivable are considered necessary at December 31, 2020.

There are no cabinet development fund loans committed but not disbursed as of December 31, 2020.

Conference loans to churches represent notes with churches to restructure their delinquent Ministry Protection receivables. The notes are unsecured and non-interest bearing.

There are no loans to churches committed, but not disbursed, as of December 31, 2020.

The following table represents the aging of loans by class as of December 31, 2020:

	Principal <u>Not Past Due</u>	30 - 59 Days <u>Past Due</u>	60 - 89 Days <u>Past Due</u>	Greater than 90 Days <u>Past Due</u>	<u>Total</u>
Cabinet development loans	\$ 838,083	\$ 816	\$ 1,499	\$ 9,675	\$ 850,073
Loans to churches	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,633</u>	<u>160,633</u>
Total	<u><u>\$ 838,083</u></u>	<u><u>\$ 816</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 170,308</u></u>	<u><u>\$ 1,010,706</u></u>

The following table represents the aging of loans by class as of December 31, 2019:

	Principal <u>Not Past Due</u>	30 - 59 Days <u>Past Due</u>	60 - 89 Days <u>Past Due</u>	Greater than 90 Days <u>Past Due</u>	<u>Total</u>
Cabinet development loans	\$ 2,980,108	\$ 806	\$ 1,499	\$ 5,189	\$ 2,987,602
Loans to churches	<u>-</u>	<u>-</u>	<u>-</u>	<u>160,633</u>	<u>160,633</u>
Total	<u><u>\$ 2,980,108</u></u>	<u><u>\$ 806</u></u>	<u><u>\$ 1,499</u></u>	<u><u>\$ 165,822</u></u>	<u><u>\$ 3,148,235</u></u>

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 4 - NOTES AND MORTGAGE NOTES RECEIVABLE (Continued)**

Notes and mortgage notes receivable are allocated by the Conference's internal risk ratings as follows as of December 31, 2020:

	Cabinet Development	Loans to Churches	Total
Performing	\$ 850,073	\$ -	\$ 850,073
Nonperforming	<u>-</u>	<u>160,633</u>	<u>160,633</u>
Total	<u>\$ 850,073</u>	<u>\$ 160,633</u>	<u>\$ 1,010,706</u>

Notes and mortgage notes receivable are allocated by the Conference's internal risk ratings as follows as of December 31, 2019:

	Cabinet Development	Loans to Churches	Total
Performing	\$ 2,987,602	\$ -	\$ 2,987,602
Nonperforming	<u>-</u>	<u>160,633</u>	<u>160,633</u>
Total	<u>\$ 2,987,602</u>	<u>\$ 160,633</u>	<u>\$ 3,148,235</u>

**NOTE 5 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATIONS**

The Conference's investments held with the Foundation are carried at fair value and consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Investments in Foundation participation accounts	\$ 9,902,045	\$ 8,331,478
Other investments offered through the Foundation	<u>1,124,775</u>	<u>990,284</u>
	<u>\$11,026,820</u>	<u>\$ 9,321,762</u>

A summary of return on investments held with the Foundation consisted of the following for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Interest earnings	\$ 214,090	\$ 325,243
Net realized (loss) gain	(2,957)	2,892
Net unrealized gain	62,996	113,301
Fees	<u>(2,923)</u>	<u>(1,825)</u>
	<u>\$ 271,206</u>	<u>\$ 439,611</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 5 - INVESTMENTS HELD WITH AFFILIATED ORGANIZATIONS** (Continued)

The Conference investments held with the General Board of Pensions are carried at quoted market prices and consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Investments in stocks and mutual funds	\$ <u>656,767</u>	\$ <u>511,763</u>

A summary of return on investments with the General Board of Pensions consist of the following for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Net realized gain	\$ 120,939	\$ 87,016
Net unrealized gain	<u>68,009</u>	<u>70,772</u>
	<u>\$ 188,948</u>	<u>\$ 157,788</u>

The various investments in stocks, securities, mutual funds and other investments are exposed to a variety of uncertainties, including interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the combined financial statements of the Conference.

**NOTE 6 - INVESTMENTS - HELD WITH THIRD PARTY BROKERS AND CERTIFICATES OF DEPOSIT**

Included in the investments - held with third party brokers are stocks and mutual funds held by brokerage firms and managed by the Board of Trustees' Investment Committee. Investments are carried at quoted market prices and consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
Stocks and mutual funds		
Current Funds	\$ 7,835,503	\$ 7,585,843
Church Loan Funds	19,379,177	17,555,980
Cabinet Development Funds	26,233,912	20,198,701
Preachers Relief Funds	2,011,093	1,939,387
Camp Funds	664,930	776,939
Conference Board of		
Pension and Health Benefits	60,355,520	53,777,396
Ministry Protection	<u>15,658,406</u>	<u>13,666,396</u>
	<u>\$ 132,138,541</u>	<u>\$ 115,500,642</u>

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(Continued)

**NOTE 6 - INVESTMENTS - HELD WITH THIRD PARTY BROKERS AND CERTIFICATES OF DEPOSIT**  
 (Continued)

Certificates of deposit consisted of the following at December 31:

	<u>2020</u>	<u>2019</u>
Certificates of Deposit		
Ministry Protection	\$ 107,905	\$ 106,742

A summary of return (loss) on investments held with third party brokers consists of the following for the year ended December 31:

	<u>2020</u>	<u>2019</u>
Interest earnings	\$ 2,234,897	\$ 2,774,974
Net realized gain	5,953,838	5,545,728
Net unrealized gain	8,752,680	16,087,425
Fees	<u>(433,703)</u>	<u>(487,782)</u>
	<u>\$ 16,507,712</u>	<u>\$ 23,920,345</u>

**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS**

Fair value is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the Conference's principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

GAAP establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. GAAP describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

Investments held with the Foundation and the General Board of Pensions are reported at fair value. The underlying assets of the investments held with the Foundation and the General Board of Pensions may include money market funds, securities and bonds.

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(Continued)

**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

The Conference invests in the Foundation Development Fund a common fund that makes low-interest construction and mortgage loans to churches. According to Foundation policy, up to 90 percent of the total Fund can be invested in church mortgages. A reserve fund consisting of \$1.5 million plus approximately ten percent of the Fund is held in the form of cash and cash equivalents to provide a level of liquidity to participation account investors. The Foundation invests these funds in such instruments as government-backed money market funds, government securities, federally insured bank certificates of deposit or bank deposits. Withdrawals from the Development Fund are allowed with prior written notice.

The Conference invests in the Multiple Asset Fund with the General Board of Pensions. This fund is invested in a variety of U.S. and non-U.S. securities. These include stocks, traditional bonds, inflation-linked bonds, real estate investment trusts, securities, commodities, and interests in private equity and private real estate partnerships. There are no restrictions on these funds, and they are available for immediate withdrawal with a written request.

Management has considered redemption restrictions to assess classification of fair value inputs. As a result, Balanced, Stock and Development Fund assets with redemption periods of 90 days or less are considered Level 2 fair value measurements. Balanced and Development Fund assets with redemption periods of greater than 90 days are considered a Level 3 fair value measurement.

Investments held in certificates of deposit are reported at fair value. Investments held with third party brokers include money market funds, certificates of deposit, mutual funds, and equity securities. Mutual funds, and equity securities are readily marketable, and values are determined by obtaining quoted prices on nationally recognized securities exchanges (Level 1 inputs). Certificates of deposits are estimated to approximate deposit account balances, at market rates for similar deposits having similar maturity dates with no discounts for credit quality or liquidity were determined to be applicable. As such, these certificates of deposit are classified within Level 1.

The fair value of beneficial interest in trusts held with others is based on a valuation model that calculates the present value of estimated distributable income. The valuation model incorporates assumptions that market participants would use in estimating future distributable income. The Conference values its beneficial interest at the discounted present value of estimated future distributions it expects to receive (Level 3 inputs).

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

Assets measured at fair value on a recurring basis at December 31, 2020 were as follows:

	2020		
	Quoted active markets identified assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Money market	\$ 1,054,924	\$ -	\$ -
Certificates of deposit and money market	107,905	-	-
Domestic equity mutual funds	4,367,129	-	-
International equity mutual funds	19,196,987	-	-
Domestic marketable equity securities	67,625,304	-	-
International marketable equity securities	24,659,252	-	-
Real estate managed funds	15,234,945	-	-
Held with Foundation	-	11,026,820	-
Held with General Board of Pensions	-	656,767	-
Assets held for sale (Note 10)	-	-	6,905,000
Beneficial interest in trusts held by others	-	-	2,204,654
	<u>\$ 132,246,446</u>	<u>\$ 11,683,587</u>	<u>\$ 9,109,654</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
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 December 31, 2020 and 2019

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**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS** (Continued)

Assets measured at fair value on a recurring basis at December 31, 2019 were as follows:

	2019		
	Quoted active markets identified assets (Level One)	Significant other observable inputs (Level Two)	Significant unobservable inputs (Level Three)
Investments			
Money market	\$ 1,875,021	\$ -	\$ -
Certificates of deposit and money market	106,742	-	-
Domestic equity mutual funds	15,696,596	-	-
International equity mutual funds	11,424,948	-	-
Exchanged traded funds	145,085	-	-
Domestic marketable equity securities	68,064,072	-	-
International marketable equity securities	16,704,173	-	-
Real estate investment trusts	1,334,265	-	-
Liquid limited partnerships & LLC	-	-	256,482
Held with Foundation	-	9,321,762	-
Held with General Board of Pensions	-	511,763	-
Assets held for sale (Note 9)	-	-	5,458,000
Beneficial interest in trusts held by others	-	-	2,176,648
	<u>\$ 115,350,902</u>	<u>\$ 9,833,525</u>	<u>\$ 7,891,130</u>

The table below presents a reconciliation and income statement classification of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

<u>Beneficial Interest in Trusts Held with Others</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year	\$ 2,176,648	\$ 1,950,427
Change in valuation of beneficial interest in trusts held by others	<u>28,006</u>	<u>226,221</u>
Balance at end of year	<u>\$ 2,204,654</u>	<u>\$ 2,176,648</u>

(Continued)



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
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 December 31, 2020 and 2019

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**NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS (Continued)**

The carrying value of the Conference's financial instruments not re-measured at fair value on a recurring basis approximates their fair value at December 31, 2020 and 2019. Such financial instruments include:

	<u>2020</u>	<u>2019</u>
Financial assets		
Net accounts and contributions receivable	\$ 2,846,232	\$ 3,226,825
Net grants receivable	297,164	2,087,790
Net notes and mortgages notes receivable	850,073	2,987,602
Financial liabilities		
Notes payable	4,366,097	4,523,899
Line of credit	379,770	798,489

**NOTE 8 - BENEFICIAL INTEREST IN PERPETUAL TRUSTS HELD WITH OTHERS**

The Conference is the beneficiary under various perpetual trusts administered by the Florida United Methodist Foundation. Under the terms of the trusts, the Conference has the irrevocable right to receive income earned on the trusts' assets in perpetuity but will never receive the assets held in the trust. The underlying assets of the trusts are securities that are actively traded in the market. The Conference's interest in the trusts was valued at \$2,046,504 and \$1,948,336 for the years ended December 31, 2020 and 2019, respectively. The beneficial interests were valued using a 6% discount rate at December 31, 2020 and 2019.

The Conference is also the beneficiary of a Charitable Remainder trust administered by Synovus Trust Company, N.A. Under the terms of the trusts, the Conference has the irrevocable right to receive fifty percent of the trust assets upon the death of the life beneficiaries as outlined in the trust documents. The underlying assets of the trust are securities that are actively traded in the market. The Conference's interest in the trust was valued at \$158,150 and \$228,312 for the years ended December 31, 2020 and 2019, respectively. The beneficial interest was valued using a 6% discount rate at December 31, 2020 and 2019.

**NOTE 9 - ENDOWMENT COMPOSITION**

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment funds by category as of December 31, 2020 consisted of the following:

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Donor restricted funds	<u>\$ -</u>	<u>\$ 5,811,873</u>	<u>\$ 5,811,873</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
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 December 31, 2020 and 2019

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**NOTE 9 - ENDOWMENT COMPOSITION** (Continued)

Endowment funds by category as of December 31, 2019 consisted of the following:

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Donor restricted funds	\$ -	\$ 5,247,684	\$ 5,247,684

Changes in endowment net assets for the year ended December 31, 2020 consist of the following:

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 5,247,684	\$ 5,247,684
Investment return:			
Interest income	-	103,649	\$ 103,649
Unrealized gains	-	344,684	\$ 344,684
Realized gains	-	179,999	\$ 179,999
New gifts	-	207,130	\$ 207,130
Appropriation of assets	-	(271,273)	\$ (271,273)
Net assets end of year	<u>\$ -</u>	<u>\$ 5,811,873</u>	<u>\$ 5,811,873</u>

Changes in endowment net assets for the year ended December 31, 2019 consist of the following:

	Net Assets Without Donor <u>Restrictions</u>	Net Assets With Donor <u>Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ -	\$ 4,498,962	\$ 4,498,962
Investment return:			
Interest income	-	132,867	132,867
Unrealized gains	-	627,084	627,084
Realized gains	-	196,142	196,142
New gifts	-	250,017	250,017
Appropriation of assets	-	(457,388)	(457,388)
Net assets end of year	<u>\$ -</u>	<u>\$ 5,247,684</u>	<u>\$ 5,247,684</u>

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(Continued)

**NOTE 9 - ENDOWMENT COMPOSITION** (Continued)

Interpretation of UPMIFA: The State of Florida has enacted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) effective July 1, 2012. The Board of Trustees requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary which is a valid interpretation of UPMIFA.

As a result of this interpretation, the Conference classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

The Conference considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the organization.

Return Objectives and Risk Parameters: The Conference 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 Conference must hold in perpetuity or for 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 exceed the price and yield results based on blended indices while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives: The purpose of the Endowment Fund is to facilitate donors' desires to make substantial long-term gifts to the Conference and to develop a new and significant source of revenue for the Conference. In so doing, the Endowment Fund will provide a secure, long-term source of funds to: (i) fund special grants; (ii) ensure long-term growth; and (iii) enhance the Conference's ability to meet changing Conference needs in both the short and long-term.

Spending Policy and How the Investment Objectives Relate to Spending Policy: The Conference spends funds generated by donor restricted endowments in accordance with the restrictions placed upon them by the original donors. Each endowed fund is overseen by an Annual Conference committee that approves any distribution of income generated by the fund and which ensures that the balance of the endowed fund does not decrease below the originally endowed amount.

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or Conference policies requires to retain as a fund of perpetual duration. Deficiencies of this nature in excess of related temporarily restricted amounts are reported in net assets without donor restrictions.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 10 - PROPERTY AND EQUIPMENT**

Property and equipment, at cost, consist of the following at December 31:

	<u>2020</u>	<u>2019</u>
<b>Current funds</b>		
Land	\$ 1,548,751	\$ 2,295,922
Buildings	11,585,395	11,595,412
Construction in process	297,723	395,028
Furniture, fixtures and equipment	<u>1,803,015</u>	<u>1,530,322</u>
	15,234,884	15,816,684
Less accumulated depreciation	<u>(5,559,798)</u>	<u>(5,180,139)</u>
Total current funds	<u>9,675,086</u>	<u>10,636,545</u>
<b>Cabinet development funds</b>		
Land	19,216,629	23,840,850
Buildings	<u>13,116,486</u>	<u>15,871,462</u>
	32,333,115	39,712,312
Less accumulated depreciation	<u>(2,763,398)</u>	<u>(2,161,397)</u>
	29,569,717	37,550,915
Assets held for sale, net	<u>6,905,000</u>	<u>5,458,000</u>
Total cabinet development funds	<u>36,474,717</u>	<u>43,008,915</u>
<b>Camp funds</b>		
Land	2,059,254	2,059,254
Buildings	15,136,989	15,131,809
Construction in process	30,019	22,725
Furniture, fixtures and equipment	<u>3,480,398</u>	<u>3,456,983</u>
	20,706,660	20,670,771
Less accumulated depreciation	<u>(11,885,225)</u>	<u>(11,374,099)</u>
Total camp funds	<u>8,821,435</u>	<u>9,296,672</u>
<b>District Work Funds</b>		
Land	760,114	756,134
Buildings	3,364,226	3,634,690
Construction in process	-	-
Furniture, fixtures and equipment	<u>97,311</u>	<u>86,564</u>
	4,221,651	4,477,388
Less accumulated depreciation	<u>(1,382,731)</u>	<u>(1,398,022)</u>
Total district work funds	<u>2,838,920</u>	<u>3,079,366</u>
	<u>\$ 57,810,158</u>	<u>\$ 66,021,498</u>

Depreciation expense was \$1,710,289 and \$1,743,851 for the years ended December 31, 2020 and 2019, respectively.

(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 11 - MINISTRY PROTECTION**

The Conference has had a self-funded ministry protection program for workers' compensation since 1985. For workers' compensation claims, churches pay no deductible. For the years ended December 31, 2020 and 2019, claim costs in excess of \$500,000 for any one claim are covered by excess insurance. The Conference requires funding of workers' compensation insurance based on a predetermined rate multiplied by each entity's prior year payroll cost.

In December 1996, the Conference expanded its self-funded ministry protection program to include property and liability insurance. For property claims, churches are required to pay a deductible (as defined) depending on the type of claim reported. If claim costs exceed the church deductible, additional claim costs are paid from the Loss Fund until the self-insured limit is reached. The self-insured retention limits range between \$50,000 and \$1,000,000 depending on the type of claim reported. Claim costs above that limit are paid by excess insurance. The Conference obtains excess insurance coverage through re-insurance agreements arranged with traditional insurance carriers. Conference entities fund the property and liability program by paying premiums based on a number of variables including property values, square footage, and the number of insured vehicles. Properties are insured on a replacement value basis, based upon independent appraisals of properties and reported values.

For the years ended December 31, 2020 and 2019, ministry protection had the following activity:

	<u>2020</u>	<u>2019</u>
Revenue		
Workers' compensation premiums	\$ 1,235,914	\$ 1,445,298
Property and liability premiums	14,146,689	11,369,740
Investment income	2,002,908	3,658,528
Insurance recovery	<u>1,385,595</u>	<u>1,125,732</u>
	<u>18,771,106</u>	<u>17,599,298</u>
Expenses		
Premium payments	9,327,011	7,772,688
Claim payments and claim administrative fee	5,949,540	8,403,467
Administrative costs	553,513	522,576
Bad debt expense	<u>458,787</u>	<u>180,454</u>
	<u>16,288,851</u>	<u>16,879,185</u>
Increase in net assets available for loss reserve	<u>\$ 2,482,255</u>	<u>\$ 720,113</u>

Based upon an annual independent actuarial report which considers the program's loss history and the change in self-insured retention limits, changes to insurance loss reserves have been recorded for the years ended December 31, 2020 and 2019, to provide for projected actuarial claims which fall within the self-insured retention limits. At December 31, 2020 and 2019, the Conference has accrued liabilities for workers' compensation and property and liability loss reserves of \$9,505,234 and \$8,880,621, respectively. In addition to the accrued liability for loss reserves, the Conference has Board designated net assets in the amounts of \$11,265,825 and \$8,783,570 at December 31, 2020 and 2019, respectively, for their ministry protection program.

The Conference has a \$100,000 letter of credit for the ministry protection program for workers' compensation. The letter of credit is required by and lists the Florida Self-Insurers Guaranty Association, Inc. as the beneficiary.

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
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 December 31, 2020 and 2019

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**NOTE 12 - NOTES PAYABLE**

Notes payable consisted of the following at December 31, 2020:

	Outstanding Balance	Monthly Payment	Interest Rate	Maturity Date	Security
Campus ministry parsonages	\$ 142,897	\$ 3,640	4.25%	8/1/2035	Investments
Campus ministry deferred maintenance	169,532	3,270	4.25%	1/1/2036	Investments
Villages land	1,190,268	Int only	4.25%	7/1/2022	Property
Nuevo Pacto church	288,919	3,083	4.25%	2/1/2031	Property
Florida Gulf Coast parsonage	271,876	1,864	4.25%	7/1/2036	Property
Life Enrichment Center house	133,225	3,185	4.25%	12/1/2028	Property
Warren Willis Camp houses	254,044	5,068	4.25%	4/1/2029	Property
Warren Willis Lawn Mowers	15,336	946	0.00%	5/1/2022	Property
SBA PPP Loan	<u>1,900,000</u>	-	1.00%	10/20/2022	Unsecured
	<u>\$ 4,366,097</u>				

Notes payable consisted of the following at December 31, 2019:

	Outstanding Balance	Monthly Payment	Interest Rate	Maturity Date	Security
Campus ministry parsonages	\$ 179,371	\$ 3,640	4.00%	8/1/2035	Investments
Campus ministry deferred maintenance	316,556	3,270	4.00%	1/1/2036	Investments
Traditions land	1,458,176	Int only	4.00%	1/1/2019	Property
Villages land	1,236,494	Int only	4.00%	7/1/2022	Property
Christ mission land	243,309	2,494	4.00%	5/1/2027	Property
Nuevo Pacto church	314,096	3,083	4.00%	2/1/2031	Property
Florida Gulf Coast parsonage	281,965	1,864	4.00%	7/1/2036	Property
Life Enrichment Center house	162,194	3,185	4.00%	12/1/2028	Property
Warren Willis Camp houses	305,046	5,068	4.00%	4/1/2029	Property
Warren Willis Lawn Mowers	26,692	946	0.00%	5/1/2022	Property
	<u>\$ 4,523,899</u>				

On May 5, 2020, the Conference received a Paycheck Protection Program loan ("PPP loan") in the amount of \$1,900,000 from Regions Bank, guaranteed by the Small Business Administration (the "SBA"). This loan was made possible through the Coronavirus Aid, Relief, and Economic Security Act (the "Act"). The loan and any accrued interest were forgivable if the Conference used all of the loan proceeds for forgivable purposes as required under the Act. The Conference received notification from Regions Bank on August 7, 2021, that the SBA had forgiven the Conference's PPP loan. Because the Conference submitted its forgiveness application and the entire \$1,900,000 loan was forgiven, the Conference was not required to make any payments of principal or accrued interest.

The Conference has chosen to reflect the PPP loan as a note payable at December 31, 2020 since forgiveness was uncertain at that time. No accrued interest is reflected in the financial statements since no payments under the terms of the loan were due on December 31, 2020.

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(Continued)

**NOTE 12 - NOTES PAYABLE** (Continued)

The debt principal payments are as follows for the year ending December 31, 2020:

2021		\$ 191,444
2022		199,741
2020		208,397
2021		188,215
2022		1,299,720
Thereafter		<u>378,581</u>
		<u>\$ 2,466,097</u>

The Conference received notice on August 7, 2021 that the \$1,900,000 SBA PPP loan was forgiven by the SBA. Because the loan was forgiven, the payment of the principal balance of the loan is not reflected in the above table.

**NOTE 13 - LINES OF CREDIT**

On July 31, 2015, the Conference entered into a \$2,750,000 loan agreement with the Foundation to fund the purchase and construction of a new Wesley Center on the campus of Florida State University. The loan was renewed and extended in the principal amount of \$769,122 on September 7, 2019. Monthly payments consist of interest only on the current draw amount. The principal balance will be due in full on October 21<sup>st</sup> 2023. Currently, interest accrues at an annual rate of 4.00%. This loan is secured by Conference funds held in the Foundation's Development Fund. The amount drawn on this loan as of December 31, 2020 and 2019 was \$89,122 and \$552,122, respectively.

On July 31, 2019 the Conference entered into a \$560,000 loan agreement with the Foundation to fund the construction of a new Wesley Center on the campus of Florida A&M University. Monthly payments consist of interest only on the current draw amount. The principal balance will be due in full on August 1, 2023. Currently interest accrues at an annual rate of 4.00%. this loan is secured by Conference funds held in the Foundation Development Fund. The amount drawn of this loan as of December 31, 2020 and 2019 was \$290,648 and \$246,367, respectively.

**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS**

Clergy Retirement Security Program: The Conference participates in the Clergy Retirement Security Program (CRSP), which is administered by the General Board of Pensions and Health Benefits ("General Board"). CRSP is a retirement program providing lifetime income for substantially all clergy and lay pastors. The CRSP has two components. First, there is a defined benefit component that requires contributions to be made by the Conference based on either denominational average compensation or actual compensation. Second, there is a defined contribution component that requires contributions to be made by the Conference based on at least 3% of eligible compensation for eligible participants. The CRSP is a program for clergy and is a result of an amendment and restatement of the Ministerial Pension Plan (MPP). As of December 31, 2019, the CRSP program consists of three different time periods based on periods of service:

- CRSP (a multiemployer program) for service beginning January 1, 2007
- MPP (a multiemployer program) for service from January 1, 1982 to December 31, 2006
- Supplement One to the Clergy Retirement Security Program for service prior to 1982 (Pre-82 Plan)

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(Continued)

**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS (Continued)**

The Conference made contributions to the CRSP program of \$2,948,767 and \$4,145,369 for the years ended December 31, 2020 and 2019, respectively.

The CRSP Plan is common control church defined benefit pension plan. The assets that have been contributed to the CRSP Plan by the Florida Conference could be used to provide benefits to clergy members of other Annual Conferences if another Annual Conference was unable to fund their portion of the pension liability.

The Conference made no contribution to the Pre-82 Plan in the year ending December 31, 2020 and a \$1,294,492 contribution to the Pre-82 Plan in the year ending December 31, 2019. Based on the 2020 actuarial report received from the General Board, the Conference assets in the Pre-82 Plan currently are \$1,714,532 less than its anticipated liability. The General Board has informed the Conference that the Conference will need to make a contribution to the Pre-82 Plan in the amount of \$135,041 in 2021.

Comprehensive Protection Plan: The Conference also participates in the Comprehensive Protection Plan (CPP) which is administered by the General Board and provides disability and death benefits for clergy members. The cost of CPP is collected from the local churches and remitted to the General Board.

The General Board informed the Conference in 2018 that due to the overfunded status of the CPP liability, the Conference will not need to make CPP premium payments in 2019 and 2020.

United Methodist Personal Investment Plan (UMPIP): The Conference contributes 12% of an eligible employee's compensation to a personal UMPIP account each month. Employees are also able to make personal contributions to their UMPIP account each pay period. All funds contributed are placed in a tax-sheltered annuity (403b) plan administered by the General Board of Pension and Health Benefits. For the year ending December 31, 2020 and 2019, the Conference contributed \$428,677 and \$514,174 respectively, to the UMPIP.

Other Post Employment Benefit (OPEB): The Conference provides, at its discretion, certain health care benefits for retired clergy and spouses through participation in a funded insurance program administered by the Conference. This benefit is funded through contributions made by the Conference from investments set aside by the Conference and held at the Florida United Methodist Foundation.

The Conference recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statement of financial position and to recognize changes in the funded status in the change in net assets in the year in which the changes occur. Defined benefit plan assets and obligations are to be measured as of the date of the employer's fiscal year-end.

The following table sets forth the Conference's accumulated other postretirement benefit obligation and the funded status of the obligation as set forth in the Conference's statements of combined financial position at December 31:

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(Continued)



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
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 December 31, 2020 and 2019

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**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS (Continued)**

	<u>2020</u>	<u>2019</u>
Changes in benefit obligation		
Benefit obligation at beginning of year	\$ 32,706,086	\$ 30,368,350
Service cost	298,056	269,371
Interest cost	1,028,459	1,306,764
Actuarial (gain) loss	(612,626)	2,971,380
Net cash flows	<u>(2,176,539)</u>	<u>(2,209,779)</u>
Benefit obligation at end of year	<u>31,243,436</u>	<u>32,706,086</u>
Amount recorded in statements of financial position OPEB liability	<u>\$ 31,243,436</u>	<u>\$ 32,706,086</u>
Amounts recorded in statements of activities		
Conference service and administration expenses	\$ (4,018,563)	\$ 6,380,409
Other postretirement changes other than net periodic cost	<u>2,555,913</u>	<u>(4,042,673)</u>
Net change in OPEB liability	<u>\$ (1,462,650)</u>	<u>\$ 2,337,736</u>

Current period costs including expenditures and net cash flows totaling \$1,842,024 and \$1,832,894 is included in program expenses for the years ended December 31, 2020 and 2019, respectively. Conference contributions and benefits paid were \$1,652,627 and \$1,676,419 for the years ended December 31, 2020 and 2019, respectively.

	<u>2020</u>	<u>2019</u>
Items that have not yet been classified as periodic benefit costs		
Unrecognized prior service cost	\$ (4,605,965)	\$ (7,635,979)
Unrecognized net gains	(5,035,670)	(4,561,558)
Estimated net future benefit payments		
2021	\$ 1,610,835	
2022	1,672,692	
2023	1,719,347	
2024	1,754,484	
2025	1,778,199	
Years 2026-2030	<u>8,959,410</u>	
	<u>\$ 17,494,967</u>	

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 14 - PENSIONS AND OTHER POST RETIREMENT BENEFITS (Continued)**

	<u>2020</u>	<u>2019</u>
Discount rate	2.61%	3.23%
Coverage rate	100.00%	100.00%
Health care cost trend rate	6.75%	6.75%
Rate to which the cost trend rate is assumed to decline	4.50%	4.50%
Year that the rate reaches the ultimate trend rate	2030	2028

This table illustrates the sensitivity of the postretirement liability to a change in the medical trend assumptions.

	<u>1% Point Increase</u>	<u>1% Point Decrease</u>
Effect on total of service and interest cost components	\$ 34,503	\$ (30,425)
Effect on postretirement benefit obligation	1,321,951	(1,165,708)

**NOTE 15 – CABINET DEVELOPMENT FUND**

The Cabinet Development Fund (CDF) was created by action of the 2015 Florida Annual Conference. The CDF was initially funded by the consolidation of nine district new church development reserve accounts and in the future by 75% of the net proceeds of closed church property sales. The CDF exists to provide partial funding for new church starts, church revitalizations, other miscellaneous needs, or operational emergencies. Closed church properties are booked at their fair value at the date of the church closure.

The CDF consists of the following assets and liabilities as of December 31:

	<u>2020</u>	<u>2019</u>
Mortgage notes receivable	\$ 850,073	\$ 2,987,602
Investments held at the Foundation	1,468,237	1,090,722
Investments held by third party brokers	26,233,912	20,198,701
Closed church properties	36,474,717	43,008,915
Mortgage notes payable	(1,622,084)	(3,252,074)
Other accrued expenses	<u>(386,000)</u>	<u>(547,579)</u>
	<u>\$ 63,018,855</u>	<u>\$ 63,486,287</u>

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(Continued)

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 NOTES TO COMBINED FINANCIAL STATEMENTS  
 December 31, 2020 and 2019

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**NOTE 16 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
<b>Restricted by time or purpose:</b>		
Contributions restricted by donor for specific purposes	\$ 5,196,038	\$ 7,744,885
Church loan funds	20,327,671	18,539,769
Cabinet development funds	63,018,855	63,486,287
Preachers' relief funds	1,893,368	2,019,154
Episcopal funds	65,558	(4,698)
Camp funds	279,730	222,267
District work funds	<u>35,581</u>	<u>44,964</u>
	<u>90,816,801</u>	<u>92,052,628</u>
<b>Restricted in perpetuity</b>		
Donor restricted endowment	2,742,968	2,742,968
Beneficial interest in trusts held by others	<u>2,046,504</u>	<u>1,948,336</u>
	<u>4,789,472</u>	<u>4,691,304</u>
	<u>\$ 95,606,273</u>	<u>\$ 96,743,932</u>

**NOTE 17 - NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose were as follows as of December 31:

	<u>2020</u>	<u>2019</u>
Current operating funds	\$ 4,496,278	\$ 5,861,161
Church loan funds	1,513,814	1,998,361
Cabinet development funds	9,053,841	7,959,286
Preachers' relief funds	395,994	50,259
Episcopal funds	19,590	56,174
Camp funds	-	4,112
District work funds	<u>30,388</u>	<u>16,821</u>
	<u>\$ 15,509,905</u>	<u>\$ 15,946,174</u>

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(Continued)

**NOTE 18 – COMMITMENTS AND CONTINGENCIES**

Operating Leases: The Conference leases offices and operating facilities under operating leases expiring through April 2024. Rent expense for operating leases was \$189,412 for the year ended December 31, 2020 and \$152,725 for the year ended December 31, 2019.

Future minimum lease payments under operating leases in each of the following years ended December 31, as is follows.

2021	\$ 88,483
2022	48,302
2023	48,061
2024	<u>12,074</u>
	<u>\$ 196,920</u>

**NOTE 19 - PENDING LITIGATION**

The Conference is not aware of any litigation matters in which the Conference needs to reserve for its potential liability at December 31, 2020 and 2019. The Conference's maximum exposure on any single claim is \$250,000 to \$1,000,000 which would be paid by the loss fund established by the Ministry Protection Committee depending on the type of claim.

**NOTE 20 - SUBSEQUENT EVENTS**

Management has performed an analysis of the activities and transactions subsequent to December 31, 2020, to determine the need for any adjustments or disclosures to the audited combined financial statements for the year ended December 31, 2020. Management has performed their analysis through March 9, 2022, the date the combined financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
 December 31, 2020

	Current Funds	New Church Development Funds	Cabinet Development Funds	Preachers' Relief Funds	Conference Committee on Pension and Health Funds	Episcopal Funds	Ministry Protection Funds	Camp Funds	District Work Funds	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 3,975,826	\$ -	\$ -	\$ -	\$ 848,695	\$ -	\$ 1,849,019	\$ 63,745	\$ 775,037	\$ 7,512,322
Accounts receivable	779,410	-	-	-	188,215	-	4,314,727	3,174	160,980	5,446,506
Less allowance for doubtful accounts	-	-	-	-	-	-	-	-	-	-
Health/pension benefits	-	-	-	-	(99,712)	-	-	-	-	(99,712)
Ministry protection	-	-	-	-	-	-	(2,500,562)	-	-	(2,500,562)
Contributions receivable, net	-	-	-	-	-	-	-	-	-	-
Grants Receivable	297,164	-	-	-	-	-	-	-	-	297,164
Notes and mortgage notes receivable	-	-	850,073	-	-	-	160,633	-	-	1,010,706
Less allowance for doubtful notes	-	-	-	-	-	-	(160,633)	-	-	(160,633)
Investments										
Held with affiliated organizations	3,032,524	1,182,426	1,468,237	-	1,803,684	3,248	1,347,958	106,124	2,739,386	11,683,587
Trusts held by others	2,204,654	-	-	-	-	-	-	-	-	2,204,654
Other	7,835,503	19,379,177	26,233,912	2,011,093	60,355,520	-	15,658,406	664,930	-	132,138,541
Certificates of deposit	-	-	-	-	-	-	107,905	-	-	107,905
Intercompany fund balances	813,690	375,001	(386,000)	-	4,150	62,310	-	(869,151)	-	-
Property and equipment, net	9,675,086	-	29,569,717	-	-	-	-	8,821,435	2,838,920	50,905,158
Assets held for sale, net	-	-	6,905,000	-	-	-	-	-	-	6,905,000
Other assets	1,750	-	-	-	142,359	-	33,990	-	-	178,099
Total assets	<u>\$ 28,615,607</u>	<u>\$ 20,936,604</u>	<u>\$ 64,640,939</u>	<u>\$ 2,011,093</u>	<u>\$ 63,242,911</u>	<u>\$ 65,558</u>	<u>\$ 20,811,443</u>	<u>\$ 8,790,257</u>	<u>\$ 6,514,323</u>	<u>\$ 215,628,735</u>
<b>LIABILITIES AND NET ASSETS</b>										
Liabilities										
Accounts payable and accrued expenses	\$ 301,177	\$ -	\$ -	\$ -	\$ 593,321	\$ -	\$ 40,384	\$ 595,846	\$ 50,280	\$ 1,581,008
Accrued loss reserves	-	-	-	-	-	-	9,505,234	-	-	9,505,234
Loan payable	2,341,408	-	1,622,084	-	-	-	-	402,605	-	4,366,097
Lines of credit	379,770	-	-	-	-	-	-	-	-	379,770
Other postemployment benefit liability	-	-	-	-	31,243,436	-	-	-	-	31,243,436
Funds held as agent	1,584,978	-	-	-	-	-	-	-	-	1,584,978
Total liabilities	4,607,333	-	1,622,084	-	31,836,757	-	9,545,618	998,451	50,280	48,660,523
Net assets										
Without donor restrictions	14,779,422	-	-	-	-	-	-	7,512,076	6,398,462	28,689,960
Board designated										
Ministry protection	-	-	-	-	-	-	11,265,825	-	-	11,265,825
Pension and health benefits	-	-	-	-	31,406,154	-	-	-	-	31,406,154
Total net assets without donor restrictions	14,779,422	-	-	-	31,406,154	-	11,265,825	7,512,076	6,398,462	71,361,939
Net assets with donor restrictions	9,228,852	20,936,604	63,018,855	2,011,093	-	65,558	-	279,730	65,581	95,606,273
Total net assets	<u>24,008,274</u>	<u>20,936,604</u>	<u>63,018,855</u>	<u>2,011,093</u>	<u>31,406,154</u>	<u>65,558</u>	<u>11,265,825</u>	<u>7,791,806</u>	<u>6,464,043</u>	<u>166,968,212</u>
Total liabilities and net assets	<u>\$ 28,615,607</u>	<u>\$ 20,936,604</u>	<u>\$ 64,640,939</u>	<u>\$ 2,011,093</u>	<u>\$ 63,242,911</u>	<u>\$ 65,558</u>	<u>\$ 20,811,443</u>	<u>\$ 8,790,257</u>	<u>\$ 6,514,323</u>	<u>\$ 215,628,735</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2020

	Current	Conference	Ministry	Camp	District	Elimination	Total	Current	New	Cabinet	Preachers'	Episcopal	Camps	District	Total	Total	
	Funds	Committee on	Protection	Funds	Work	Entries	Net Assets	Funds	Church	Development	Relief	Funds	Funds	Work	Net Assets	Total	
		Pension and	Funds	Funds	Funds		Without Donor		Development	Development	Funds	Funds	Funds	Funds	With Donor	Total	
		Health Funds					Restrictions		Funds	Funds	Funds	Funds	Funds	Restriction		Total	
<b>Revenue</b>																	
Contributions and apportionments																	
Conference benevolences, clergy																	
support and church development	\$ 8,303,980	\$ -	\$ -	\$ 406,257	\$ 1,615,128	\$ -	10,325,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,325,365
Conference service																	
and administration	137,139	6,650,135	-	-	-	(2,935,519)	3,851,755	-	-	-	-	-	-	-	-	-	3,851,755
Closed church real property contributions																	
	-	-	-	-	-	-	-	-	-	2,777,677	-	-	-	-	-	-	2,777,677
Other contributions and grants																	
	1,650,488	39,621	-	107,588	-	(1,498,515)	299,182	489,124	772,373	4,410,265	2,185	89,774	30,087	3,420	5,797,228	6,096,410	
Self-insurance program																	
	-	-	16,768,198	-	-	(335,231)	16,432,967	-	-	-	-	-	-	-	-	-	16,432,967
Interest income on loans																	
	-	-	-	-	-	-	-	-	-	104,452	-	-	-	-	-	-	104,452
Interest and dividends																	
	89,835	1,067,817	291,357	9,267	63,264	-	1,521,540	87,754	355,608	451,204	37,175	72	4,481	947	937,241	2,458,781	
Change in valuation of future interest																	
in trusts																	
	-	-	-	-	-	-	-	28,005	-	-	-	-	-	-	-	-	28,005
Net investment return																	
	188,533	6,666,337	1,711,551	(1,610)	57,116	-	8,621,927	405,982	2,173,735	3,085,332	212,416	-	22,895	-	5,900,360	14,522,287	
Fees for services																	
	75,377	-	-	945,687	40,289	-	1,061,353	887,515	-	189,257	-	-	-	16,638	1,093,410	2,154,763	
Other income																	
	847,485	-	-	94,331	14,367.00	(77,300)	878,883	147,219	-	-	18,432	-	-	-	165,651	1,044,534	
Gain (loss) on sale/disposal of																	
fixed assets																	
	248,570	-	-	-	(106,835)	-	141,735	-	-	(2,431,778)	-	-	-	-	(2,431,778)	(2,290,043)	
Net assets released from restrictions																	
	15,479,517	-	-	-	30,388	-	15,509,905	(4,496,278)	(1,513,814)	(9,053,841)	(395,994)	(19,590)	-	(30,388)	(15,509,905)	-	
Total revenue																	
	27,020,924	14,423,910	18,771,106	1,561,520	1,713,717	(4,846,565)	58,644,612	(2,450,679)	1,787,902	(467,432)	(125,786)	70,256	57,463	(9,383)	(1,137,659)	57,506,953	
<b>Expenses</b>																	
Conference benevolences, clergy																	
support and church development	6,662,931	(4,018,563)	-	223,040	220,895	(1,205,161)	1,883,142	-	-	-	-	-	-	-	-	-	1,883,142
Conference service and administration																	
	1,189,739	8,384,909	430,545	-	1,115,472	-	11,120,665	-	-	-	-	-	-	-	-	-	11,120,665
Other benevolences and																	
grant expenditures																	
	9,815,570.00	-	-	-	55,191	(3,306,173)	6,564,588	-	-	-	-	-	-	-	-	-	6,564,588
Self-insurance program																	
	-	-	15,858,306	-	-	-	15,858,306	-	-	-	-	-	-	-	-	-	15,858,306
Depreciation																	
	1,067,105.00	-	-	511,125	132,059	-	1,710,289	-	-	-	-	-	-	-	-	-	1,710,289
Costs of services and other expenses																	
	6,839,370.00	-	-	2,443,901	9,294	(335,231)	8,957,334	-	-	-	-	-	-	-	-	-	8,957,334
Total expenses																	
	25,574,715	4,366,346	16,288,851	3,178,066	1,532,911	(4,846,565)	46,094,324	-	-	-	-	-	-	-	-	-	46,094,324
<b>Change in net assets</b>																	
<b>before other changes</b>																	
	1,446,209	10,057,564	2,482,255	(1,616,546)	180,806	-	12,550,288	(2,450,679)	1,787,902	(467,432)	(125,786)	70,256	57,463	(9,383)	(1,137,659)	11,412,629	
Other post retirement changes																	
other than net periodic cost																	
	-	(2,555,913)	-	-	-	-	(2,555,913)	-	-	-	-	-	-	-	-	-	(2,555,913)
<b>Change in net assets</b>																	
	1,446,209	7,501,651	2,482,255	(1,616,546)	180,806	-	9,994,375	(2,450,679)	1,787,902	(467,432)	(125,786)	70,256	57,463	(9,383)	(1,137,659)	8,856,716	
Net assets at beginning of year																	
	13,333,213	23,904,503	8,783,570	9,128,622	6,217,656	-	61,367,564	11,679,531	19,148,702	63,486,287	2,136,879	(4,698)	222,267	74,964	96,743,932	158,111,496	
<b>Net assets at end of year</b>																	
	\$ 14,779,422	\$ 31,406,154	\$ 11,265,825	\$ 7,512,076	\$ 6,398,462	\$ -	\$ 71,361,939	\$ 9,228,852	\$ 20,936,604	\$ 63,018,855	\$ 2,011,093	\$ 65,558	\$ 279,730	\$ 65,581	\$ 95,606,273	\$ 166,968,212	

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
COMBINING SCHEDULE OF FINANCIAL POSITION - ALL FUNDS  
December 31, 2019

	Current Funds	New Church Development Funds	Cabinet Development Funds	Preachers' Relief Funds	Conference Committee on Pension and Health Funds	Episcopal Funds	Ministry Protection Funds	Camp Funds	District Work Funds	Total
<b>ASSETS</b>										
Cash and cash equivalents	\$ 1,899,176	\$ -	\$ -	\$ -	\$ 703,025	\$ -	\$ 1,932,864	\$ 169,127	\$ 632,781	\$ 5,336,973
Accounts receivable	1,214,737	-	-	-	301,050	-	3,816,698	6,895	143,761	5,483,141
Less allowance for doubtful accounts										
Health/pension benefits	-	-	-	-	(172,989)	-	-	-	-	(172,989)
Ministry protection	-	-	-	-	-	-	(2,083,327)	-	-	(2,083,327)
Contributions receivable, net	-	-	-	-	-	-	-	-	-	-
Grants Receivable	2,087,790	-	-	-	-	-	-	-	-	2,087,790
Notes and mortgage notes receivable	-	-	2,987,602	-	-	-	160,633	-	-	3,148,235
Less allowance for doubtful notes	-	-	-	-	-	-	(160,633)	-	-	(160,633)
Investments										
Held with affiliated organizations	2,930,981	1,170,202	1,090,722	103,358	1,634,809	3,176	327,790	101,724	2,470,763	9,833,525
Trusts held by others	2,176,648	-	-	-	-	-	-	-	-	2,176,648
Other	7,585,843	17,555,980	20,198,701	1,939,387	53,777,396	-	13,666,396	776,939	-	115,500,642
Certificates of deposit	-	-	-	-	-	-	106,742	-	-	106,742
Intercompany fund balances	(17,311)	422,520	(547,579)	94,134	15,251	(7,874)	(8,767)	38,163	11,463	-
Property and equipment, net	10,636,545	-	37,550,915	-	-	-	-	9,296,672	3,079,366	60,563,498
Assets held for sale, net	-	-	5,458,000	-	-	-	-	-	-	5,458,000
Other assets	23,000	-	-	-	693,009	-	-	10,102	-	726,111
<b>Total assets</b>	<b>\$ 28,537,409</b>	<b>\$ 19,148,702</b>	<b>\$ 66,738,361</b>	<b>\$ 2,136,879</b>	<b>\$ 56,951,551</b>	<b>\$ (4,698)</b>	<b>\$ 17,758,396</b>	<b>\$ 10,399,622</b>	<b>\$ 6,338,134</b>	<b>\$ 208,004,356</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>Liabilities</b>										
Accounts payable and accrued expenses	\$ 451,531	\$ -	\$ -	\$ -	\$ 340,962	\$ -	\$ 94,205	\$ 554,800	\$ 45,514	\$ 1,487,012
Accrued loss reserves	-	-	-	-	-	-	8,880,621	-	-	8,880,621
Loan payable	777,892	-	3,252,074	-	-	-	-	493,933	-	4,523,899
Lines of credit	798,489	-	-	-	-	-	-	-	-	798,489
Other postemployment benefit liability	-	-	-	-	32,706,086	-	-	-	-	32,706,086
Funds held as agent	1,496,753	-	-	-	-	-	-	-	-	1,496,753
<b>Total liabilities</b>	<b>3,524,665</b>	<b>-</b>	<b>3,252,074</b>	<b>-</b>	<b>33,047,048</b>	<b>-</b>	<b>8,974,826</b>	<b>1,048,733</b>	<b>45,514</b>	<b>49,892,860</b>
<b>Net assets</b>										
Without donor restrictions	13,333,213	-	-	-	-	-	-	9,128,622	6,217,656	28,679,491
Board designated										
Ministry protection	-	-	-	-	-	-	8,783,570	-	-	8,783,570
Pension and health benefits	-	-	-	-	23,904,503	-	-	-	-	23,904,503
<b>Total net assets without donor restrictions</b>	<b>13,333,213</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,904,503</b>	<b>-</b>	<b>8,783,570</b>	<b>9,128,622</b>	<b>6,217,656</b>	<b>61,367,564</b>
Net assets with donor restrictions	11,679,531	19,148,702	63,486,287	2,136,879	-	(4,698)	-	222,267	74,964	96,743,932
<b>Total net assets</b>	<b>25,012,744</b>	<b>19,148,702</b>	<b>63,486,287</b>	<b>2,136,879</b>	<b>23,904,503</b>	<b>(4,698)</b>	<b>8,783,570</b>	<b>9,350,889</b>	<b>6,292,620</b>	<b>158,111,496</b>
<b>Total liabilities and net assets with donor restrictions</b>	<b>\$ 28,537,409</b>	<b>\$ 19,148,702</b>	<b>\$ 66,738,361</b>	<b>\$ 2,136,879</b>	<b>\$ 56,951,551</b>	<b>\$ (4,698)</b>	<b>\$ 17,758,396</b>	<b>\$ 10,399,622</b>	<b>\$ 6,338,134</b>	<b>\$ 208,004,356</b>



THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 COMBINING SCHEDULE OF ACTIVITIES - ALL FUNDS  
 Year ended December 31, 2019

	Current Funds	Conference Committee on Pension and Health Funds	Ministry Protection Funds	Camp Funds	District Work Funds	Elimination Entries	Total Net Assets Without Donor Restrictions	Current Funds	New Church Development Funds	Cabinet Development Funds	Preachers' Relief Funds	Episcopal Funds	Camps Funds	District Work Funds	Total Net Assets With Donor Restrictions	Total
<b>Revenue</b>																
Contributions and apportionments																
Conference benevolences, clergy																
support and church development	\$ 9,745,569	\$ -	\$ -	\$ 455,281	\$ 1,725,136	\$ -	11,925,986	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,925,986
Conference service																
and administration	130,114	8,617,927	-	-	-	(3,276,952)	5,471,089	-	-	-	-	-	-	-	-	5,471,089
Closed church real property contributions	-	-	-	-	-	-	-	-	-	1,832,229	-	-	-	-	1,832,229	1,832,229
Other contributions and grants	2,316,083	-	-	112,569	65,947.00	(1,742,878)	751,721	1,867,759	315,771	1,408,629	12,632	86,252	1,980	10,495	3,703,518	4,455,239
Self-insurance program	-	-	13,940,770	-	-	(398,057)	13,542,713	-	-	-	-	-	-	-	-	13,542,713
Interest income on loans	-	-	-	-	-	-	-	-	-	135,464	-	-	-	-	135,464	135,464
Interest and dividends	100,550	1,310,438	484,553	18,296	73,591	-	1,987,428	155,406	461,003	556,284	51,298	\$70.00	6,238	933	1,231,232	3,218,660
Change in valuation of future interest																
in trusts	-	-	-	-	-	-	-	226,221	-	-	-	-	-	-	226,221	226,221
Net investment return	221,710	9,803,254	3,173,975	115,196	114,503	-	13,428,638	609,291	3,169,593	3,805,563	350,985	-	40,706	-	7,976,138	21,404,776
Fees for services	234,004	-	-	3,983,699	-	-	4,217,703	593,075	-	356,966	-	-	-	-	950,041	5,167,744
Other income	754,173	-	-	318,159	29,236	(226,063)	875,505	180,085	-	962,971	-	-	\$1,157.00	-	1,144,213	2,019,718
Gain (loss) on sale/disposal of																
fixed assets	-	-	-	-	-	-	-	-	-	(3,210,734)	-	-	-	-	(3,210,734)	(3,210,734)
Net assets released from restrictions	15,925,241	-	-	4,112	16,821	-	15,946,174	(5,861,161)	(1,998,361)	(7,959,286)	(50,259)	(56,174)	(4,112)	(16,821)	(15,946,174)	-
Total revenue	29,427,444	19,731,619	17,599,298	5,007,312	2,025,234	(5,643,950)	68,146,957	(2,229,324)	1,948,006	(2,111,914)	364,656	30,148	45,969	(5,393)	(1,957,852)	66,189,105
<b>Expenses</b>																
Conference benevolences, clergy																
support and church development	7,456,419	6,380,409	-	418,465	240,346	(1,539,416)	12,956,223	-	-	-	-	-	-	-	-	12,956,223
Conference service and administration	1,503,501	9,754,612	336,856	-	1,320,460	-	12,915,429	-	-	-	-	-	-	-	-	12,915,429
Other benevolences and																
grant expenditures	11,638,416	-	-	4,112	45,498	(3,706,477)	7,981,549	-	-	-	-	-	-	-	-	7,981,549
Self-insurance program	-	-	16,542,329	-	-	-	16,542,329	-	-	-	-	-	-	-	-	16,542,329
Depreciation	1,099,720	-	-	515,237	128,894	-	1,743,851	-	-	-	-	-	-	-	-	1,743,851
Costs of services and other expenses	6,111,497	-	-	4,343,853	\$14,002.00	(398,057)	10,071,295	-	-	-	-	-	-	-	-	10,071,295
Total expenses	27,809,553	16,135,021	16,879,185	5,281,667	1,749,200	(5,643,950)	62,210,676	-	-	-	-	-	-	-	-	62,210,676
<b>Change in net assets</b>																
before other changes	1,617,891	3,596,598	720,113	(274,355)	276,034	-	5,936,281	(2,229,324)	1,948,006	(2,111,914)	364,656	30,148	45,969	(5,393)	(1,957,852)	3,978,429
Other post retirement changes																
other than net periodic cost	-	4,042,673	-	-	-	-	4,042,673	-	-	-	-	-	-	-	-	4,042,673
Change in net assets	1,617,891	7,639,271	720,113	(274,355)	276,034	-	9,978,954	(2,229,324)	1,948,006	(2,111,914)	364,656	30,148	45,969	(5,393)	(1,957,852)	8,021,102
Net assets at beginning of year	11,715,322	16,265,232	8,063,457	9,402,977	5,941,622	-	51,388,610	13,908,855	17,200,696	65,598,201	1,772,223	(34,846)	176,298	80,357	98,701,784	150,090,394
Net assets at end of year	\$ 13,333,213	\$ 23,904,503	\$ 8,783,570	\$ 9,128,622	\$ 6,217,656	\$ -	\$ 61,367,564	\$ 11,679,531	\$ 19,148,702	\$ 63,486,287	\$ 2,136,879	\$ (4,698)	\$ 222,267	\$ 74,964	\$ 96,743,932	\$ 158,111,496

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
SCHEDULE OF ASSETS, LIABILITIES AND NET ASSETS  
AREA EPISCOPAL OFFICE FUND  
December 31, 2020 and 2019

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	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Investments held with affiliated organization	\$ 3,248	\$ 3,176
Intercompany fund balance	<u>62,310</u>	<u>(7,874)</u>
	<u>\$ 65,558</u>	<u>\$ (4,698)</u>
 <b>NET ASSETS</b>		
Net assets		
Without donor restrictions	\$ <u>65,558</u>	\$ <u>(4,698)</u>
	<u>\$ 65,558</u>	<u>\$ (4,698)</u>

THE FLORIDA ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH AND ITS DISTRICTS  
 SCHEDULE OF REVENUES COLLECTED AND EXPENSES PAID  
 AREA EPISCOPAL OFFICE FUND  
 Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Revenue collected from</b>		
General council on finance and administration	\$ 80,471	\$ 86,252
Episcopal office reserve - investment income	72	70
Miscellaneous reimbursements	<u>9,303</u>	<u>-</u>
Total revenues collected	<u>89,846</u>	<u>86,322</u>
<b>Expenses paid</b>		
Program		
Secretarial salaries	3,625	32,175
Discretionary disbursements	2,522	1,087
Entertainment	-	-
Employee benefits and payroll taxes	277	10,213
Telephone	589	1,432
Staff travel	-	-
Rent, utilities and insurance	9,000	9,000
Equipment maintenance	1,497	-
Printing and copying	443	822
Office supplies	1,544	1,430
Postage	54	15
Staff continuing education	<u>39</u>	<u>-</u>
Total expenses paid	<u>19,590</u>	<u>56,174</u>
Excess of revenue collected over expenses paid	70,256	30,148
Net assets at beginning of year	<u>(4,698)</u>	<u>(34,846)</u>
Net assets at end of year	<u>\$ 65,558</u>	<u>\$ (4,698)</u>