



Brooks-Howell Home

Brooks-Howell Home
266 Merrimon Avenue
Asheville, North Carolina 28801
Telephone (828) 253-6712, Fax (828) 367-7978
www.brooks-howell.org
Owned by: United Methodist Women

DISCLOSURE STATEMENT

United Methodist Women (operating a continuing care community known as Brooks-Howell Home) must deliver a Disclosure Statement to a prospective resident prior to or at the time a prospective resident executes a Residency Agreement to provide continuing care, or prior to or at the time a prospective resident transfers any money or other property to United Methodist Women, whichever occurs first.

Brooks-Howell Home, like all other continuing care retirement communities in the State of North Carolina, is subject to the Continuing Care Retirement Communities Act. This Disclosure Statement has not been reviewed or approved by any government agency or representative to ensure accuracy or completeness of the information set out.

May 30, 2019

Unless earlier revised, United Methodist Women intends for this Disclosure Statement to remain effective until October 28, 2020.

BROOKS-HOWELL HOME DISCLOSURE STATEMENT

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ATTACHMENTS:

- Annual Disclosure Statement Filing Supplement Form (CCRC.02)
- Contract for Continuing Care 1-1-2018 – 12-31-2018
- Audited Financial Statements- United Methodist Women
- Reviewed Financial Statements- Brooks-Howell Home
- Compiled Forecasted Financial Statements for United Methodist Women with Compiled Forecasted Financial Statements for Brooks-Howell Home as a Supplemental Schedule
- Interim (Unaudited) Financial Statements-United Methodist Women

ORGANIZATION

United Methodist Women (“UMW”) is a corporation organized under the State of New York not-for profit corporation law. United Methodist Women is exempt from the payment of income tax under Federal Internal Revenue Code 501 (c). United Methodist Women operates under the Book of Discipline of The United Methodist Church, as it is, from time to time, promulgated by the General Conference of The United Methodist Church, which is the ultimate governing body of The United Methodist Church. United Methodist Women may be contacted at 475 Riverside Drive, New York, New York 10115.

Brooks-Howell Home (“Brooks-Howell”) is a retirement facility in Asheville, North Carolina, which is owned and operated as a program of United Methodist Women. Brooks-Howell is unincorporated and operates under a Certificate of Authority to do business in the State of North Carolina.

OFFICERS AND DIRECTORS

Harriett J. Olson, Chief Executive Officer of United Methodist Women of The United Methodist Church since 2007. A Harvard Law School graduate, Ms. Olson practiced real estate and environmental law (1983-96) at a N.J. law firm that is now part of Day, Pitney, before working for the church full-time. From 1996-2007, Ms. Olson was senior vice-president for publishing, editor for church school publications and United Methodist Church book editor at the United Methodist Publishing House in Nashville, TN. Ms. Olson also has a bachelor's degree from Houghton College in Houghton, N.Y., where she serves on the board of trustees.

Martha S. Knight, Treasurer and CFO of United Methodist Women has been with UMW since March 2008. Ms. Knight holds a Bachelor of Science degree from Earlham College, Richmond, Ind. Prior to working for United Methodist Women, Ms. Knight served as chief finance officer for the Baltimore-Washington Conference of The United Methodist Church. Working for that agency 11 years, she directed administration of the organization’s 1,500- participant benefits plans in conjunction with local and national pension boards. She also trained local churches in proper accounting and financial practices. A life-long United Methodist, prior to working professionally for the church, she was Chief Financial Officer of a Telecommunications industry association.

All investment decisions for United Methodist Women are made by Ms. Olson and Ms. Knight

UNITED METHODIST WOMEN DIRECTORS 2016-2020

Name	Profession/Business	Address
Carol Toney	Retired Human Resources	269 6 th Street, Madison, AL 35756
Caroline Martin	Social Worker	2079 Stoney Meadow Dr. Murfreesboro, TN 37128
Cindy Saufferer	Family Farmer	6981 NW 79 th Avenue Morristown, MN 55052
Clara Ester	Retired Teacher	517 Highland Woods Dr. E, Mobile, AL 36608
Colleen Cates	Retired Program Analyst	5493 Moores Run Dr., Baltimore, MD 21206
Cynthia Rives	Retired Teacher	2006 S. Ridge, Denton, TX 76205
Daryl Junes-Joe	Retired Attorney	P.O. Box 607, Shiprock, NM 87420
Debra Payne	Sales & Marketing	2172 Highway 26, Alabaster, AL 35007
Denise Nicole Stone	College Student	177 Neville St, Pittsburgh, PA 15202
Diane Braun	Retired, Member of Nonprofit boards	57 Grape Island Lane, St. Marys, WV 26170
Elizabeth Leyva	Secretary	733 Running Creek, Seguin, TX 78155
Estella Wallace	Retired Teacher	631 Radiant View Drive, Ellensburg, WA 98926
Esther Barkat	Psychologist	7335 Oldham Leeds Way, Springfield, VA 22150
Gail Douglas-Boykin	Annual Conference Administration	3701 Avenue I, Brooklyn, NY 11210
Jane Benner	Social Worker	917 Croyden Dr., Dayton, OH 45420
Juliet Maliksi	Finance, Accounting	4531 N. Holt Avenue, Fresno, CA 93705
Lynn Baker	Occupational Therapy	7 Camilla Lane, Conway, AR 72032
Magdala Edmond	Nursing Assistant	2314 State Road 17N, Sebring, FL 33870
Miran Kim	Human Resources Health Care	1004 Springvale Road, Great Falls, VA 22066
Ruby Anderson	Retired Teacher, Real Estate Agent	25180 Thorndyke St., Southfield, MI 48033
Shannon Priddy	Nonprofit, Fund Manager	1240 N. Euclid Ave., Indianapolis, IN 46201
Stacie Hawkins	Accounting Manager	11927 Prior Park Dr., Houston, TX 77047
Susan Williams	Retired, School Administration	1411 Atkinson Dr., Anchorage, AK 99504
Susan Raymond	Church leadership	3291 Garmon Dr., Loganville, GA 30052
Taylorie Bailey	Registered Nurse	16855 Rosemont, Detroit, MI 48219

MANAGEMENT OF BROOKS-HOWELL HOME

Carole Gilham, Administrator/Business Director, has been an employee of Brooks-Howell Home since 1999. She assumed the role of Health Center Administrator in 2016, and took over as part of the management team with Derek Parris and Rebecca Brawn in 2018.

Other management staff includes the following:

<u>Name</u>	<u>Title</u>	<u>Years Employed</u>
Rebecca Brawn	Human Resources Director	3
Derek Parris	Director of Outreach	1
Angie Littke	Director of Clinical Services	1
Maria Diprima	Food Service Director	2
Ron Gowing	Director of Facility Services	3
Tracey Owens	Activities Director	9
Audrey Ray	Social Services Director	3
Georgianna O'Rourke	Director of Nursing	0

None of the individuals listed have a 10% or greater interest in any entity, nor does any entity have a 10% or greater interest in any individual listed that presently or in the future intend to provide goods, leases or services to Brooks-Howell or the residents of Brooks-Howell of an aggregate of \$500 or more annually.

None of the individuals listed above has (i) been convicted of a felony or pleaded nolo contendere to a felony charge, or been held liable or enjoined in a civil action by final judgment, if the felony or civil action involved fraud, embezzlement, fraudulent conversion, or misappropriation of property; or (ii) is subject to a currently effective injunctive or restrictive court order, or within the past five years, had any State or federal license or permit suspended or revoked as a result of an action brought by a governmental agency or department, if the order or action arose out of or related to business activity of health care, including actions affecting a license to operate a foster care facility, nursing home, retirement home, home for aged, or facility subject to Article 64 or a similar law in another state.

AFFILIATIONS

United Methodist Women, and only United Methodist Women, is legally responsible for the operation of Brooks-Howell. The United Methodist Church is not responsible for the operation of Brooks-Howell; nor is any other organization that is affiliated with that church.

United Methodist Women is affiliated with the Scarritt-Bennett Center (the "Center"), a conference, retreat, and educational center (Nashville, Tennessee). United Methodist Women appoints certain of the Center's Board members and the Center operates on property, title to which is held by the United Methodist Women. General Council on Finance and Administration of The United Methodist Church (Evanston, Illinois and Nashville, Tennessee); and United Methodist Women each has an equitable interest in the property upon disposition.

United Methodist Women is exempt from the payment of income tax under the provision of Federal Internal Revenue Code 501 (c). United Methodist Women has owned and operated retirement facilities for over 100 years. Brooks-Howell has been in operation since 1956.

The management of Brooks-Howell Home is 100% dedicated to Brooks-Howell (i.e., do not share any responsibilities for other programs of United Methodist Women).

PROPERTY LOCATION AND DESCRIPTION

Brooks-Howell is a continuing care retirement home located on a ten-acre site near downtown Asheville, North Carolina. Shopping, dining, hospitals, physicians' offices are all located within a three mile radius.

Brooks-Howell is a not-for-profit project owned by United Methodist Women. In 1956, property was purchased and a year later the first residents moved into a three-story, older home. The name Brooks-Howell honors Mrs. Frank Brooks, then president of the Woman's Division of Christian Service and Miss Mabel Howell, former professor of missions at Scarritt College. That first house was located in a garden outside the dining room. Construction of the main building, named the Bethea Building in 1988, was completed in 1961 and houses a kitchen, dining room, library, lounges, and other ancillary rooms. Nineteen suites are on the second floor, resulting from renovations in 1989. Thirty eight beds on the first floor are licensed for nursing care.

As the home grew, more land was purchased and ten Chandler-Burris Apartments were built in 1965 to accommodate up to twelve persons. Jones-Cadwallader Apartments were added in 1970 currently with fourteen apartments to house up to twenty-two persons.

As the number of residents grew, more health care space was needed. In 1977, Cummings Health Unit was built to house twenty patients as well as a laundry, a fellowship hall, and additional storage.

Purchase of additional property allowed construction of a driveway connecting the Home with Merrimon Avenue in 1993. Construction of four two-bedroom cottages near Merrimon Avenue was completed in 1995.

Better utilization of empty health-care beds brought the Outreach Ministry program in 1995 to accept a number of community residents into the health center.

A village housing eleven two-bedroom cottages and an activity building were constructed in 1998. Desire for water therapy led to construction of an aqua-therapy pool in 1999. In 2003, a chapel, along with four apartments, was completed on what was formerly the Thoburn Terrace Roof Garden. Living accommodations include the following:

Type	Square Footage	Number
Units:		
Single-family cottage	1,278	1
Duplex	940	8
Triplex	1000	3
Quad	930	4
Apartment (1 & 2 bedroom)	250 – 999	26
Independent suites	512	19
Beds:		
Health care		58

Brooks-Howell currently offers many amenities, including beauty/barber shop, Therapy gym, audio-visual center, aqua-therapy pool, and a chapel designed to seat 200. Also included are a well-stocked library operated by residents, an international room, housing artifacts from around the world along with histories of retired residents who were in missions, numerous lounges offering opportunities for card games, jigsaw puzzles, and meetings of various sorts. There is a formal dining area as well as two small dining areas designed primarily for persons needing assistance. A gift shop is open several days a week.

The estimated maximum number of residents of the facility to be provided services pursuant to the contract for continuing care is 125.

SERVICES PROVIDED

- A. Furnishings in Residence.** United Methodist Women will provide in all residences wall-to-wall carpeting, vinyl flooring in kitchen and bath(s), refrigerator, stove, oven, cable services, rewiring for telephone service, and other features and fixtures as described in current literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by resident.
- B. Options and Custom Features in Residence.** United Methodist Women will provide, and resident may select, certain options and custom features in their residence for an additional charge. The cost of options and custom features selected will be paid by resident at the time of selection and will become part of the Residence and the property of United Methodist Women. The value of such improvement will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to the Agreement. All options and custom features must be approved by Brooks-Howell administration in advance.
- C. Common Areas and Amenities.** Brooks-Howell's existing common areas and amenities are for the use and benefit of all residents and include a central dining room, chapel, library, International Room, aqua-therapy room, mail boxes, several multi-purpose rooms, lounges, activity areas, craft areas, beauty/barber shop, health unit day rooms, dining areas, and other common areas. Any future common areas and amenities will be for the use and benefit of all residents.
- D. Parking.** United Methodist Women will provide uncovered, lighted parking areas for residents' personal vehicles.
- E. Utilities.** United Methodist Women shall supply the water, heat, air conditioning, and electricity for each living unit. RESIDENT shall be responsible for any costs related to telephone service.
- F. Meals.** United Methodist Women will make available three meals a day served in the dining rooms. Special diets will be provided only upon the order of resident's physician and/or Director of Nursing Services. Temporary tray service is available to ill residents who live independently. This service must be approved through Nursing Service and a nominal charge will be made. RESIDENT shall pay for his/her meals at the end of each month, according to the meal rate, established by United Methodist Women, which rate may be changed from time to time upon thirty days' notice.
- G. Housekeeping Services.** The Monthly Fee includes one-hour housekeeping services weekly and one thorough cleaning annually. Additional housekeeping is available for an extra hourly

fee. Brooks Howell Home reserves the right to inspect the residence periodically for cleanliness and safety. If resident fails to maintain the residence in a clean, sanitary and orderly condition as determined by United Methodist Women, then United Methodist Women reserves the right to clean the residence and, resident shall pay the charges assessed by Brooks-Howell for cleaning the residence.

- H. **Grounds.** United Methodist Women will furnish basic grounds-keeping care including lawn service. Resident at his/her own expense, may plant and maintain the area adjacent to his/her residence, subject to the approval of United Methodist Women. All plants, trees, and shrubs so planted shall immediately become and remain the permanent property of Brooks Howell Home.
- I. **Maintenance and Repairs.** United Methodist Women will maintain and repair improvements, furnishings, appliances, and equipment owned by United Methodist Women. Residents will be responsible for the cost of repairing damage to property of Brooks-Howell caused by them or any of their guests, ordinary wear and tear excepted. Residents will also be responsible for the costs of repairs to his/her personal property.
- J. **Transportation.** Individual and group transportation is provided for residents on a regular, scheduled basis for shopping, medical appointments, and activities for an extra fee.
- K. **Security.** United Methodist Women will provide security during night hours, emergency response by trained Brooks-Howell staff, smoke detectors in each residence, a central fire alarm system and an emergency call system.
- L. **Activities.** United Methodist Women will provide social, recreation, spiritual, educational, and cultural activities, arts and crafts; exercise and health programs, and other activities designed to meet residents' interests. Some activities may require an extra fee.
- M. **Other Services and Programs at Additional Charge.** Other services and programs will be available to residents at their expense, including, but not limited to those previously mentioned, beauty and barber services, personal laundry or dry cleaning, special transportation, guest meals, repair of personal property, and other special services performed for resident beyond the normal scope of services offered by United Methodist Women. The availability and charges for additional services are itemized in United Methodist Women cost sheets.
- N. **Notice of Change in Scope of Services.** Except for changes required by law, United Methodist Women will notify resident of any proposed change in the scope of services provided in this Agreement at least 30 days before such change is effective. No change relating to a service included in the Monthly Fee under the terms of this Agreement shall be effective unless (a) consented to by Resident or (b) a reasonable adjustment is made in the Monthly Fee.

HEALTH CARE ACCOMMODATIONS AND SERVICES

United Methodist Women will make available health care accommodations and services as follows:

- A. **Health Care Residences.** United Methodist Women will have accommodations, equipment, staffing, programs, services and supervision necessary for licensed nursing care. Health Care Residences and services are available to Resident either temporarily or permanently on a space available basis, if needed, as determined by United Methodist Women. Residents of Brooks-Howell have priority access to all Health Care Residences and services before non-residents.

- B. **Staffing.** 24-hour licensed nursing staff will be provided by United Methodist Women.
- C. **Medical Director.** The overall coordination and supervision of health care services within Brooks-Howell will be provided by a Medical Director who will be a licensed physician selected by United Methodist Women.
- D. **Health Care Services for an Additional Fee.** Other health services may be available to residents at their expense, including but not limited to pharmacy services, laboratory tests, physical therapy, occupational therapy, speech therapy, therapeutic activities, rehabilitative treatments, and wheelchairs and other medical equipment and supplies. The costs of such services are in addition to the regular monthly fees.
- E. **Personal Physician.** Resident will choose a personal physician who has admission privileges at a local hospital, in the event that resident needs to be hospitalized. Resident is responsible for the cost of physician services.
- F. **Privately Employed Private Duty Contractors.** Subject to the approval of United Methodist Women, resident may utilize the services of privately employed private-duty contractors, or other licensed agencies unrelated to United Methodist Women who provide personal or health care services in the residential unit. Such services are subject to United Methodist Women's prevailing policy and requirements, which are subject to change, and must be approved in advance and in writing by United Methodist Women. Resident is responsible to pay for all such services. In exchange for United Methodist Women's approval of resident's utilization of a private contractor or other licensed agencies unrelated to United Methodist Women, resident releases United Methodist Women from any liability for the acts or omissions of any individual or agency providing services to resident in the residential unit.

RESIDENT TERMS AND FEES POLICIES

A copy of the Brooks-Howell Resident Handbook is provided to all independent and health center residents and additional copies are available upon request. The following information summarizes certain important aspects of current policies.

ADMISSIONS

Admission Requirements and Procedures

- A. **Application Forms.** Applicant will provide an Application for Admission, and a Confidential Financial Statement, all on forms furnished by Brooks-Howell for initial approval by United Methodist Women and the Brooks-Howell Admissions Committee.
- B. **Health Requirements.** Within six months before the Date of Occupancy, applicants will provide United Methodist Women with a Physician's Examination Report completed by their personal physician. Such report shall include a statement by the physician that the applicant is able to live independently and undertake ongoing activities of daily living. United Methodist Women may now or in the future additionally require a history and physical from the physician to include physician progress notes. The applicant/resident shall be responsible for the cost of such physical examinations. If applicants do not meet the criteria for independent living established by United Methodist Women, they may move to other accommodations within Brooks-Howell more suitable to their needs, or terminate the agreement.

- C. **Financial Requirements.** Applicants must have assets and income sufficient to pay their financial obligations under the Residence and Services Agreement and to meet ordinary living expenses. Applicants must advise United Methodist Women of any change in their financial condition from the date of entering into a contract for continuing care and the date of initial occupancy of a living unit. Based upon this change in financial status United Methodist Women will disclose to the applicant any effect. As such United Methodist Women may require applicants to furnish additional or updated financial information prior to Occupancy.
- D. **Representations.** Applicant affirms that the representations made in all information furnished to United Methodist Women, including the Application for Admission, Personal Health History, Confidential Financial Statement, and Physician's Examination Report, is true and correct and may be relied upon by United Methodist Women as a basis for entering into the Agreement.
- E. **Statement as to Non-Discrimination.** United Methodist Women shall not limit residency to Brooks-Howell to persons on the basis of gender, religion, national origin, ethnic background, age, sexual/gender orientation or disabilities.
- F. **Cancellation of Contract and Refund Provisions.** The Contract for Continuing Care ("Contract") attached to this Disclosure Statement makes the following provisions:

Cancellation by Resident Prior to Occupancy.

1. **Cancellation During First Thirty (30) Days.** Resident may cancel contract within thirty days following the latter of 1) the execution of contract or 2) the receipt of the Disclosure Statement that is required under North Carolina law. In the event the Resident cancels the contract within that thirty-day period, United Methodist Women shall repay to Resident any money or property that has been paid to it by Resident other than periodic charges specified in the contract and applicable only for the period a living unit was actually occupied by the Resident. Resident is not required to move into Brooks-Howell Home before the expiration of the aforesaid thirty day period.

Any refund shall be paid within five business days following receipt of written notification of such cancellation by applicant to:

Executive Director Brooks-Howell Home
266 Merrimon Avenue
Asheville, NC 28801

2. **Voluntary Cancellation by Resident After Occupancy.** At any time after Occupancy, applicant may cancel the Contract by giving Brooks-Howell written notice of such cancellation. The entrance fee will not be refunded.
3. **Death of Resident Prior to Occupancy** If Resident dies before occupying a living unit, or if Resident, because of illness, injury, or incapacity would be precluded from occupying a living unit, the contract shall automatically be cancelled, and Resident shall receive a full refund of all money or property that has been transferred to the United Methodist Women, less those non-standard costs specifically incurred by the United Methodist Women at the request of Resident and described in contract and a service charge of \$500.

4. **Termination Upon Death After Occupancy.** In the event of death of a single Resident, or the survivor of two Residents, at any time after Occupancy, the entrance fee will not be refunded.
5. **Termination by Brooks-Howell After Occupancy.** United Methodist Women may terminate the Agreement at any time if there has been a material misrepresentation or omission made by the applicants on their Application for Admission, Personal Health History, confidential Financial Statement, or Physician's Examination Report; if the resident fails to make payment to Brooks- Howell of any fees or charges due within 60 days of the date when due; or if the resident does not abide by the rules and regulations adopted by United Methodist Women or breach any of the terms and conditions of the Agreement. In the event of termination due to any of such causes, the entrance fee will not be refunded.
6. **Payment of Refunds.** All Entrance Fee refunds after Occupancy will be paid upon removal of all personal belongings. In the case of dual-occupancy, refunds will not be paid until both Residents have permanently vacated the Residence, and removed their personal belongings.
7. **Condition of Residence.** Upon vacating the Residence, resident shall leave it in good condition except for normal wear and tear. The resident or estate of the resident shall be liable to United Methodist Women for costs required to restore the Residence to good condition or standard condition, except for normal wear and tear, and for the removal and disposition of abandoned personal belongings. Such costs will be deducted from the refundable portion of the Entrance Fee due the resident.

Transfers or Changes in Levels of Care

The Residence and Services Agreement ("Agreement") included as Exhibit XI of this Disclosure Statement makes the following provisions:

- A. **Transfer to a Health Care Residence.** United Methodist Women recognizes the right of self-determination of the Resident and will attempt to involve the Resident or the Resident's Representative in all decisions related to transfers and changes in level of care. United Methodist Women shall have authority to determine if residents should be transferred from their Residence to a Health Care Residence, or from one level of care to another within Brooks-Howell, in cases of potential harm to resident or others, to assure the health and wellbeing of the resident and others, or to provide for the highest quality of life possible. Such determination shall be based on the opinion of the Brooks-Howell administration and/or the Brooks-Howell Medical Director and shall be made after consultation with residents and their representative and their attending Physician. Such decisions shall be made only in a resident's best interest and in the best interest of the larger community as determined by Brooks-Howell.
- B. **Transfer to Other Facility.** If it is determined by Brooks-Howell that the resident needs care beyond that which can be provided by Brooks-Howell, they may be transferred to a hospital or institution equipped to give such care at their expense. Such transfer will be made only after consultation with resident and/or their representative and attending physician.

- C. **Surrender of Residence.** If a determination is made by Brooks-Howell that any transfer is permanent, residents agrees to surrender their Residence. They will have priority to move to such Health Care Residences, determined to best meet their needs, as soon as such is available.

Terms of Residency

- A. **Occupancy by Two Residents.** When two Residents occupy a Residence, upon the permanent transfer or the death of one Resident, or in the event of the termination of this Agreement with respect to one of the Residents, this Agreement shall continue in effect for the remaining Resident. The remaining Resident will thereafter pay the Single Person Monthly Fee associated with the Residence.
- B. **Medical Insurance.** Resident is encouraged to maintain Medicare Part B, and one supplemental health insurance policy or equivalent insurance coverage and is asked to furnish Brooks-Howell with evidence of such coverage.
- C. **Marriage During Occupancy.** Should resident marry a person who is also a Resident of Brooks-Howell, the two of them may occupy either Residence and shall surrender the unoccupied Residence. They will pay the Single Person and Double Person Monthly Fees upon Occupancy by both residents in the chosen Residence. If resident should marry a person who is not a resident of Brooks-Howell, the spouse may become a resident if the spouse meets all the requirements for admission, enters into a Residence and Services Agreement with United Methodist Women, and pays an Entrance Fee. Resident and spouse shall pay the Single- Person and Double-Person Monthly Fees. If the spouse does not meet the requirements of United Methodist Women for admission as a resident, the resident may terminate the Agreement with respect to a voluntary termination, or the spouse may be approved for admission under special circumstances as agreed to in writing by Brooks-Howell and the resident. If the resident does terminate the Agreement there will be no refund.

Fees

- A. **Entrance Fee.** As a condition of becoming a Resident, resident agrees to pay to Brooks-Howell an Entrance Fee as set forth on page 12(H).
- B. **Terms of Payment of the Entrance Fee.** Entrance Fee will be due and payable prior to the Date of Occupancy, unless otherwise agreed to in writing by Brooks-Howell.
- C. **Monthly Fee.** In addition to the Entrance Fee, resident agrees to pay a Monthly Fee upon Occupancy for the term of the Agreement. The Monthly Fee shall be payable in advance by the fifth day of each month. Payment of the first month's Monthly Fee is due prior to the Date of Occupancy.
- D. **Adjustments in the Monthly Fee.** The Monthly Fee is paid to provide the facilities, programs, and services described in this Agreement, and is intended to cover costs of the expenses associated with the operation and management of Brooks-Howell. United Methodist Women, with the approval of the Board of Directors, may increase the Monthly Fee during the term of this Agreement. Monthly Fees will be adjusted as required, consistent with operating on a sound financial basis and maintaining quality service. Resident or resident's representative will receive a 30-day advance notice of increases in the Monthly Fee or other charges.

- E. **Monthly Statements.** Brooks-Howell will furnish resident a Monthly Statement showing the Monthly Fee payable for the month in advance, and any additional charges from the previous month, payable by the fifth day of the current month. Brooks-Howell may charge interest at a rate of one and one-half percent per month on any unpaid balance owed by resident 30 days after the monthly statement is dated.
- F. **Health Care Charges.**
1. **Fee for Services.** Upon permanently occupying a Health Care Residence, resident will surrender the Residence and will no longer pay the Monthly Fee for the Residence. Instead resident will pay the published current per diem fee for such Health Care Residence. Upon temporarily occupying a Health Care Residence, resident will continue to pay the Monthly Fee for the Residence (less any credit that may be given by Brooks-Howell) and resident will pay the published current per-diem fee for such Health Care Residence for the period of time that resident occupies same. Such per-diem fee shall cover the cost of services described on page 13 & 14, Brooks-Howell Cost Sheet 2018. Resident may pay additional charges for ancillary services as described in the Cost Sheet.
 2. **Additional Charges for Ancillary Health Care Services.** Resident may be responsible for additional charges for ancillary health care services provided at Brooks-Howell. Ancillary services will include all services not provided by the staff of Brooks-Howell and not included in the per-diem fee. Examples of additional charges include, but are not limited to, the cost of prescription and non-prescription medications, physical examinations, laboratory tests, physical therapy, home health care, occupational therapy, rehabilitative treatments, wheelchairs and other medical equipment and supplies.
 3. **Care in Another Facility.** Should resident need a level of care or health services beyond that provided at Brooks-Howell, as determined by Brooks-Howell, and require transfer to another facility, resident will be responsible for all expenses of such transfer and services.
- G. **Nonpayment of Fees or Charges.** As stated in Section IV.I. of the Contract for Continuing Care, in the event a resident becomes unable or refuses or fails to pay any monthly services, charges or any other fees or charges, United Methodist Women, after giving Resident written notice of the default and the opportunity to cure the default within thirty days of the giving of the notice, may terminate this contract, in which event resident shall vacate the independent living unit and be entitled to no further services of United Methodist Women under this contract. United Methodist Women shall be entitled to retain all payments made by resident including the entrance fee.

- H. **Entrance Fee.** At the time of the execution of the contract, RESIDENT shall pay to UNITED METHODIST WOMEN thirty-five percent (35%) of all of RESIDENT'S current assets and thirty-five percent (35%) of all assets of whatever nature which the RESIDENT may at any time thereafter become entitled. RESIDENT shall pay no more than \$100,000 on the 35% asset entrance requirement. RESIDENT shall supply UNITED METHODIST WOMEN with a list of RESIDENT'S assets for verification purposes.

If the contract covers a married couple, the foregoing entrance fee is applicable to each person, and is based on assets owned individually or jointly.

Entrance fee assures resident a place in the facility for life as stated on page 5 of the contract for continuing care.

- I. **Sliding Scale.** A sliding scale for the Health Center is available for consideration for low to mid income levels. For consideration, the resident would need to provide the last 2 years of tax returns and the last 3 months of bank statements. There are a limited number of these slots available.

Sliding Scale Tier	Annual Income	Total Assets	Monthly Fee for Health Center
Tier 1	\$40,000	0- \$50,000	\$3,000
Tier 2	\$45,000	\$50,000 – \$90,000	\$3,500
Tier 3	\$50,000	\$90,000 - \$110,000	\$3,750
Tier 4	\$55,000	\$90,000- \$125,000	\$4,250
Tier 5	\$60,000	\$125,000- \$150,000	\$4,500
Tier 6	\$65,000	\$150,000- \$175,000	\$5,000
Tier 7	\$75,000	\$175,000- \$200,000	\$6,000
Tier 8	\$80,000	\$200,000- \$225,000	\$6,250
Tier 9	\$85,000	\$225,000- \$275,000	\$6,500
Tier 10	\$90,000	\$275,000- \$350,000	\$7,250
Tier 11	>\$90,000	\$351,000 and >	Current Rate



Cost Sheet 2018

Independent Resident Fees

Residents shall pay 100% of the monthly service charge as set from time to time by the United Methodist Women, National Office. The monthly service charge shall not exceed the actual monthly charge for the unit as determined by the United Methodist Women, National Office based upon audited operational costs. Deaconesses or missionaries who were related to the Women's Division of The Board of Missions of The Methodist Church as of 1964 or a missionary of the Evangelical United Brethren Church commissioned prior to Union in 1968 who served a minimum of fifteen (15) years after commissioning may be eligible for special rates if the Resident's income is less than the established monthly charge.

An **entrance fee** for independent residency will be assessed and based upon a percentage of total assets.

ACCOMMODATIONS

2018 MONTHLY FEE

House with 2 bedrooms		\$2,252.00
Suite (Bethea Bldg. 2 nd floor)	<u>2 meals per day</u>	<u>3 meals per day</u>
	\$1,577.00	\$1,689.00
Jones-Cadwallader Apt.		
1 bedroom		\$1,350.00
2 bedroom		\$1,801.00
Chandler-Burriss Apt.		
1 bedroom		\$1,465.00
2 bedroom		\$1,801.00
Quad Apartment (by Merrimon Ave.)		\$2,140.00
Village Apartment (in back of Bethea Bldg)		\$2,140.00
Terrace Apartment (Bethea Bldg, Chapel hallway)		\$1,915.00

APARTMENT RESIDENT MEAL PLANS

	Monthly Rate	Per Meal Rate	
Breakfast	\$130.00	\$5.00	
Lunch ("Dinner")	\$200.00	\$8.00	\$15.00 for Special Meals (Holidays, etc.)
Dinner ("Supper")	\$130.00	\$5.00	

HEALTHCARE UNIT: Brooks-Howell is **not licensed for Medicare/Medicaid** beds. For those not eligible for United Methodist Women's special rates, payment is by private funds and/or private medical insurance coverage (long-term care insurance).

Room Rate: \$6,357.00 = \$209.00 per day

ADDITIONAL FEES

Treatments	Market Rate + \$15.00/hr nursing care (minimum \$7.50)		
TB Test/Inoculations	Market Rate		
Restorative Rehab Therapy	\$ 5.00 per treatment		
Medical Supplies	Market Rate		
Transportation			
Shopping	\$5.00		
Round trip to medical appt.			
Car	\$10.00	Bus	\$20.00
Travel assistant	\$15.00 per hour		
Other Transportation	varies		
Personal Laundry	\$20.00 per month		
Pool assistance (per assistant, hourly rate, excluding Recreational Staff)			
Individual	\$15.00	Group of 3 or more—each resident	\$ 5.00
Two—each resident	\$ 7.50		
Wi-Fi Service	\$30.00 per month		
Guest Rooms	\$80.00-160.00 per night		
Guest meals:			
Breakfast	\$7.50		
Lunch (“Dinner”)	\$12.00	Guest group rate (6 or more)	\$10.00 (Lunch)
Dinner (“Supper”)	\$7.50		
Children ages 7-12	half price	Children under age 6	free



Cost Sheet 2019 Independent Living Resident Fees

An entrance fee for independent residency under the life care contract will be assessed and based upon a percentage of total assets.

Deaconesses or missionaries who were related to the Women’s Division of The Board of Missions of The Methodist Church as of 1964 or a missionary of the Evangelical United Brethren Church commissioned prior to Union in 1968 who served a minimum of fifteen (15) years after commissioning may be eligible for special rates if the Resident’s income is less than the established monthly charge.

If eligible for special rates, the monthly service charge is based on a percentage of total income:

Independent Living 60% | Intermediate Care 75% | Skilled Care 85%

Included amenities include; cable, electric, water, gas, trash pick-up, weekly grounds and housekeeping services, and one meal a day in the main dining room. Additional meal plans are available for purchase. If you choose to reside in a Bethea Second Floor Suite, these do not have kitchenette, so rate plans include either 2 meals a day or 3 meals a day.

Independent Living Residents under the Life Care Contract will receive 14 days of Health Center care per year without incurring any additional daily room rate charges. Other charges that may apply are listed below.

Accommodations

Monthly Rate

Other Fees

Bethea Second Floor Suite	
With 2 Meals	\$1,600.00
With 3 Meals	\$1,700.00
Quad Cottage	\$2,200.00
Single Home 2 bedrooms	\$2,260.00
Terrace Level Apartments	\$1,950.00
Village Cottage	\$2,200.00

Meal Cost	Per Meal	Monthly Cost
Breakfast	\$5.00	\$130.00
Lunch	\$8.00	\$200.00
Dinner	\$5.00	\$130.00

Special and Holiday Meals \$15.00

Independent Living Transportation Fees

 Shopping \$5.00 per trip

 Medical Appointments \$20.00 per trip

 Laundry \$20.00 per month

 WiFi Service \$30.00 per month

Guest Rooms: \$80.00-160.00 per night

Guest meals:

 Breakfast \$7.50 | Lunch \$12.00 | Dinner \$7.50

 Children ages 7-12 half price

 Children under age 6 free

 Maint/EVS Requests \$15.00 hr minimum of \$7.50

 Additional housekeeping services – varies by service

MONTHLY FEES – FIVE YEAR HISTORY

	2014	(Increase)	2015	(Increase)	2016	(Increase)	2017	Avg	(Increase)	2018	Avg
Cottage	2,060.00	62.00	2,122.00	42.00	2,164.00	44.00	2,208.00	196.60	44.00	2,252.00	198.00
1 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
J-C Apts											
1 bed	1,236.00	37.00	1,273.00	25.00	1,298.00	26.00	1,324.00	63.80	26.00	1,350.00	63.00
2 bed	1,648.00	49.00	1,697.00	34.00	1,731.00	35.00	1,766.00	123.20	35.00	1,801.00	123.20
#2 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
C-B Apts											
1 bed	1,339.00	40.00	1,379.00	28.00	1,407.00	29.00	1,436.00	70.20	29.00	1,465.00	69.40
2 bed	1,648.00	49.00	1,697.00	34.00	1,731.00	35.00	1,766.00	123.20	35.00	1,801.00	123.20
#2 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Quad Apt											
1 person	1,957.00	59.00	2,016.00	40.00	2,056.00	42.00	2,098.00	179.60	42.00	2,140.00	180.80
#2 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Village											
1 person	1,957.00	59.00	2,016.00	40.00	2,056.00	42.00	2,098.00	174.60	42.00	2,140.00	175.60
#2 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Terrace											
1 person	1,751.00	53.00	1,804.00	36.00	1,840.00	37.00	1,877.00	154.40	38.00	1,915.00	155.40
#2 person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Suite w/meals											
3 meals	1,545.00	46.00	1,591.00	32.00	1,623.00	33.00	1,656.00	73.20	33.00	1,689.00	72.00
Sec Person	n/a	n/a	n/a	n/a	n/a			0.00			0.00
2 meals	1,442.00	43.00	1,485.00	30.00	1,515.00	31.00	1,546.00	64.20	31.00	1,577.00	63.00
Sec Person	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Intermediate nursing care											
Private room	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00
Skilled nursing care											
Private	5,809.58	174.42	5,984.00	120.00	6,104.00	123.00	6,227.00	180.82	130.00	6,357.00	176.40
Semi-private	n/a	n/a	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00

RESERVES

In accordance with North Carolina General Statute Section 58-64-33, United Methodist Women maintains an operating reserve equal to fifty percent (50%) of the total operating costs for the period ending December 31, 2018, based on an occupancy less than ninety percent (90%) (“Operating Reserve Requirement”).

All funds are held in investments (handled by the Board of Directors) that meet the requirements specified by the North Carolina Department of Insurance. As indicated in United Methodist Women’s audited financial statements for the year ended December 31, 2018, United Methodist Women had investments in short-term securities, U.S. Government securities, Corporate bonds, International common stocks (i.e., investments in stocks of international companies located primarily in Japan, United Kingdom, France, the Netherlands, and Germany), common stocks and United Methodist Foundation of Western North Carolina, Inc. Diversified Fund units. United Methodist Women Forecasted Statements of Financial Position for the year ending December 31, 2018, indicates a required statutory operating reserve, as it relates to the operations of Brooks-Howell, of \$3,084,000. The following indicates the adequacy of the United Methodist Women’s cash, cash equivalents and investments (at fair value) for the Operating Reserve Requirement at December 31, 2018.

<u>Description</u>	<u>December 31, 2018</u>
Cash and cash equivalents	\$3,834,438
Investments	92,864,506
Total cash, cash equivalents and investments	96,698,944
Less:	
Investments held in retirement fund	(18,188,208)
Net assets with donor restrictions	(48,667,008)
2018 estimated payments for unfunded medical plan and nursing home care for retirees	(975,179)
Total investments available for reserve	28,868,549
Operating Reserve Requirement	(3,042,000)
Excess reserves avail.	25,826,549

NUMBER OF RESIDENTS

The following number of residents have signed continuing care contracts:

<u>Type of Continuing Care Contract</u>	<u># of Persons who have Signed</u>
20% Entrance - \$40,000 cap	1
25% Entrance - \$50,000 cap	1
25% Entrance - \$50,000 cap*	8
25% Entrance - \$75,000 cap**	0
25% Entrance - \$75,000 cap	16
35% Entrance - \$100,000 cap	11
Non-continuing care contracts	36
Total	73

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance
Assets			
Current assets:			
Cash and investments	\$ 93,657	\$ 111,254	\$ (17,597) (1)
Receivables	5,589	6,900	(1,311) (2)
Inventories and other assets	1,038	1,200	(162)
Prepaid expenses	679	950	(271)
Total current assets	100,963	120,304	(19,341)
Restricted assets:			
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks-Howell Home	3,042	3,114	(72)
Perpetual trusts held by others	1,438	1,500	(62)
Total restricted assets	4,480	4,614	(134)
Land, buildings, and equipment, net	9,993	8,423	1,570 (3)
Total assets	\$ 115,436	\$ 133,341	\$ (17,905)
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,004	\$ 2,100	\$ (1,096) (4)
Total current liabilities	1,004	2,100	(1,096)
Long-term liabilities:			
Long-term debt	-	-	-
Deferred revenue - refundable	-	-	-
Deferred revenue - nonrefundable	724	200	524
Annuities payable	228	232	(4)
Assets held for others	5,308	4,800	508
Accrued postretirement and pension benefit costs	21,637	22,949	(1,312) (5)
Total long-term liabilities	27,897	28,181	(284)
Total liabilities	28,901	30,281	(1,380)
Net assets:			
Without donor restrictions	37,868	49,971	(12,103) (6)
With donor restrictions	48,667	53,089	(4,422) (7)
Total net assets	86,535	103,060	(16,525)
Total liabilities and net assets	\$ 115,436	\$ 133,341	\$ (17,905)

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

Materiality is \$750 and is based on total assets of UMW.

1 - The variance in cash and investments is due mainly to operating results, which were lower than forecasted. UMW forecasted an increase in net assets of \$2,308, but actual was a decrease of \$14,217.

2 - The variance in receivables is due mainly to a decrease in giving at year end compared to the amount forecasted, which is directly related to the decrease in the amount of receivables from the amount forecasted.

3 - The variance in land, buildings, and equipment, net is larger than forecasted primarily due to management's assumption that depreciation expense in fiscal year 2018 would exceed annual additions during fiscal year 2018. However, purchases of equipment and improvements were more than forecasted as needs arose during the year such as property improvements at CCUN and Scarritt-Bennett Center. Therefore, UMW purchased and capitalized more fixed assets during 2018 than previously forecasted. Specifically, \$2,177 of fixed assets were purchased compared with \$250 forecasted.

4 - The variance in accounts payable and accrued expenses is due mainly to timing of payments made at year end compared to the amount forecasted.

5 - Accrued postretirement benefit costs are based on an actuarial valuation and were less than forecasted at year-end due primarily to changes in assumptions used in the 2018 calculation that were made to better reflect current market conditions, future anticipated mortality improvements, and revised planned benefit increases by the plan sponsor that was not originally forecasted.

6 - Net assets without donor restrictions were less than forecasted at year-end due primarily to a decrease in operating revenues as well as an increase in program service expenses during 2018 that was not originally forecasted.

7 - Net assets with donor restrictions were less than forecasted at year-end due primarily to more net assets meeting their specific time or use restriction during the current year than originally forecasted.

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance
Net Assets Without Donor Restrictions:			
Operating revenues:			
Conference Giving	\$ 10,714	\$ 11,185	\$ (471)
Benefits Trust reimbursement	774	500	274
Bequests and contributions	132	200	(68)
Investment income, including realized and unrealized appreciation	(1,996)	7,887	(9,883) (1)
Brooks-Howell Home:			
Fee revenues	4,272	3,928	344
Health care revenues	-	-	-
Publications, rental income and other program revenue	5,681	6,557	(876) (2)
Amortization of entrance fees	-	90	(90)
Net assets released from restrictions	2,055	1,600	455
 Total operating revenues	 21,632	 31,947	 (10,315)
Operating expenses:			
Program services	20,228	17,540	2,688 (3)
Brooks-Howell Home:			
Operating expenses	4,616	4,797	(181)
Dietary expenses	835	954	(119)
Administrative expenses	1,075	685	390
Interest expense	-	-	-
Depreciation expense	1,158	800	358
Supporting services	5,208	5,563	(355)
 Total operating expenses	 33,120	 30,339	 2,781
 Sale of properties	 994	 -	 994 (4)
 (Decrease) increase in net assets	 (10,494)	 1,608	 (12,102)
Net Assets With Donor Restrictions:			
From United Methodist women and other agencies	645	800	(155)
Bequests and contributions	1,356	100	1,256 (5)
Investment income, including realized and unrealized appreciation	(3,669)	1,400	(5,069) (1)
Net assets released from restrictions	(2,055)	(1,600)	(455)
 (Decrease) increase in net assets with donor restrictions	 (3,723)	 700	 (4,423)
 (Decrease) increase in net assets	 (14,217)	 2,308	 (16,525)
 Net assets, beginning of year	 100,752	 100,752	 -
 Net assets, end of year	 \$ 86,535	 \$ 103,060	 \$ (16,525)

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

Materiality is \$750 and is based on total assets of UMW.

1 - Based on actual market conditions in 2018, investment losses were recognized for the period. UMW forecasts investment returns, including investment income and realized and unrealized appreciation on investments, based on a long-term investment horizon. This includes using certain historical data and expected long-term rates of return. Actual returns can be significantly different from year-to-year, as was seen in the markets for 2018.

2 - The publications, rental income and other program revenue variance is primarily due to a decrease in publications revenue. This balance will vary from the forecast depending on the number and mix of publications during the year. The variance in publications revenues is due primarily to the fact that UMW saw an approximate 19% decrease in print and digital publications along with their Reading Program books, which was not anticipated at the time of the forecast.

3 - Program services were more than originally forecasted mainly due to costs associated with staff movement to align with the strategic plan, additional expenses related to the Assembly, various strategic planning initiatives, and other designated program activities and grants that were not contemplated at the time of the forecast. Grants are considered throughout the year and are often different from the amount forecasted depending on requests and conditions.

4 - This variance is due to the gain on the sale of properties in the amount of \$994, which was not originally forecasted by UMW.

5 - The variance in bequests and contributions from the amount originally forecasted is mainly due to the fact that additional permanent contributions from endowments were more than the original forecast for 2018.

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance
Cash flows from operating activities:			
Change in net assets	\$ (14,217)	\$ 2,308	\$ (16,525) (1)
Adjustments to reconcile change in net assets to net cash used in operating activities:			
Gain on sale of properties	(994)	-	(994) (2)
Depreciation	1,158	800	358
Change in value of annuity obligations	(20)	(4)	(16)
Change in working capital	(4,983)	(4,317)	(666)
Net cash used in operating activities	<u>(19,056)</u>	<u>(1,213)</u>	<u>(17,843)</u>
Cash flows from investing activities:			
Purchase of land, buildings, and equipment	(2,177)	(250)	(1,927) (3)
Proceeds from sale of properties	994	-	994 (2)
Change in assets limited as to use	229	95	134
Net cash used in investing activities	<u>(954)</u>	<u>(155)</u>	<u>(799)</u>
Cash flows provided by financing activities	<u>1,045</u>	<u>-</u>	<u>1,045 (4)</u>
Increase (decrease) in cash and investments	(18,965)	(1,368)	(17,597)
Cash and investments, beginning of year	<u>112,622</u>	<u>112,622</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 93,657</u>	<u>\$ 111,254</u>	<u>\$ (17,597)</u>

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

Materiality is \$750 and is based on total assets of UMW.

1 - The larger decrease in net assets than forecasted was due primarily to significantly lower than expected investment returns based on the investment market in 2018.

2 - This variance is due to the gain on the sale of properties and related proceeds on the sale of properties in the amount of \$994, which was not originally forecasted by UMW.

3 - The variance in purchase of land, buildings, and equipment is larger than forecasted primarily due to more than forecasted purchases as needs arose during the year, such as property improvements at CCUN and Scarritt-Bennett Center. Therefore, UMW purchased and capitalized more fixed assets during 2018 than previously forecasted. Specifically, \$2,177 of fixed assets were purchased compared with \$250 forecasted.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,305	\$ 1,216	\$ 89	1
Accounts receivable - residents	65	87	(22)	
Accounts receivable - other	24	12	12	
Accounts receivable - United Methodist Women	14	165	(151)	2
Inventories	70	60	10	
Total current assets	1,478	1,540	(62)	
Restricted assets:				
Assets limited as to use - current portion	17	103	(86)	3
Total restricted assets	17	103	(86)	
Other assets:				
Investments	247	266	(19)	
Assets limited as to use - long-term	532	575	(43)	
Total other assets	779	841	(62)	
Equipment and improvements, net	1,589	1,511	78	4
Total assets	\$ 3,863	\$ 3,995	\$ (132)	
Liabilities and Net Assets				
Current liabilities:				
Accounts payable	\$ 76	\$ 142	\$ (66)	5
Accounts payable - United Methodist Women	-	-	-	
Accrued wages and related liabilities	466	284	182	6
Agency funds	17	103	(86)	3
Total current liabilities	559	529	30	
Net assets:				
Without donor restriction	2,714	2,841	(127)	7
With donor restriction	590	625	(35)	
Total net assets	3,304	3,466	(162)	
Total liabilities and net assets	\$ 3,863	\$ 3,995	\$ (132)	

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

Materiality is \$62 and is based on total revenue of BHH.

1 - The variance in cash and cash equivalents is due primarily to the large estate gift that was received during 2018, which was offset by more than forecasted fixed asset additions that occurred in during 2018. See 4 below for additional information. Other differences were caused by timing of cash flows associated with working capital.

2 - The variance in accounts receivable - United Methodist Women is due to the fact that UMW paid their monthly apportionment and insurance reimbursement in December 2018; whereas, the forecast anticipated that these reimbursements would occur subsequent to year end as they have in previous years.

3 - The variance in assets limited as to use - current portion is due primarily to the passing of several residents during 2018 and BHH remitting their remaining funds to their families, which was not anticipated at the time of the forecast.

4 - The variance in land, buildings, and equipment, net is larger than forecasted primarily due to management's assumption that depreciation expense in fiscal year 2018 would exceed annual additions during fiscal year 2018. However, purchases of equipment and improvements were more than forecasted as needs arose during the year such as updates for equipment and software, carpet and flooring, appliances, and various other additions. Therefore, BHH purchased and capitalized more fixed assets during 2018 than previously forecasted. Specifically, \$162 of fixed assets were purchased compared with \$100 forecasted.

5 - The variance in accounts payable is due primarily to the timing of payments made at year end. BHH made an effort to pay down their accounts payable at the end of 2018, which was not anticipated at the time of the forecast.

6 - The variance in accrued wages and related liabilities is due primarily to an increase in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations, which was not anticipated at the time of the forecast.

7 - The variance in net assets without donor restrictions is due primarily to fewer resident services revenue received than forecasted as well as more expenses being incurred than originally forecasted. The decrease in resident services revenue is due mainly to the fact that BHH had several residents pass away during the current year leaving more rooms unoccupied during 2018 than during 2017, which was not anticipated at the time of the forecast. The increases in expenses are primarily due to changes in staffing at BHH during 2018 as well as due to increases in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations, which was not anticipated at the time of the forecast.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance	
Operating revenues:				
Resident services	\$ 3,716	\$ 4,097	\$ (381)	1
United Methodist Women support	1,814	1,814	-	
United Methodist Women grants	55	-	55	
Health care revenues	-	-	-	
Amortization of entrance fees	-	-	-	
Contributions	3	7	(4)	
Investment (loss) earnings	(48)	94	(142)	2
Other operating revenue	556	156	400	3
	<u>6,096</u>	<u>6,168</u>	<u>(72)</u>	
Total operating revenues				
Operating expenses:				
Nursing services	2,528	2,466	62	4
Food services	835	954	(119)	4
Administration	1,075	685	390	5
Environmental services	466	522	(56)	
Maintenance	838	830	8	
Social service	61	62	(1)	
Human resources	215	203	12	
Marketing	33	102	(69)	6
Activities	203	302	(99)	7
Depreciation	253	269	(16)	
Other expense	16	38	(22)	
Interest expense	-	-	-	
Staff house	3	3	-	
	<u>6,526</u>	<u>6,436</u>	<u>90</u>	
Total operating expenses				
Decrease in net assets	(430)	(268)	(162)	
Net assets, beginning of year	<u>3,734</u>	<u>3,734</u>	<u>-</u>	
Net assets, end of year	<u>\$ 3,304</u>	<u>\$ 3,466</u>	<u>\$ (162)</u>	

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

Materiality is \$62 and is based on total revenue of BHH.

1 - The resident services balance will vary from the forecast depending on the number and mix of residents at BHH during the year. The variance in resident services revenues is due primarily to the fact that BHH had several residents pass away during the current year leaving more rooms unoccupied during 2018 than during 2017, which was not anticipated at the time of the forecast.

2 - The variance in investment (loss) earnings is due primarily to market conditions during December 2018 versus market conditions at the time of the forecast. December 2018 was negatively impacted by market conditions and has rebounded in the first quarter of 2019; however, this negative impact was not anticipated at the time of the forecast.

3 - The variance in other operating revenue is due primarily to BHH receiving money from an estate totaling approximately \$309, which was not anticipated at the time of the forecast.

4 - The variances in nursing services and food services are due primarily to staffing changes at BHH during 2018 that were not anticipated at the time of the forecast.

5 - The variance in administration is due primarily to an increase in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations and a new admission coordinator being hired whose salary was allocated to administration, which was not anticipated at the time of the forecast.

6 - The variance in marketing is due primarily to the fact that a marketing employee left BHH during 2018 and the position was not filled. Instead, an admission coordinator was hired and their salary was allocated to administration, which was not anticipated at the time of the forecast.

7 - The variance in activities is due primarily to the fact that fewer activities were planned for the residents during 2018 as compared to the 2018 budget, which was not anticipated at the time of the forecast.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)

	Actual 2018	Forecasted 2018	Variance	
Cash flows from operating activities:				
Change in net assets	\$ (430)	\$ (268)	\$ (162)	1
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:				
Depreciation	253	269	(16)	
Change in investments	15	(5)	20	
Change in working capital	265	(2)	267	2
Net cash provided by (used in) operating activities	103	(6)	109	
Cash flows from investing activities:				
Purchase of equipment and improvements	(162)	(100)	(62)	3
Change in assets limited as to use	36	(6)	42	4
Net cash used in investing activities	(126)	(106)	(20)	
Cash flows from financing activities:				
Net cash provided by (used in) financing activities	-	-	-	
Decrease in cash and cash equivalents	(23)	(112)	89	
Cash and cash equivalents, beginning of year	1,328	1,328	-	
Cash and cash equivalents, end of year	\$ 1,305	\$ 1,216	\$ 89	

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

**BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(IN THOUSANDS OF DOLLARS)**

Materiality is \$62 and is based on total revenue of BHH.

1 - The decrease in net assets over the forecasted amount is due primarily to less favorable operating results relating to the decrease in resident services revenue and an increase in operating expenses, which was not originally forecasted. The decrease in resident services revenue is due mainly to the fact that BHH had several residents pass away during the current year leaving more rooms unoccupied during 2018 than during 2017 and the increases in expenses are primarily due to changes in staffing at BHH during 2018 as well as due to increases in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations, which were not anticipated at the time of the forecast.

2 - The variance in the change in working capital relates primarily to the fact that BHH anticipated a net receivable from UMW of \$165; however, UMW paid their monthly apportionment and insurance reimbursement in December 2018 leaving a net receivable of \$14; whereas, the forecast anticipated that these reimbursements would occur subsequent to year end as they have in previous years. In addition, BHH anticipated accrued wages and related liabilities of \$284; however, they were actually \$466, which was due primarily to an increase in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations, which was not anticipated at the time of the forecast. The remaining variance relates to timing differences of other certain receivables and payables as described on the comparative statements of financial position.

3 - The variance in purchase of equipment and improvements is primarily due to management's assumption that depreciation expense in fiscal year 2018 would exceed annual additions during fiscal year 2018. However, purchases of equipment and improvements were more than forecasted as needs arose during the year such as updates for equipment and software, carpet and flooring, appliances, and various other additions. Therefore, BHH purchased and capitalized more fixed assets during 2018 than previously forecasted. Specifically, \$162 of fixed assets were purchased compared with \$100 forecasted.

4 - The variance in change in assets limited as to use is due primarily to the passing of several residents during 2018 and BHH remitting their remaining funds to their families, which was not anticipated at the time of the

CONTRACT FOR CONTINUING CARE



266 Merrimon Avenue
Asheville, NC 28801-1218

Telephone (828) 253-6712
Website <http://www.brooks-howell.org>

CONTRACT FOR CONTINUING CARE

AT

BROOKS-HOWELL HOME

266 MERRIMON AVENUE

ASHEVILLE NC 28801-1218

This is a contract between UNITED METHODIST WOMEN, A New York not-for-profit corporation, which maintains its principal office at 475 Riverside Drive, New York, New York 10115 and

(hereinafter referred to as "RESIDENT"), concerning RESIDENT'S entry into Brooks-Howell Home, (hereinafter referred to as "Home"), located at 266 Merrimon Avenue, Asheville, North Carolina, 28801-1218.

In consideration of the promises and mutual covenants and conditions herein contained, UNITED METHODIST WOMEN and RESIDENT agree as follows:

I. CANCELLATION OF CONTRACT

RESIDENT may cancel this contract within thirty days following the latter of 1) the execution of this contract or 2) the receipt of the Disclosure Statement that is required under North Carolina law. In the event RESIDENT cancels this contract within that thirty day period, UNITED METHODIST WOMEN shall repay to RESIDENT any money or property that has been paid to it by RESIDENT other than periodic charges specified in this contract and applicable only for the period a living unit was actually occupied by the RESIDENT.

RESIDENT is not required to move into Brooks-Howell Home before the expiration of the aforesaid thirty day period.

II. DEATH OF RESIDENT PRIOR TO OCCUPANCY

If RESIDENT dies before occupying a living unit in HOME, or if RESIDENT because of illness, injury, or incapacity would be precluded from occupying a living unit in HOME under the terms of this contract, this contract shall automatically be canceled, and RESIDENT shall receive a full refund of all money or property that has been transferred to UNITED METHODIST WOMEN, less those non-standard costs specifically incurred by UNITED METHODIST WOMEN at the request of RESIDENT and described in this contract and a service charge of \$500.

III. FINANCIAL OBLIGATIONS OF RESIDENT

RESIDENT, in consideration of the services to be provided by UNITED METHODIST WOMEN as is set forth in this contract, shall pay to UNITED METHODIST WOMEN the following fees and charges:

A. Entrance Fee. At the time of the execution of this contract, RESIDENT

shall pay to UNITED METHODIST WOMEN thirty-five percent (35%) of all RESIDENT'S current assets and thirty-five percent of all assets of whatever nature which the RESIDENT may at any time thereafter become entitled. RESIDENT shall pay no more than \$100,000 on the 35% asset entrance requirement. RESIDENT shall supply UNITED METHODIST WOMEN with a list of RESIDENT'S assets for verification purposes.

If this contract covers a married couple, the foregoing entrance fee is applicable to each person, and is based on assets owned individually or jointly.

ENTRANCE FEE _____

B. No Refund of Entrance Fee In the event RESIDENT decides to terminate this contract subsequent to the original thirty day period referred to in Section I above, or in the event RESIDENT has breached the contract, or in the event it is determined by RESIDENT'S physician or HOME'S medical consultants that RESIDENT must vacate the independent living unit, UNITED METHODIST WOMEN shall retain the entrance fee. The entrance fee will not be refunded.

C. Other Financial Requirements. RESIDENT shall make full financial provisions for funeral expenses and burial. RESIDENT shall provide for cost of hospital care, medical services, doctor's fees and drugs by Medicare and/or other forms of medical insurance. Medicare will not pay for services rendered by HOME.

D. Monthly Service Charges. On the first day of each month Resident shall pay to UNITED METHODIST WOMEN the monthly rate then in effect as set by UNITED METHODIST WOMEN and as may be changed from time to time upon first giving RESIDENT thirty days prior notice. This monthly charge shall be applied to the RESIDENT, depending upon the status of RESIDENT, follows:

RESIDENT shall pay 100% of the monthly service charge as set from time to time by UNITED METHODIST WOMEN.

If this contract covers a married couple, the foregoing charges are applicable to each person. If RESIDENT is sharing an apartment or suite with another RESIDENT, the combined monthly service charge shall not exceed the actual monthly cost for the unit.

MONTHLY SERVICE CHARGE _____

E. ACCOMMODATIONS		2018 MONTHLY FEE
House with 2 bedrooms		\$2,252.00
Suite (Bethea Bldg. 2 nd floor)	<u>2 meals per day</u> \$1,577.00	<u>3 meals per day</u> \$1,689.00
Jones-Cadwallader Apt. 1 bedroom		\$1,350.00

2 bedroom	\$1,801.00
Chandler-Burriss Apt.	
1 bedroom	\$1,465.00
2 bedroom	\$1,801.00
Quad Apartment (by Merrimon Ave.)	\$2,140.00
Village Apartment (in back of Bethea Bldg)	\$2,140.00
Terrace Apartment (Bethea Bldg, Chapel hallway)	\$1,915.00

APARTMENT RESIDENT MEAL PLANS

	Monthly Rate	Per Meal Rate	
Breakfast	\$130.00	\$5.00	
Lunch (“Dinner”) Meals (Holidays, etc.)	\$200.00	\$8.00	\$15.00 for Special
Dinner (“Supper”)	\$130.00	\$5.00	

HEALTHCARE UNIT: Brooks-Howell is **not licensed for Medicare/Medicaid** beds. For those not eligible for United Methodist Women’s special rates, payment is by private funds and/or private medical insurance coverage (long-term care insurance).
Room Rate: \$6,357.00 = \$209.00 per day

ADDITIONAL FEES

Treatments (minimum \$7.50)	Market Rate + \$15.00/hr nursing care		
TB Test/Inoculations	Market Rate		
Restorative Rehab Therapy	\$ 5.00 per treatment		
Medical Supplies	Market Rate		
Transportation			
Shopping	\$5.00		
Round trip to medical appt.			
Car	\$10.00	Bus	\$20.00
Travel assistant	\$15.00 per hour		
Other Transportation	varies		
Personal Laundry	\$20.00 per month		
Pool assistance (per assistant, hourly rate, excluding Recreational Staff)			
Individual	\$15.00		
Group of 3 or more-each resident	\$ 5.00		
Two-each resident	\$ 7.50		
Wi-Fi Service	\$30.00 per month		
Guest Rooms	\$80.00-160.00 per night		
Guest meals:			
Breakfast	\$7.50		
Lunch (“Dinner”)	\$12.00		
Guest group rate (6 or more)	\$10.00 (Lunch)		
Dinner (“Supper”)	\$7.50		
Children ages 7-12	half price	Children under age 6 free	

F. **Setting of Periodic Charges and Fees.** The monthly service charges and fees are based primarily on what it costs UNITED METHODIST WOMEN

to operate HOME. UNITED METHODIST WOMEN sets the monthly service charges and fees from time to time and may change these charges and fees upon giving RESIDENT thirty days' notice.

- G. **Adjustment of Monthly Service Charges and Periodic Payments.** All monthly service charges and other periodic payments will be adjusted on a pro rata basis should a Contract commence other than on the 1st day of a month.
- H. **Hospitalization and Other Absences from Home.** In the event of hospitalization or other absence, RESIDENT must pay the regular monthly rate during the period of absence if accommodations are to be held for RESIDENT upon RESIDENT'S return.
- I. **Policies Concerning Nonpayment of Fees or Charges** In the event a RESIDENT becomes unable or refuses or fails to pay any monthly services, charges or any other fees or charges, UNITED METHODIST WOMEN, after giving RESIDENT written notice of the default and the opportunity to cure the default within thirty days of the giving of the notice, may terminate this contract, in which event RESIDENT shall vacate the independent living unit and be entitled to no further services of UNITED METHODIST WOMEN under this contract. UNITED METHODIST WOMEN shall be entitled to retain all payments made by RESIDENT including the entrance fee.

IV. **SERVICES TO BE PROVIDED BY UNITED METHODIST WOMEN**

In consideration of the foregoing payments made by RESIDENT, UNITED METHODIST WOMEN agrees to allow RESIDENT to occupy a living unit at HOME for the term of RESIDENT'S life, so long as RESIDENT meets his/her obligations under this contract and HOME has the facilities and services available, in the opinion of HOME'S medical consultants, to provide the level of care needed by RESIDENT. Included in the occupation of a living unit are the following:

- A. **Furnishings in Residence.** UNITED METHODIST WOMEN will provide in all residences wall-to-wall carpeting, vinyl flooring in kitchen and bath(s), refrigerator, stove, oven, cable services, rewiring for telephone service, and other features and fixtures as described in current literature. All other furniture, furnishings, decorations, bed and bath linens, and other personal property will be provided by resident.
- B. **Options and Custom Features in Residence.** UNITED METHODIST WOMEN will provide, and resident may select, certain options and custom features in their residence for an additional charge. The cost of options and custom features selected will be paid by resident at the time of selection and will become part of the Residence and the property of Brooks-Howell. The value of such improvement will not be considered in computing Entrance Fee refunds, unless specifically agreed to in an Addendum to the Agreement. All options and custom features must be approved by Brooks-Howell administration in advance of the changes made.
- C. **Common Areas and Amenities.** Brooks-Howell's existing common areas and amenities are for the use and benefit of all residents and include a central dining room, chapel, library, International Room, aqua-therapy room,

mail boxes, several multi-purpose rooms, lounges, activity areas, craft areas, beauty/barber shop, health unit day rooms, dining areas, and other common areas. Any future common areas and amenities will be for the use and benefit of all residents.

- D. **Parking.** UNITED METHODIST WOMEN will provide uncovered, lighted parking areas for residents' personal vehicles.
- E. **Utilities.** UNITED METHODIST WOMEN shall supply the water, heat, air conditioning, and electricity for each living unit. RESIDENT shall be responsible for any costs related to telephone service.
- F. **Meals.** UNITED METHODIST WOMEN will make available three meals a day served in the dining rooms. Special diets will be provided only upon the order of resident's physician and/or Director of Nursing Services. Temporary tray service is available to ill residents who live independently or who have moved to the infirmary from the apartments. This service must be approved through Nursing Service and a nominal charge will be made.. RESIDENT shall pay for his/her meals at the end of each month, according to the meal rate, established by UNITED METHODIST WOMEN, which rate may be changed from time to time upon thirty days' notice.
- G. **Housekeeping Services.** The Monthly Fee includes one-hour housekeeping services weekly and one thorough cleaning annually. Additional housekeeping is available for an extra hourly fee. UNITED METHODIST WOMEN reserves the right to inspect the residence periodically for cleanliness and safety. If resident fails to maintain the residence in a clean, sanitary and orderly condition as determined by UNITED METHODIST WOMEN, then UNITED METHODIST WOMEN reserves the right to clean the residence and, resident shall pay the charges assessed by Brooks-Howell for cleaning the residence.
- H. **Grounds.** UNITED METHODIST WOMEN will furnish basic grounds-keeping care including lawn service. Resident at his/her own expense may plant and maintain the area adjacent to his/her residence, subject to the approval of UNITED METHODIST WOMEN. All plants, trees, and shrubs so planted shall immediately become and remain the permanent property of UNITED METHODIST WOMEN.
- I. **Maintenance and Repairs.** UNITED METHODIST WOMEN will maintain and repair improvements, furnishings, appliances, and equipment owned by UNITED METHODIST WOMEN. Residents will be responsible for the cost of repairing damage to property of Brooks-Howell caused by them or any of their guests, ordinary wear and tear excepted. Residents will also be responsible for the costs of repairs to his/her personal property.
- J. **Transportation.** Individual and group transportation is provided for residents on a regular, scheduled basis for shopping, medical appointments, and activities for an extra fee.
- K. **Security.** UNITED METHODIST WOMEN will provide security during night

hours, emergency response by trained Brooks-Howell staff, smoke detectors in each residence, a central fire alarm system and an emergency call system.

L. **Activities.** UNITED METHODIST WOMEN will provide social, recreation, spiritual, educational, and cultural activities, arts and crafts; exercise and health programs, and other activities designed to meet residents' interests. Some activities may require an extra fee.

M. **Other Services and Programs at Additional Charge.** Other services and programs will be available to residents at their expense, including, but not limited to those previously mentioned, beauty and barber services, personal laundry or dry cleaning, special transportation, guest meals, repair of personal property, and other special services performed for resident beyond the normal scope of services offered by UNITED METHODIST WOMEN. The availability and charges for additional services are itemized in UNITED METHODIST WOMEN cost sheets.

N. **Notice of Change in Scope of Services.** Except for changes required by law, UNITED METHODIST WOMEN will notify resident of any proposed change in the scope of services provided in this Agreement at least 30 days before such change is effective. No change relating to a service included in the Monthly Fee under the terms of this Agreement shall be effective unless
(a) consented to by Resident or (b) a reasonable adjustment is made in the Monthly Fee.

V. **LIVING QUARTERS**

The living unit which RESIDENT is to occupy is unit _____ and the floor plan of this unit is diagrammed in the separately attached floor plan.

VI. **REQUIRED MOVE FROM LIVING UNIT**

If HOME, in consultation with its medical consultants, determines that a RESIDENT needs nursing care or other medical care which RESIDENT cannot obtain in the independent living unit, UNITED METHODIST WOMEN may require that RESIDENT vacate the independent living unit and move to a nursing care or other health care facility to be arranged by RESIDENT at RESIDENT'S expense for so long as it is deemed necessary by RESIDENT'S physician or HOME'S medical consultants. Except in emergency situations, no required move will be made without consultation with RESIDENT and, at the option of RESIDENT, RESIDENT'S representative as is designated herein. As HOME is not Medicare/Medicaid certified, resident will be required to pay all costs incurred for nursing care and contract may be terminated for non-payment.

A. **Accommodations.** If RESIDENT needs nursing care, UNITED METHODIST WOMEN shall provide accommodations in the skilled nursing care unit of HOME in accordance with health needs of RESIDENT, and shall provide three meals a day as scheduled.

B. **Health Care.** UNITED METHODIST WOMEN shall provide the nursing care by the regular staff of its skilled nursing care unit in accordance with HOME'S procedures, rules, and regulations. UNITED METHODIST WOMEN, in consultation with its medical consultants reserves the right to designate RESIDENT'S level of care as required by medical necessity and the state and/ or federal rules and regulations governing the operation of nursing facilities.

C. **Medical Services.** UNITED METHODIST WOMEN shall make available at RESIDENT'S expense medical supplies, prescription drugs, podiatrist services, physical, occupational and speech therapies. RESIDENT shall have the right to select a physician, provided that said physician agrees to follow the policies and procedures of HOME, laws and licensure of the State of North Carolina, and the federal guidelines as applicable. Should the HOME or RESIDENT'S physician authorize a private duty nurse or nurse aide for care of RESIDENT, said nurse or nurse aide shall act under the supervision of HOME'S Director of Nursing Services or Charge Nurse. Payment for such service shall be the responsibility of the RESIDENT or the person responsible for payment of RESIDENT'S care.

VII. RELIGIOUS AFFILIATION

UNITED METHODIST WOMEN is one of the Divisions of the denomination known as THE UNITED METHODIST CHURCH, but the UNITED METHODIST WOMEN, and only UNITED METHODIST WOMEN, is legally responsible for the operation of HOME. THE UNITED METHODIST CHURCH is not responsible for the operation of HOME, nor, is any other organization that is affiliated with that church.

VIII. PROPERTY RIGHTS OF RESIDENT

Other than ownership of RESIDENT'S personal property, the RESIDENT has absolutely no property rights in any assets of UNITED METHODIST WOMEN, HOME, or any living unit. UNITED METHODIST WOMEN shall not be responsible for the loss of any property belonging to RESIDENT due to theft, mysterious disappearance, fire, or any other cause. RESIDENT will be responsible for securing personal property insurance.

IX. RELATIONSHIP TO BROOKS-HOWELL HOME

While UNITED METHODIST WOMEN is the owner and ultimate operator of HOME, there is a separate organization known as BROOKS-HOWELL HOME, which is a North Carolina non-profit unincorporated organization. This organization, subject to the overall direction of UNITED METHODIST WOMEN, owners, manages the day- to-day operations of HOME. Actions taken by and directions given by BROOKS-

HOWELL HOME are to be considered the actions and the directions of UNITED METHODIST WOMEN.

X. RESIDENT'S CONDUCT

RESIDENT acknowledges that HOME is the residence of retired persons who have agreed to live in a community setting which requires consideration for the privacy of other residents as well as for their wellbeing and safety. UNITED METHODIST WOMEN may terminate this contract in the event the conduct of RESIDENT invades the privacy of other residents or disturbs their peaceful occupation of their living units or endangers their safety or the property of HOME. Termination for any such cause is not to be done lightly and will not be invoked without consultation with RESIDENT and, at the option of RESIDENT, RESIDENT'S REPRESENTATIVE as noted above.

XI. RESIDENT TO ABIDE BY POLICIES

RESIDENT agrees to abide by all reasonable policies that are adopted by UNITED METHODIST WOMEN, the Brooks-Howell Home, and the administrators of HOME with regard to the use and operation of HOME.

XII. RESIDENT'S REPRESENTATIVE

RESIDENT hereby designated his/her HEALTH CARE POWER OF ATTORNEY or GENERAL DURABLE POWER OF ATTORNEY to be his/her representative with regard to whether RESIDENT needs nursing care or other medical care which RESIDENT cannot obtain in the independent living unit, requiring that RESIDENT vacate the independent living unit and move to a nursing care or other health care facility and/or the termination of the Contract for cause.

Name (1) _____ (2) _____

Address _____

Relationship _____

Phone Number _____

E Mail _____

Executed this _____ day of _____, 20 _____

RESIDENT or RESIDENT'S REPRESENTATIVE

Present Address _____

UNITED METHODIST WOMEN

BY: _____

UNITED METHODIST WOMEN
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

UNITED METHODIST WOMEN

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Independent Auditor's Report

The Board of Directors of
United Methodist Women
New York City, New York

We have audited the accompanying financial statements of United Methodist Women ("UMW") (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, the related statement of functional expenses for the year ended December 31, 2018, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of United Methodist Women as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Changes in Financial Statement Presentation

As discussed in Note 2, UMW adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the statement of functional expenses and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

Crosslin, PLLC

Nashville, Tennessee
May 30, 2019

UNITED METHODIST WOMEN

Statements of Financial Position

December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Assets		
Cash and cash equivalents	\$ 792,438	\$ -
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks Howell Home	3,042,000	3,084,000
Receivables:		
Due from conferences	3,952,454	4,624,099
Loans	-	320,136
Property sales	121,710	120,914
Other	1,514,506	2,104,751
Inventories and other assets, net	1,038,260	1,282,284
Prepaid expenses	679,032	851,041
Investments in debt securities of The United Methodist Development Fund	5,500	5,500
Investments	92,859,006	112,617,016
Land, buildings, and equipment, net	9,992,805	8,973,073
Perpetual trusts held by others	1,438,031	1,624,599
	<u>115,435,742</u>	<u>135,607,413</u>
Total assets	<u>\$ 115,435,742</u>	<u>\$ 135,607,413</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,003,659	\$ 2,844,778
Due to the General Board of Global Ministries and related entities	-	63,689
Deferred revenue	723,761	1,454,582
Annuities payable	228,065	236,601
Assets held for others	5,308,776	5,312,100
Accrued postretirement and pension benefit costs	21,636,160	24,943,805
	<u>28,900,421</u>	<u>34,855,555</u>
Total liabilities	<u>28,900,421</u>	<u>34,855,555</u>
Net assets:		
Net assets without donor restrictions	37,868,313	48,362,205
Net assets with donor restrictions	48,667,008	52,389,653
	<u>86,535,321</u>	<u>100,751,858</u>
Total net assets	<u>86,535,321</u>	<u>100,751,858</u>
	<u>\$ 115,435,742</u>	<u>\$ 135,607,413</u>
Total liabilities and net assets	<u>\$ 115,435,742</u>	<u>\$ 135,607,413</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN

Statement of Activities

Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues:			
Mission Giving:			
Pledge to Mission	\$ 10,627,032	\$ -	\$ 10,627,032
Special Edition SMR	50,762	-	50,762
Supplementary Giving	9,185	29,480	38,665
Designated Giving	27,315	616,226	643,541
Interest Income:			
Interest Income from Cash Equivalents	135	-	135
Investment Income (Net of Fees)	658,505	1,247,715	1,906,220
Bequests, Trusts, Other Long-term Gifts	131,652	280,605	412,257
Publications:			
Response Magazine	314,898	-	314,898
PBD/MRC	661,958	-	661,958
Rental and Service Fee Income:			
Resident Service Fees from Brooks Howell Home	4,272,156	2,501	4,274,657
CCUN	2,519,235	-	2,519,235
Other Income:			
Events, Seminars, Meetings	1,494	-	1,494
Benefits Trust	773,890	-	773,890
Miscellaneous Other Income	2,184,015	-	2,184,015
Net assets released from restrictions	2,055,153	(2,055,153)	-
Total operating revenues	<u>24,287,385</u>	<u>121,374</u>	<u>24,408,759</u>
Operating Expenses:			
Program Services:			
Programs Administered by UMW:			
National Mission Institutions Network	304,523	-	304,523
National Mission Institution Property Management:			
Insurance	1,953,162	-	1,953,162
Repairs and Maintenance	113,453	-	113,453
Property Management	191,839	-	191,839
International Mission Work Administration	532,067	-	532,067
UMW Membership and Leadership Development	2,671,371	-	2,671,371
Mission Education	1,814,771	-	1,814,771
Response Magazine	391,272	-	391,272
Mission Resources	967,565	-	967,565
Christian Social Action	1,584,546	-	1,584,546
Deaconess, Home Missioners Office and Network	409,423	-	409,423
Other Programs Administered by UMW	1,611,337	-	1,611,337
Programs Administered by Other Organizations:			
United Methodist Organizations National Mission	2,080,655	-	2,080,655
United Methodist Organizations International Mission	1,447,890	-	1,447,890
Ecumenical Organization	258,763	-	258,763
Social Action Organizations	10,000	-	10,000
Grants from Designated Funds	2,528,516	-	2,528,516
Program Support:			
Church Center for the United Nations	2,791,289	-	2,791,289
Brooks-Howell Home Retirement Center:			
Retired Deaconess, Missionary Home Operations	4,600,782	-	4,600,782
Retired Deaconess, Missionary Pension and Health Benefits	133,018	-	133,018
Annuity Fund	28,292	-	28,292
Scarritt-Bennett Center	100,000	-	100,000
Organization-wide Program Support	230,185	-	230,185
Total program services	<u>26,754,719</u>	<u>-</u>	<u>26,754,719</u>

Continued on next page.

UNITED METHODIST WOMEN
Statement of Activities
Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting Services:			
Management and general	5,933,251	-	5,933,251
Fundraising	432,268	-	432,268
Total supporting services	<u>6,365,519</u>	<u>-</u>	<u>6,365,519</u>
Total operating expenses	<u>33,120,238</u>	<u>-</u>	<u>33,120,238</u>
(Decrease) increase in net assets from operations	<u>(8,832,853)</u>	<u>121,374</u>	<u>(8,711,479)</u>
Non-operating Activities:			
Net depreciation in fair value of investments	(2,654,843)	(4,730,237)	(7,385,080)
Net depreciation in perpetual trusts held by others	-	(186,568)	(186,568)
Gain on sale of properties	993,804	-	993,804
Endowment and other permanent contributions	-	1,072,786	1,072,786
Total non-operating activities	<u>(1,661,039)</u>	<u>(3,844,019)</u>	<u>(5,505,058)</u>
Decrease in net assets	(10,493,892)	(3,722,645)	(14,216,537)
Net assets at beginning of year	<u>48,362,205</u>	<u>52,389,653</u>	<u>100,751,858</u>
Net assets at end of year	<u>\$ 37,868,313</u>	<u>\$ 48,667,008</u>	<u>\$ 86,535,321</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN

Statement of Activities

Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues:			
Mission Giving:			
Pledge to Mission	\$ 11,110,563	\$ -	\$ 11,110,563
Special Edition SMR	24,450	-	24,450
Supplementary Giving	18,049	85,291	103,340
Designated Giving	31,674	697,688	729,362
Interest Income:			
Interest Income from Cash Equivalents	113	-	113
Investment Income (Net of Fees)	853,666	1,056,529	1,910,195
Bequests, Trusts, Other Long-term Gifts	203,056	66,281	269,337
Publications:			
Response Magazine	344,980	-	344,980
PBD/MRC	860,486	-	860,486
Rental and Service Fee Income:			
Resident Service Fees from Brooks Howell Home	3,911,078	7,241	3,918,319
CCUN	2,509,103	-	2,509,103
Other Income:			
Events, Seminars, Meetings	6,793	-	6,793
Benefits Trust	1,280,763	-	1,280,763
Miscellaneous Other Income	566,729	-	566,729
Net assets released from restrictions	1,608,230	(1,608,230)	-
Total operating revenues	<u>23,329,733</u>	<u>304,800</u>	<u>23,634,533</u>
Operating Expenses:			
Program Services:			
Programs Administered by UMW:			
National Mission Institutions Network	501,721	-	501,721
National Mission Institution Property Management:			
Insurance	1,358,880	-	1,358,880
Repairs and Maintenance	858,836	-	858,836
Property Management	195,318	-	195,318
International Mission Work Administration	777,213	-	777,213
UMW Membership and Leadership Development	2,560,866	-	2,560,866
Mission Education	2,298,989	-	2,298,989
Response Magazine	462,700	-	462,700
Mission Resources	1,193,920	-	1,193,920
Christian Social Action	1,953,719	-	1,953,719
Deaconess, Home Missioners Office and Network	397,357	-	397,357
Other Programs Administered by UMW	479,239	-	479,239
Programs Administered by Other Organizations:			
United Methodist Organizations National Mission	2,089,917	-	2,089,917
United Methodist Organizations International Mission	1,439,844	-	1,439,844
Ecumenical Organization	226,724	-	226,724
Social Action Organizations	10,000	-	10,000
Grants from Designated Funds	2,448,350	-	2,448,350
Program Support:			
Church Center for the United Nations	2,470,125	-	2,470,125
Brooks-Howell Home Retirement Center:			
Retired Deaconess, Missionary Home Operations	4,188,187	-	4,188,187
Retired Deaconess, Missionary Pension and Health Benefits	2,942,604	-	2,942,604
Annuity Fund	38,591	-	38,591
Scarritt-Bennett Center	100,000	-	100,000
Organization-wide Program Support	289,462	-	289,462
Total program services	<u>29,282,562</u>	<u>-</u>	<u>29,282,562</u>

Continued on next page.

UNITED METHODIST WOMEN
Statement of Activities
Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Supporting Services:			
Management and general Fund-raising	5,356,206	-	5,356,206
Fundraising	304,843	-	304,843
Total supporting services	<u>5,661,049</u>	<u>-</u>	<u>5,661,049</u>
Total operating expenses	<u>34,943,611</u>	<u>-</u>	<u>34,943,611</u>
(Decrease) increase in net assets from operations	<u>(11,613,878)</u>	<u>304,800</u>	<u>(11,309,078)</u>
Non-operating Activities:			
Net appreciation in fair value of investments	7,717,783	7,327,221	15,045,004
Net appreciation in perpetual trusts held by others	-	112,275	112,275
Gain on sale of properties	436,013	-	436,013
Endowment and other permanent contributions	-	945,907	945,907
Total non-operating activities	<u>8,153,796</u>	<u>8,385,403</u>	<u>16,539,199</u>
(Decrease) increase in net assets	(3,460,082)	8,690,203	5,230,121
Net assets at beginning of year	<u>51,822,287</u>	<u>43,699,450</u>	<u>95,521,737</u>
Net assets at end of year	<u>\$ 48,362,205</u>	<u>\$ 52,389,653</u>	<u>\$ 100,751,858</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN
Statement of Functional Expenses
Year Ended December 31, 2018

Program Services										
Programs Administered by UMW										
	National Mission Institutions Network	National Mission Institution Property Management	International Mission Work Administration	UMW Membership and Leadership Development	Mission Education	Response Magazine	Mission Resources (MR)	Christian Social Action	Deaconesses, Home Missioners Office and Network	Other Programs Administered by UMW
Salaries, wages, and employee benefits	\$ 281,505	\$ 176,085	\$ 429,822	\$ 1,835,130	\$ 1,290,086	\$ -	\$ -	\$ 956,799	\$ 203,666	\$ 20,971
Missionary support	-	-	-	-	-	-	-	-	-	-
Grants and distributions	-	82,286	2,952	36,075	-	-	-	2,481	-	-
Program expenses	1,777	31,167	-	347,375	-	-	-	46,866	132,140	20,207
Travel expenses	21,241	15,754	4,774	167,293	23,938	5,450	-	50,204	17,436	190,465
Promotional materials	-	-	-	22,900	306,244	-	904,889	1,799	18,389	120,852
Consulting and contractual services	-	-	-	69,878	31,780	61,041	-	1,500	37,792	301,525
Insurance paid by UMW	-	1,953,162	-	-	-	-	-	-	-	-
Equipment, repair and leasing	-	-	-	13,219	13,542	-	-	-	-	616,622
Rent and maintenance	-	-	94,519	178,536	105,021	-	-	516,128	-	166,587
Depreciation	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	8,459	-	-	-	-
Office and other expenses	-	-	-	965	41,495	311,392	-	-	-	146,748
Audit and legal fees	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	2,665	4,930	62,676	8,769	-	27,360
Total	\$ 304,523	\$ 2,258,454	\$ 532,067	\$ 2,671,371	\$ 1,814,771	\$391,272	\$ 967,565	\$ 1,584,546	\$ 409,423	\$ 1,611,337

Continued on next page.

UNITED METHODIST WOMEN
Statement of Functional Expenses
Year Ended December 31, 2018

Program Services											
Programs Administered by Other Organizations				Program Support					Supporting Services		
United Methodist Organizations National and International	Ecumenical Organization	Social Action Organizations	Grants From Designated Funds	Church Center for the United Nations	Brooks-Howell Home Retirement Center	Annuity Fund	Scarritt Bennett Center	Organization-wide Program Support	Management and General	Fundraising	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,720,293	\$ 4,033	\$ 8,918,390
-	-	-	-	-	4,228,790	-	-	-	-	-	4,228,790
2,769,917	258,763	10,000	1,627,117	-	-	-	100,000	-	-	-	4,889,591
728,731	-	-	249,281	2,665,943	-	-	-	103,835	14,884	328,330	4,670,536
14,897	-	-	-	-	-	-	-	-	55,120	37,712	604,284
-	-	-	-	-	-	-	-	-	1,207	48,396	1,424,676
15,000	-	-	128,573	-	-	-	-	-	111,665	5,259	764,013
-	-	-	-	-	-	-	-	41,923	-	-	1,995,085
-	-	-	-	-	-	-	-	-	907,077	-	1,550,460
-	-	-	-	-	-	-	-	-	388,670	-	1,449,461
-	-	-	523,545	125,346	505,010	-	-	-	3,741	-	1,157,642
-	-	-	-	-	-	-	-	-	141,852	-	150,311
-	-	-	-	-	-	-	-	84,427	107,852	5,628	698,507
-	-	-	-	-	-	-	-	-	352,761	-	352,761
-	-	-	-	-	-	28,292	-	-	128,129	2,910	265,731
<u>\$ 3,528,545</u>	<u>\$ 258,763</u>	<u>\$ 10,000</u>	<u>\$ 2,528,516</u>	<u>\$ 2,791,289</u>	<u>\$ 4,733,800</u>	<u>\$ 28,292</u>	<u>\$ 100,000</u>	<u>\$ 230,185</u>	<u>\$ 5,933,251</u>	<u>\$ 432,268</u>	<u>\$ 33,120,238</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN
 Statements of Cash Flows
 Years Ended December 31, 2018 and 2017

	2018	2017
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (14,216,537)	\$ 5,230,121
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	1,157,642	1,033,600
Net depreciation (appreciation) in fair value of investments	7,385,080	(15,045,004)
Net depreciation (appreciation) in fair value of assets held for others	307,257	(555,724)
Net depreciation (appreciation) in perpetual trusts held by others	186,568	(112,275)
Gain on sale of properties	(993,804)	(436,013)
Contributions and investment return restricted for long-term investment	(1,072,786)	(945,907)
Actuarial loss on annuity obligations	19,748	18,402
Change in receivables	1,581,230	(305,093)
Change in inventories and other assets	244,024	268,707
Change in prepaid expenses	172,009	117,716
Change in accounts payable and accrued expenses	(1,841,119)	370,525
Change in due to/from the General Board of Global Ministries and related entities, net	(63,689)	(406,774)
Change in deferred revenue	(730,821)	1,221,363
Change in assets held for others	(3,324)	475,445
Change in accrued postretirement and pension benefit costs	(3,307,645)	(675,664)
Net cash used in operating activities	(11,176,167)	(9,746,575)
Cash flows from investing activities:		
Proceeds from sale of properties	993,804	436,013
Purchases of equipment and improvements	(2,177,374)	(5,420,719)
Proceeds from sales of investments	19,561,619	33,414,797
Purchases of investments	(7,495,946)	(19,639,885)
Net cash provided by investing activities	10,882,103	8,790,206
Cash flows from financing activities:		
Contributions and investment return restricted for long-term investment	1,072,786	945,907
Payments of annuity obligations	(28,284)	(37,971)
Net cash provided by financing activities	1,044,502	907,936
Net increase (decrease) in cash and cash equivalents	750,438	(48,433)
Cash and cash equivalents at beginning of year	3,084,000	3,132,433
Cash and cash equivalents at end of year	\$ 3,834,438	\$ 3,084,000

See accompanying notes to financial statements.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

(1) Nature of Organization

United Methodist Women (“UMW”), is a tax-exempt, not-for-profit organization, affiliated with The United Methodist Church (the “Church”). UMW previously operated as the Women’s Division of the General Board of Global Ministries of The United Methodist Church.

UMW relates to United Methodist women jurisdictions, conferences, districts, and local units in interpreting the purpose of the United Methodist Women by advocating for the oppressed and dispossessed, especially women, children, and youth. It works to build a supportive community among women and engages in activities, which foster growth in the Christian faith, mission education, and Christian social involvement throughout the Church.

Funding for UMW’s operations is principally pledged by United Methodist women in local churches through undesignated and designated gifts, and channeled to UMW via the districts and conferences. Contributions received from United Methodist Women conferences accounted for approximately 47% and 51% of total operating revenue of UMW in 2018 and 2017, respectively. In addition to appropriating the funds of United Methodist Women, UMW operates the following program areas: Church Center for the United Nations (“CCUN”) building, a non-profit providing office space for religious and charitable groups working on issues related to the United Nations; UMW Mission Resources (“MR”), a handling and distribution program for the distribution of UMW’s media resources and *Response* magazine, the official publication of United Methodist Women; and Brooks-Howell Home (“BHH”), a retirement facility in Asheville, North Carolina, for UMW’s retired missionaries and deaconesses.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The financial statements of UMW are prepared on the accrual basis of accounting. UMW considers the net appreciation or depreciation in fair value of investments, endowment contributions, perpetual trust contributions and change in value, property sale gains, and nonrecurring transactions to be nonoperating activities.

(b) Principles of Presentation

The financial statements present the financial position, changes in net assets, and cash flows of UMW and its controlled affiliates and operating divisions: CCUN, MR, and BHH. All significant intercompany accounts and transactions have been eliminated.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturity dates of 90 days or less that are readily convertible to known amounts of cash, except for short-term investments held by UMW's investment manager as part of a long-term investment strategy.

(d) Investments

Securities purchased for investments and those received as gifts are carried at fair value. Except for certain investments in United Methodist Foundation of Western North Carolina, Inc. (the "Foundation") and the Funds of Wespath Benefits and Investments ("Wespath"), fair value is based upon quoted market prices. Investments in funds of the Foundation are stated at fair value, as determined by management of the Foundation, based on unitized market value of the fund portfolio. Investments in Wespath's Funds are stated at fair value primarily based on unitized market value of the respective fund portfolios. As of December 31, 2018, Wespath's Multiple Asset Fund is a composite of U.S. equity funds (33.9%), fixed income funds (36.1%), international equity funds (29.7%), and multiple asset fund cash (0.3%).

(e) Inventories

Inventories consist primarily of publications and are valued at the lower of cost or net realizable value, with cost determined principally on the first-in, first-out basis. Inventories are presented net of an allowance for obsolescence of \$29,420 and \$96,168 at December 31, 2018 and 2017, respectively.

(f) Land, Buildings and Equipment

Land, buildings, and equipment are recorded at the cost of acquisition, if purchased or at fair value at the date of gift. It is UMW's policy to capitalize expenditures for equipment in excess of \$2,500; purchases, which do not exceed this amount, are expensed as incurred. Buildings, building improvements, and equipment are depreciated on a straight-line basis over their estimated useful lives of 30, 20, and 5 years, respectively.

UMW has granted use of certain properties (land and buildings) to related church organizations under leasing or other arrangements and, accordingly, these properties are not reflected in the accompanying financial statements. These arrangements may call for nominal payments and are typically renewed so long as the grantee continues to carry out the stated programs. The carrying value of such properties was reflected as program expenditure at the time the arrangements for indefinite use of the properties were made.

Renovation, repair and maintenance, and insurance costs incurred by UMW for such properties are recorded as program expenses in the accompanying financial statements. Such costs amounted to approximately \$2,258,000 and \$2,413,000 in 2018 and 2017, respectively.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

(g) Bequests, Contributions and Other

Contributions, which include unconditional promises to give, are recognized as revenue when received. Bequest income is recorded when the will is declared valid. Contributions received on behalf of a specified beneficiary are recorded as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor.

In its operation of Brooks-Howell Home, UMW may collect certain entrance fees upon admittance of a resident. When material, such entrance fees are included in liabilities when received and amortized over the expected life of the resident. Entrance fees for 2018 and 2017, totaled \$450,000 and \$165,040, respectively.

(h) Net Assets

Net assets without donor restrictions represent resources over which the Board of Directors has full discretion with respect to use. The Board of Directors has designated certain net assets without donor restrictions for programs, retirement benefits, and to function as endowment (See Notes 9, 10, and 14). Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UMW or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity but may permit UMW to use or expend part or all of the income derived from the donated assets.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. New York State law (substantially in conformity with The Uniform Prudent Management of Institutional Funds Act) authorizes expenditures of appreciation (both realized and unrealized) in the value of endowment funds subject to a standard of business care and prudence. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or state law. 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 accompanying statements of activities as net assets released from restrictions.

In the event a donor makes changes to the nature of a restricted gift which affects its classification among the net asset categories, such amounts are reflected as reclassifications in the statements of activities.

(i) Federal Income Tax Exemption

UMW is covered under the General Council on Finance and Administration's ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. UMW believes it had no unrelated business income during the years ended December 31, 2018 and 2017.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

UMW accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax position being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for UMW include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, UMW has determined that such tax positions do not result in an uncertainty requiring recognition.

(j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(k) Financial Instruments and Fair Value Measurements

Assets recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, are as follows:

Level 1 - Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

Level 2 - Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads and yield curves.

Level 3 - Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the UMW’s best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

(l) Functional Allocation of Expenses

Costs of providing UMW’s ministries, programs, and services are summarized and reported on a functional basis. Program services expenses include costs directly associated with the program and other indirect costs determined to benefit that program. These costs have been allocated between program and supporting services based on estimates made by management.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

(m) New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. UMW has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the statement of functional expenses and the disclosure of liquidity and availability of resources, which have been implemented prospectively as allowed under the provisions of ASU 2016-14.

(3) Liquidity and Availability of Resources

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

Financial assets at year-end:	
Cash and cash equivalents	\$ 792,438
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks Howell Home	3,042,000
Receivables	5,588,670
Investments in debt securities of The United Methodist Development Fund	5,500
Investments	92,859,006
Perpetual trusts held by others	<u>1,438,031</u>
Total financial assets	<u>103,725,645</u>
Less amounts not available to be used for general expenditures within one year:	
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks Howell Home	3,042,000
Perpetual trusts held by others	1,438,031
Board designated funds	27,536,605
Subject to purpose restrictions	29,846,128
Donor restricted funds held in perpetuity	<u>18,820,880</u>
Financial assets not available to be used within one year	<u>80,683,644</u>
Financial assets available to meet general expenditures within one year	<u>\$ 23,042,001</u>

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

As noted in Note 12, UMW is the provider for the operations of BHH, a retirement facility in Asheville, North Carolina. UMW must maintain an operating reserve requirement for BHH; therefore, the cash and cash equivalents set aside for this operating reserve requirement are not available for general expenditure. UMW is the beneficiary of various perpetual trusts created by donors, the assets of which are not in the possession of UMW. UMW has legally enforceable rights or claims to such assets including the right to income therefrom. UMW has recorded the asset and recognized contribution revenue with donor restrictions at the fair value of its beneficial interest in the perpetual trust assets. Distributions received on the perpetual trust assets are recorded as investment income in the statements of activities unless otherwise restricted by the donor. Subsequent changes in fair value of the perpetual trusts held by others are recorded as net unrealized gains or losses on perpetual trusts held by others in the net assets with donor restrictions classification. UMW receives significant support through restricted and unrestricted contributions and must maintain sufficient resources to meet responsibilities to its donors; therefore, these assets are limited to use for donor-restricted purposes.

Additionally, UMW maintains certain other board designated assets that are designated for specific purposes. These assets are limited to use, which are more fully described in Note 9 and are not available for general expenditures within the next year. However, the board-designated amounts could be made available, if necessary. UMW has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

(4) Related Parties

UMW reimburses the financial services division of the General Board of Global Ministries of The United Methodist Church (“GBGM”) for providing certain administrative services. In addition, undesignated funds received by UMW are allocated, in part, for the work of several sections of UMW for the fulfillment of the responsibilities of the UMW. The total amount appropriated to GBGM (excluding the United Methodist Committee on Relief and the United Methodist Development Fund) in 2018 and 2017 (included in program and supporting services expenses) was \$-0- and \$13,750, respectively.

UMW is affiliated with the Scarritt-Bennett Center (the “Center”), a conference, retreat, and educational center in Nashville, Tennessee. UMW appoints certain members of the Center’s Board and the Center operates on property, title to which is held by UMW. UMW retains sole ownership of the property, including the rights to sell and shares interest in the proceeds from the sale of property with GCFA. In both 2018 and 2017, UMW provided the Center with financial support of \$100,000, in addition to the rent-free use of the facilities.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2018 and 2017

(5) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Land, buildings and improvements	\$ 14,674,340	\$ 13,151,424
Equipment	<u>5,365,682</u>	<u>4,711,224</u>
	20,040,022	17,862,648
Accumulated depreciation	<u>(10,047,217)</u>	<u>(8,889,575)</u>
Land, buildings, and equipment, net	<u>\$ 9,992,805</u>	<u>\$ 8,973,073</u>

(6) Investments

At December 31, 2018 and 2017, the cost and fair value of investments are as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term securities	\$ 271,719	\$ 271,777	\$ 351,452	\$ 383,879
Marketable equity securities	179,648	179,648	155,357	155,357
Wespath:				
International Equities Fund	5,690,337	8,195,350	6,640,942	8,574,935
U.S. Equities Fund	9,903,959	14,007,670	12,167,010	18,757,068
Fixed Income Fund	11,546,925	10,757,478	14,905,137	16,732,694
Equity Social Values Fund	2,715,871	2,834,565	3,730,377	4,598,546
Inflation Protection Fund	3,752,770	3,813,824	4,679,663	4,889,641
Multiple Asset Fund	31,939,448	52,249,797	33,632,780	58,766,853
Pooled investment funds	<u>548,897</u>	<u>548,897</u>	<u>602,330</u>	<u>602,330</u>
Sub-total investments	<u>\$66,549,574</u>	92,859,006	<u>\$76,865,048</u>	113,461,303
Less: Amount needed to cover the State of North Carolina operating reserve requirement for Brooks- Howell Home (Note 12)		<u>-</u>		<u>(844,287)</u>
Total investments		<u>\$92,859,006</u>		<u>\$ 112,617,016</u>

Investments in international common stocks represent investments in stocks of international companies located primarily in Japan, United Kingdom, France, the Netherlands, and Germany. Such investments are subject to foreign currency risk as well as market risk.

Investments, at fair value, include \$18,188,208 and \$22,048,471 at December 31, 2018 and 2017, respectively, designated for UMW's retirement fund (See Notes 7 and 8).

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Notes to Financial Statements

December 31, 2018 and 2017

Investment (loss) return for the years ended December 31, 2018 and 2017 consisted of the following:

	<u>2018</u>	<u>2017</u>
Interest and dividends	\$ <u>1,909,174</u>	\$ <u>1,913,987</u>
Net (depreciation) appreciation in fair value of investments and perpetual trusts held by others:		
Realized gains on investments	4,550,796	5,524,876
(Decrease) increase in accumulated unrealized gains on investments	<u>(12,243,133)</u>	<u>10,075,852</u>
Net (depreciation) appreciation in fair value of investments and perpetual trusts held by others	<u>(7,692,337)</u>	<u>15,600,728</u>
Total (loss) return on investments	<u>(5,783,163)</u>	<u>17,514,715</u>
Investment management expenses	<u>(2,954)</u>	<u>(3,792)</u>
(Loss) return on investments, net	<u>\$ (5,786,117)</u>	<u>\$ 17,510,923</u>

(7) Retirement Benefits

(a) Retirement Benefits Fund

UMW administers all pension plans (the "Plans") for retired deaconesses and missionaries of UMW and its predecessor organizations. These Plans are closed to new participants. With respect to pension funds in existence prior to unification of UMW (for which all participants are currently retired and receiving a pension), UMW maintains a separate retirement fund. The assets designated for retirement benefits are included in UMW's statements of financial position, principally relating to investments (See Note 6), as well as the assets of Brooks-Howell Home. The benefit obligation is included in accrued postretirement and pension benefit costs in statements of financial position. The difference of the assets designated for retirement benefits and the accrued postretirement and pension benefit costs is reported as unrestricted net assets designated for retirement benefits of missionaries and deaconesses (see below and Note 8). Missionary benefits expense in the accompanying statements of activities includes benefits paid under the pension plan plus the increase (decrease) in the actuarially calculated benefit obligation of the pension plan.

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Notes to Financial Statements

December 31, 2018 and 2017

The annual benefit level (per year of pension credit service) was \$585 and \$568 for the 2018 and 2017 actuarial valuations, respectively. The actuarial method is the Projected Unit Credit Method for both 2018 and 2017. The following are significant actuarial assumptions used in the valuations:

	2018	2017
Discount rate	3.78%	3.60%
Mortality	RP-14 adj 2006(MP-18)	RP-14 adj 2006(MP-17)
Annual benefit increases	3.00% pre 2022 2.00% post 2021	3.00% pre 2022 2.00% post 2021

Changes in assumptions used in the 2018 calculation were made to better reflect current market conditions, future anticipated mortality improvements, and revised planned benefit increases by the plan sponsor.

Participant data as of December 31 is summarized below:

	2018	2017
Number of Participants		
Active	1	1
Separated vested	6	8
Retirees	<u>103</u>	<u>116</u>
Total	<u>110</u>	<u>125</u>

The projected benefit obligation as of December 31, 2018 and 2017 is shown below by participant category:

	2018	2017
Future Annuitants		
Active	\$ 276,083	\$ 263,224
Terminated vested	<u>124,843</u>	<u>262,406</u>
	400,926	525,630
Current Annuitants		
Retirees	<u>6,751,468</u>	<u>7,662,671</u>
Total	<u>\$7,152,394</u>	<u>\$8,188,301</u>

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Notes to Financial Statements

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The following table sets forth financial information about the plan as of and for the years ended December 31, 2018 and 2017:

	2018	2017
Missionary and deaconess pension		
Projected benefit obligation, beginning of year	\$(8,188,301)	\$(9,015,078)
Service cost	(10,764)	(9,960)
Interest cost	(269,522)	(340,115)
Actuarial gain	281,693	67,515
Benefits paid	1,034,500	1,109,337
Projected benefit obligation, end of year	<u>\$(7,152,394)</u>	<u>\$(8,188,301)</u>

Estimated future benefit cash flows for the next five years and thereafter are as follows:

<u>Year</u>	<u>Projected Benefits</u>
2019	\$975,179
2020	897,543
2021	825,826
2022	750,780
2023	674,026
2024 - 2028	2,425,266

(b) Employee Benefits

Full-time laypersons and clergy employed by UMW participate in the Retirement Plan for General Agencies (“RPGA”). This defined contribution plan is administered by Wespath.

UMW makes semi-monthly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, UMW matches up to 2% of each employee’s contribution to their United Methodist Personal Investment Plan (“UMPIP”). Total contributions made by UMW for both components during 2018 and 2017 were \$634,506 and \$615,116, respectively.

UMW, through Brooks-Howell Home, also participates in the Cumulative Pension and Benefit Fund, which is administered by Wespath. All eligible employees of Brooks-Howell Home with more than two years of service participate in the plan. No employee contributions are required; however, voluntary employee contributions may be made. UMW pays 5% of eligible compensation into the plan with an additional 2% matching contribution. During the years ended December 31, 2018 and 2017, UMW made contributions of \$79,293 and \$88,818, respectively.

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Notes to Financial Statements

December 31, 2018 and 2017

(8) Health, Life and Other Employee Benefits

UMW provides health, life, and other employee benefits for its active employees and health, dental, and life benefits to retirees through a group plan, which qualifies for treatment as a multiemployer plan under ASC 715, *Compensation - Retirement Benefits*. Substantially all retired employees are eligible to participate in the plan if they have attained normal retirement age while in the employ of UMW.

The General Agencies of The United Methodist Church Benefit Plan (the “Plan”) provides medical, dental, life, and long and short-term disability defined benefits to participants of the General Agencies. The Plan’s unfunded accumulated postretirement benefit obligation was \$94,500,000 and \$98,600,000 and the Plan’s unfunded expected postretirement benefit obligation was \$131,500,000 and \$148,700,000 as of December 31, 2018 and 2017, respectively.

UMW’s active employees are covered by the Plan. The total cost of benefits for active employees was \$243,864 and \$812,794 in 2018 and 2017, respectively, exclusive of reimbursement from the General Agency Benefit Trust (the “Benefit Trust”).

Wespath has transferred certain excess pension assets to the Benefit Trust established by the 1996 General Conference as of December 31, 1996. Annually, the Benefit Trust allows a stated percentage, of 6% for both 2018 and 2017, of the fair market value of Benefit Trust assets at year-end to be available for distribution in the subsequent year in order to reimburse the participating agencies for their funding of active and retiree employee benefits. UMW received distributions from the Benefit Trust through GCFA and GBGM. The 2012 General Conference established UMW as a separate legal entity, and therefore, UMW may no longer be entitled to receive a distribution from the Benefit Trust. Distributions were discontinued to UMW in February 2016; however, UMW filed a request for reconsideration with GCFA to be reinstated as a beneficiary of the proceeds from the Benefit Trust, which was approved during 2017. Distributions received by UMW, from GBGM, totaled \$773,890 and \$1,280,763 for 2018 and 2017, respectively.

UMW also sponsors an unfunded noncontributory postretirement welfare plan that covers all retired missionaries and deaconesses, with a minimum service requirement of five years, for their respective lifetime. This Plan is closed to new participants. As of December 31, 2018, there were 102 participants receiving benefits. Plan benefits include the following:

- Reimbursements for medical and dental care, medically related travel, Medicare premiums, and expenses for special medical care assistance. The level of benefits is based on the employee’s years of service: 25% reimbursement for retirees with five years of service, increasing proportionately to a level of 100% for retirees with 20 years of service and over.
- Medical and retirement home care provided through Brooks-Howell Home for retirees with a minimum of 15 years of service. Benefits provided are based on a shared-cost formula.

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Notes to Financial Statements

December 31, 2018 and 2017

The following table sets forth financial information about the unfunded plan as of December 31, 2018 and 2017:

	Medical Plan	Retirement Home	Total
2018:			
Benefit obligation at December 31	<u>\$(2,896,826)</u>	<u>\$(11,586,940)</u>	<u>\$(14,483,766)</u>
Accrued benefit cost recognized in the statement of financial position	<u>\$(2,896,826)</u>	<u>\$(11,586,940)</u>	<u>\$(14,483,766)</u>
Actuarial assumptions:			
Benefit obligation discount rate	4.00%	4.00%	
Healthcare cost trend rate 2019/ultimate	5.30%/4.10%	3.00%/ 3.00%	
Mortality	RP-2014; Scale MP-2018		
Benefit cost included in mission personnel expense	<u>\$ 94,706</u>	<u>\$ 413,691</u>	<u>\$ 508,397</u>
Employer contributions	<u>\$ 274,401</u>	<u>\$ 1,812,864</u>	<u>\$ 2,087,265</u>
Benefits paid	<u>\$ 274,401</u>	<u>\$ 1,812,864</u>	<u>\$ 2,087,265</u>
	Medical Plan	Retirement Home	Total
2017:			
Benefit obligation at December 31	<u>\$(3,105,590)</u>	<u>\$(13,649,914)</u>	<u>\$(16,755,504)</u>
Accrued benefit cost recognized in the statement of financial position	<u>\$(3,105,590)</u>	<u>\$(13,649,914)</u>	<u>\$(16,755,504)</u>
Actuarial assumptions:			
Benefit obligation discount rate	3.25%	3.25%	
Healthcare cost trend rate 2018/ultimate	6.00%/3.90%	3.00%/3.00%	
Mortality	RP-2014; Scale MP-2017		
Benefit cost included in mission personnel expense	<u>\$ 121,522</u>	<u>\$ 422,557</u>	<u>\$ 544,079</u>
Employer contributions	<u>\$ 257,443</u>	<u>\$ 1,960,728</u>	<u>\$ 2,218,171</u>
Benefits paid	<u>\$ 257,443</u>	<u>\$ 1,960,728</u>	<u>\$ 2,218,171</u>

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Notes to Financial Statements

December 31, 2018 and 2017

Future Benefit Payments: Estimated future benefit payments reflecting expected future service for the next five fiscal years and thereafter are as follows:

<u>Year</u>	<u>Medical Plan</u>	<u>Retirement Home</u>	<u>Total</u>
2019	\$ 387,627	\$1,695,895	\$2,083,522
2020	359,207	1,549,823	1,909,030
2021	334,601	1,426,780	1,761,381
2022	306,596	1,291,174	1,597,770
2023	281,523	1,161,955	1,443,478
2024 - 2028	1,057,228	4,132,351	5,189,579

Healthcare Cost Trend Rate: The effect of a 1% increase in the healthcare cost trend rate would increase the benefit obligation by approximately \$770,522 at December 31, 2018.

(9) Description of Net Assets

Net assets without donor restrictions include the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Undesignated	\$ 10,331,708	\$ 20,204,257
Board designated for programs:		
Annuities	(43,506)	(24,831)
Other programs	<u>4,266,766</u>	<u>4,538,757</u>
Total board designated for programs	<u>4,223,260</u>	<u>4,513,926</u>
Board designated for retirement benefits of missionaries and deaconesses	<u>-</u>	<u>959,781</u>
Board designated funds functioning as endowment	<u>15,616,735</u>	<u>15,647,517</u>
Board designated for other:		
Scarritt-Bennett property reinvestment	3,494,517	4,205,713
Racial Justice initiative, Immigration responses, Acts of Repentance follow through, and Leadership Initiatives with Central Conference Women and women around the world	2,698,198	2,831,011
Severance for staff reduction and incentive	750,612	-
CCUN sprinkler, fire alarm, and air conditioning systems	545,161	-
CCUN renovations	<u>208,122</u>	<u>-</u>
Total board designated for other	<u>7,696,610</u>	<u>7,036,724</u>
Total net assets without donor restrictions	<u>\$ 37,868,313</u>	<u>\$ 48,362,205</u>

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Notes to Financial Statements

December 31, 2018 and 2017

Net assets with donor restrictions include the following at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
Subject to purpose restrictions:		
Projects and program activities to support Women, children, and youth; missionaries and Deaconesses pension and medical support; scholarships; and educational institutions	<u>\$29,846,128</u>	<u>\$34,457,492</u>
Endowments:		
Contributions restricted to investment in perpetuity. Income from these funds is expendable to support the following purposes:		
Projects and program activities to support Women, children, and youth; missionaries and Deaconesses pension and medical support; Scholarships; and educational institutions	<u>18,820,880</u>	<u>17,932,161</u>
Total net assets with donor restrictions	<u>\$48,667,008</u>	<u>\$52,389,653</u>

Net assets of \$2,055,153 and \$1,608,230 for 2018 and 2017, respectively, were released from donor restrictions by incurring costs and expenses satisfying the restricted purposes or by the occurrence of other events specified by donors. The purpose restrictions accomplished were for program services.

(10) Endowment

UMW's endowment consists of approximately 595 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Board of Directors of UMW has interpreted the applicable state law as requiring the preservation of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, UMW classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

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December 31, 2018 and 2017

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

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

2018

Endowment Net Asset Composition by Type of Fund as of December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u> Temporary in Nature	<u>Perpetual in Nature</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$18,820,880	\$18,820,880
Board-designated endowment funds	<u>15,616,735</u>	<u>24,603,994</u>	<u>-</u>	<u>40,220,729</u>
 Total funds	 <u>\$15,616,735</u>	 <u>\$24,603,994</u>	 <u>\$18,820,880</u>	 <u>\$59,041,609</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u> Temporary in Nature	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ <u>15,647,517</u>	\$ <u>30,042,785</u>	\$ <u>17,932,161</u>	\$ <u>63,622,463</u>
Investment return:				
Investment income	19,388	1,252,780	-	1,272,168
Net depreciation (realized and unrealized)	<u>(50,170)</u>	<u>(4,730,237)</u>	<u>(186,568)</u>	<u>(4,996,975)</u>
Total investment loss	<u>(30,782)</u>	<u>(3,477,457)</u>	<u>(186,568)</u>	<u>(3,694,807)</u>
Contributions	<u>-</u>	<u>-</u>	<u>1,075,287</u>	<u>1,075,287</u>
Appropriation of endowment assets for expenditure and reclassifications	<u>-</u>	<u>(1,961,334)</u>	<u>-</u>	<u>(1,961,334)</u>
 Endowment net assets, end of year	 <u>\$ 15,616,735</u>	 <u>\$ 24,603,994</u>	 <u>\$ 18,820,880</u>	 <u>\$ 59,041,609</u>

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Notes to Financial Statements

December 31, 2018 and 2017

2017

Endowment Net Asset Composition by Type of Fund as of December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Temporary in Nature</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Donor-restricted endowment funds	\$ -	\$ -	\$17,932,161	\$17,932,161
Board-designated endowment funds	<u>15,647,517</u>	<u>30,042,785</u>	<u>-</u>	<u>45,690,302</u>
Total funds	<u>\$15,647,517</u>	<u>\$30,042,785</u>	<u>\$17,932,161</u>	<u>\$63,622,463</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2017

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions Temporary in Nature</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Endowment net assets, beginning of year	<u>\$15,546,527</u>	<u>\$ 22,449,591</u>	<u>\$16,860,658</u>	<u>\$ 39,856,776</u>
Investment return:				
Investment income	10,586	984,120	-	994,706
Net appreciation (realized and unrealized)	<u>87,108</u>	<u>7,327,221</u>	<u>112,275</u>	<u>7,526,604</u>
Total investment return	<u>97,694</u>	<u>8,311,341</u>	<u>112,275</u>	<u>8,521,310</u>
Contributions	<u>-</u>	<u>-</u>	<u>953,148</u>	<u>953,148</u>
Board designation as endowment (Note 14)	<u>15,003,296</u>	<u>-</u>	<u>-</u>	<u>15,003,296</u>
Appropriation of endowment assets for expenditure and reclassifications	<u>-</u>	<u>(718,147)</u>	<u>6,080</u>	<u>(712,067)</u>
Endowment net assets, end of year	<u>\$15,647,517</u>	<u>\$ 30,042,785</u>	<u>\$17,932,161</u>	<u>\$ 63,622,463</u>

Return Objectives and Risk Parameters

UMW 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 UMW must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index and the Bank of New York Mellon 1 - 3 year Treasury Index while assuming a moderate level of investment risk. UMW expects its endowment funds, over time, to provide an average rate of return of between 6 - 8% annually. Actual returns in any given year may vary from this amount.

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Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

UMW has a formal spending policy. For 2018, after consideration of the factors noted above (under “*Interpretation of Relevant Law*”), a total spending rate of 6.0% was recommended as prudent, from which 1.0% was to be allocated for administrative expenses of UMW in managing and administrating the endowment fund portfolio. Further, distributions are made at the discretion of the Board of Directors when determining the annual budget. The Board of Directors approved a \$300,000 appropriation from the endowment fund portfolio in 2018. UMW considers the long-term expected return on its endowment. Accordingly, over the long term, UMW expects the current spending policy to allow its endowment to grow at an average of between 1 - 3% annually. This is consistent with UMW’s objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(11) Fair Value of Financial Instruments

Disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on UMW’s assessment of available market information and appropriate valuation methodologies. The following table summarizes required fair value disclosures and measurements at December 31, 2018 and 2017 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

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December 31, 2018 and 2017

	<u>Fair Value Measurements at Reporting Date Using</u>			
<u>Assets (Liabilities)</u> <u>Measured</u> <u>at Fair Value</u>	<u>Quoted Prices in</u> <u>Active Markets for</u> <u>Identical Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>	
December 31, 2018:				
Assets:				
Investments:				
Short-term securities	\$ 271,777	\$ 271,777	\$ -	\$ -
Marketable equity securities	179,648	179,648	-	-
International Equities Fund	8,195,350	-	8,195,350	-
U.S. Equities Fund	14,007,670	14,007,670	-	-
Fixed Income Fund	10,757,478	-	10,757,478	-
Equity Social Values Fund	2,834,565	-	2,834,565	-
Inflation Protection Fund	3,813,824	-	3,813,824	-
Multiple Asset Fund	52,249,797	-	52,249,797	-
Pooled investment funds	<u>548,897</u>	<u>-</u>	<u>548,897</u>	<u>-</u>
Total investments	92,859,006	14,459,095	78,399,911	-
Perpetual trusts held by others	1,438,031	1,438,031	-	-
Liabilities:				
Assets held for others	(5,308,776)	-	(5,308,776)	-

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Notes to Financial Statements

December 31, 2018 and 2017

	<u>Fair Value Measurements at Reporting Date Using</u>			
Assets (Liabilities)	Quoted Prices in	Significant	Significant	
Measured	Active Markets for	Other Observable	Unobservable	
at Fair Value	Identical Assets	Inputs	Inputs	
	(Level 1)	(Level 2)	(Level 3)	
December 31, 2017:				
Assets:				
Investments:				
Short-term securities	\$ 383,879	\$ 383,879	\$ -	\$ -
Marketable equity securities	155,357	155,357	-	-
International Equities Fund	8,574,935	-	8,574,935	-
U.S. Equities Fund	18,757,068	18,757,068	-	-
Fixed Income Fund	16,732,694	-	16,732,694	-
Equity Social Values Fund	4,598,546	-	4,598,546	-
Inflation Protection Fund	4,889,641	-	4,889,641	-
Multiple Asset Fund	58,766,853	-	58,766,853	-
Pooled investment funds	<u>602,330</u>	<u>-</u>	<u>602,330</u>	<u>-</u>
Sub-total investments	113,461,303	19,296,304	94,164,999	-
Less: Amount needed to cover the State of North Carolina operating Reserve requirement for Brooks-Howell Home (Note 12)	<u>(844,287)</u>	<u>(844,287)</u>	<u>-</u>	<u>-</u>
Total investments	112,617,016	18,452,017	94,164,999	-
Perpetual trusts held by others	1,624,599	1,624,599	-	-
Liabilities:				
Assets held for others	(5,312,100)	-	(5,312,100)	-

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Notes to Financial Statements

December 31, 2018 and 2017

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Investments

The fair value of short-term securities and common stocks are determined using primarily Level 1 inputs in accordance with ASC 820. The fair values of corporate bonds, international equities, domestic bond fund, Multiple Asset Fund and other funds held by Wespath, and pooled investment funds with units are determined using primarily Level 2 inputs.

Other

The fair values of financial instruments for which estimated fair value amounts have not been specifically presented are estimated to approximate the related book values, primarily based on the short-term nature of these instruments.

(12) Operating Reserve Requirement for Brooks-Howell Home

UMW is the provider for the operations of BHH, a retirement facility in Asheville, North Carolina. BHH is operated as a program of UMW. BHH operates under a Certificate of Authority from the State of North Carolina. Pursuant to North Carolina statute for Continuing Care Retirement Communities, certain operating reserves must be maintained by the provider. The operating reserve must cover a percentage of the forecasted total operating expenses for the facility for the upcoming year, excluding depreciation, amortization, and extraordinary items. Specifically, according to statute § 58-64-33, if a facility maintains an occupancy level in excess of ninety percent, a provider shall be required to maintain an operating reserve of twenty-five percent of operating expenses; however, if the occupancy levels fall below ninety percent, a fifty percent operating reserve must be maintained. As of December 31, 2018 and 2017, UMW held \$3,042,000 and \$3,084,000, respectively, in operating reserves for Brooks-Howell Home based on actual occupancy levels of less than ninety percent and anticipated 2018 and 2017 operating expenses, respectively. As UMW is the provider for BHH, the operating reserves are reported in UMW's financial statements and not within BHH's financial statements.

(13) Operating Lease Commitment

UMW leases certain office space under an operating lease expiring in October 2020. The annual rental for each year ended December 31 is an amount equal to the UMW's proportionate share of (i) Landlord's carrying, maintenance, operating and depreciation charges for the Building, parking lot, other improvements (including common facilities), underlying land and the adjacent sidewalks (collectively, the "Real Property") for such year plus (ii) the amount of scheduled contributions to Landlord's capital improvement fund for the Real Property. Rental expense was \$783,592 and \$940,051 for the years ended December 31, 2018 and 2017, respectively. Future annual rental expense will vary based on the formula above, but is expected to approximate the 2018 expense through the remainder of the lease term.

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December 31, 2018 and 2017

(14) Alma Mathews House

UMW owned property located at 273-275 West 11th Street, New York, NY, known as Alma Mathews House. In 2016, UMW sold the property for \$34,500,000 (net \$33,869,501). Alma Mathews was a program of UMW; however, its operations are not considered to be material for separate disclosure as discontinued operations. Gain on sale of the property totaled \$33,771,291.

During March 2017, the UMW Board of Directors designated the use of the proceeds from the sale of Alma Mathews House for the following purposes:

Renovation funds for UMW Headquarters	\$ 4,000,000
Legacy Fund Endowment	15,000,000
Scarritt Bennett property reinvestment	5,000,000
Racial Justice initiative, Immigration responses, Acts of Repentance follow through, and Leadership initiatives with Central Conference women and women around the world	3,000,000
Strategic Plan Implementation	<u>1,000,000</u>
	<u>\$28,000,000</u>

Since March 2017, the UMW Board of Directors has designated additional proceeds from the sale of the Alma Mathews House property to be used for severance for staff reduction and incentive (\$1,000,000), upgrading the sprinkler, fire alarm, and air conditioning systems in the CCUN building (\$1,310,400), and renovating office space in the CCUN building (\$1,000,000). Therefore, \$31,310,400 of the Alma Mathews House proceeds have been designated by the Board as of December 31, 2018.

(15) Subsequent Events

Management has evaluated subsequent events through May 30, 2019, the date the financial statements were available for issuance, and has determined that there was one subsequent event requiring disclosure.

During March 2019, the UMW Board of Directors passed a resolution to make available to BHH an amount up to approximately \$1,122,000, which is to be disbursed as needed for the operation, upkeep, refurbishment and future planning of BHH as it is the one remaining retirement community for the Deaconesses, Home Missionaries, and Missionaries for whom UMW have a commitment.

BROOKS-HOWELL HOME
FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

BROOKS-HOWELL HOME

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Independent Accountant's Review Report

To the Board of Directors
Brooks-Howell Home
Asheville, North Carolina

We have reviewed the accompanying financial statements of Brooks-Howell Home (the "Organization") (a nonprofit organization, which is a part of United Methodist Women), which comprise the statements of financial position as of December 31, 2018 and 2017, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



To the Board of Directors
Brooks-Howell Home

Changes in Financial Statement Presentation

As discussed in Note A, the Organization adopted Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14. Our opinion is not modified with respect to this matter.

Crosslin, PLLC

Nashville, Tennessee
May 1, 2019

BROOKS-HOWELL HOME
STATEMENTS OF FINANCIAL POSITION
REVIEWED - SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

ASSETS

	December 31,	
	2018	2017
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,304,729	\$ 1,328,088
Assets limited as to use - current portion	17,059	102,377
Accounts receivable - residents	65,560	84,990
Accounts receivable - other	23,649	12,360
Accounts receivable - United Methodist Women	13,864	164,936
Inventories	70,186	59,846
	1,495,047	1,752,597
EQUIPMENT AND IMPROVEMENTS		
Equipment and improvements	4,068,892	3,907,219
Less: accumulated depreciation	(2,480,056)	(2,227,339)
	1,588,836	1,679,880
OTHER ASSETS		
Investments	246,571	261,241
Assets limited as to use - long-term	532,402	568,555
	778,973	829,796
	\$ 3,862,856	\$ 4,262,273

LIABILITIES AND NET ASSETS

	<u>December 31,</u>	
	<u>2018</u>	<u>2017</u>
CURRENT LIABILITIES		
Accounts payable	\$ 76,055	\$ 141,893
Accrued wages and related liabilities	465,904	283,946
Agency funds	<u>17,059</u>	<u>102,377</u>
Total current liabilities	<u>559,018</u>	<u>528,216</u>
NET ASSETS		
Without donor restrictions	2,713,579	3,109,215
With donor restrictions:		
Subject to purpose restrictions	74,876	106,895
Permanent endowments	<u>515,383</u>	<u>517,947</u>
Total with donor restrictions	<u>590,259</u>	<u>624,842</u>
Total net assets	<u>3,303,838</u>	<u>3,734,057</u>
Total liabilities and net assets	<u>\$ 3,862,856</u>	<u>\$ 4,262,273</u>

See accompanying notes to reviewed financial statements.

BROOKS-HOWELL HOME
STATEMENTS OF ACTIVITIES
REVIEWED - SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Year Ended December 31, 2018			Year Ended December 31, 2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, gains and other support:						
Resident services	\$ 3,715,925	\$ -	\$ 3,715,925	\$ 3,702,493	\$ -	\$ 3,702,493
United Methodist Women support	1,813,988	-	1,813,988	1,814,729	-	1,814,729
United Methodist Women grants	54,882	-	54,882	182,759	-	182,759
Contributions	-	2,501	2,501	-	7,241	7,241
Investment (loss) earnings	-	(5,065)	(5,065)	-	72,409	72,409
Other revenue available for operations	556,231	-	556,231	208,585	-	208,585
Net assets released from restrictions/transfers	6,379	(6,379)	-	33,192	(33,192)	-
Total revenue, gains and other support	6,147,405	(8,943)	6,138,462	5,941,758	46,458	5,988,216
Operating expenses:						
Nursing services	2,528,442	-	2,528,442	2,440,127	-	2,440,127
Food services	834,761	-	834,761	880,920	-	880,920
Administration	1,074,845	-	1,074,845	761,451	-	761,451
Environmental services	465,971	-	465,971	520,148	-	520,148
Maintenance	837,508	-	837,508	727,827	-	727,827
Social services	60,803	-	60,803	76,598	-	76,598
Human resources	215,417	-	215,417	187,325	-	187,325
Marketing	33,022	-	33,022	73,551	-	73,551
Activities	202,678	-	202,678	207,913	-	207,913
Depreciation	252,717	-	252,717	269,065	-	269,065
Other	16,267	-	16,267	38,041	-	38,041
Staff house	3,227	-	3,227	3,216	-	3,216
Total operating expenses	6,525,658	-	6,525,658	6,186,182	-	6,186,182
Operating (loss) income	(378,253)	(8,943)	(387,196)	(244,424)	46,458	(197,966)
Unrealized (losses) gains on investments	(17,383)	(25,640)	(43,023)	21,659	-	21,659
Change in net assets	(395,636)	(34,583)	(430,219)	(222,765)	46,458	(176,307)
Net assets - beginning of year	3,109,215	624,842	3,734,057	3,331,980	578,384	3,910,364
Net assets - end of year	<u>\$ 2,713,579</u>	<u>\$ 590,259</u>	<u>\$ 3,303,838</u>	<u>\$ 3,109,215</u>	<u>\$ 624,842</u>	<u>\$ 3,734,057</u>

See accompanying notes to reviewed financial statements.

BROOKS-HOWELL HOME
STATEMENTS OF CASH FLOWS
REVIEWED - SEE INDEPENDENT ACCOUNTANT'S REVIEW REPORT

	Year Ended December 31,	
	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (430,219)	\$ (176,307)
Adjustments to reconcile change in net assets to cash provided by (used in) operating activities:		
Depreciation	252,717	269,065
Unrealized loss (gain) on investments	43,023	(21,659)
Changes in operating assets and liabilities:		
Accounts receivable - residents	19,430	(32,985)
Accounts receivable - other	(11,289)	(1,890)
Accounts receivable - United Methodist Women	151,072	(16,563)
Inventories	(10,340)	14,445
Accounts payable	(65,838)	(14,868)
Accrued wages and related liabilities	181,958	25,926
	130,514	45,164
Net cash provided by operating activities		
Cash flows from investing activities:		
Change in assets limited as to use	121,471	(1,795)
Agency funds	(85,318)	(46,670)
Purchases of equipment and improvements	(161,673)	(413,628)
Purchases and sales of investments, net	(28,353)	(3,978)
	(153,873)	(466,071)
Net cash used in investing activities		
Decrease in cash and cash equivalents	(23,359)	(420,907)
Cash and cash equivalents - beginning of year	1,328,088	1,748,995
Cash and cash equivalents - end of year	\$ 1,304,729	\$ 1,328,088

See accompanying notes to reviewed financial statements.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The summary of significant accounting policies of Brooks-Howell Home (the “Organization”) is presented to assist in understanding the Organization’s financial statements. The Organization’s management is responsible for the integrity and objectivity of the financial statements and notes. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization

Brooks-Howell Home is a part of United Methodist Women (“UMW”) and primarily provides housing, health care, and other related services to residents through the operation of a retirement facility containing 39 residential apartments, 21 suites, 1 cottage, and 58 licensed nursing care beds. The Organization is located in Asheville, North Carolina. UMW owns the property and provides operating support; however, no rent is paid to UMW for use of the property. Contracts for services provided by the Organization are in the name of UMW. The Organization manages the day-to-day operations under the direction of UMW. These financial statements reflect only those day-to-day operations at Brooks-Howell Home. Other transactions that occur between residents and UMW are not recorded within these financial statements. The Organization operates in the State of North Carolina under provisions of a Certificate of Authority.

The mission of the Organization is to serve retired missionaries, deaconesses, and staff of UMW, a certain number of retirees from other divisions of The United Methodist Church, and a limited number of temporary health care patients from the community.

Net Assets

For reporting purposes, the Organization’s financial statements have been prepared to focus on the organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but may permit the Organization to use or expend part or all of the income derived from the donated assets.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Included in net assets without donor restrictions are funds that have been designated by the Organization for particular purposes. The total of these funds are \$614,650 and \$602,175 as of December 31, 2018 and 2017, respectively.

Use of Estimates

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

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid instruments with original maturities of three months or less when purchased.

Investments

Investments in equity securities with readily determinable fair values and investments in debt securities are measured at fair value in the accompanying statements of financial position. Contributed investments are stated at the fair value at the date of receipt. Investment income or loss (including realized gains and losses on investments, interest and dividends) is included in operating income unless the donor or law restricts the income or loss. Unrealized gains and losses on investments are generally excluded from operating income and are shown as other changes in net assets in the statements of activities.

Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) issued authoritative guidance regarding fair value measurements, which defines fair value, establishes a framework for measuring fair value in U.S. generally accepted accounting principles and expands disclosures about fair value measurements. The Organization utilizes market data or assumptions that market participants would use in pricing the asset or liability. Generally accepted accounting principles establish a three-tier fair value hierarchy, which prioritizes the inputs used when measuring fair value based on the inputs to valuation techniques as follows (See Note D):

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Level 1 - These are investments where values are based on unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

Level 2 - These are investments where values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the investments.

Level 3 - These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. The Organization has no investments categorized in Level 3.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value at the date the promise is received. The Organization reports contributions of cash and other assets as restricted support, if they are received with donor stipulations that limit the use of the donated assets. 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. Donor restricted contributions whose restrictions are met in the same reporting period as received are reflected as contributions without donor restrictions in the accompanying financial statements.

The Organization reports contributions of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Contributions of long-lived assets with explicit restrictions that specify how the assets are to be used and contributions of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or net realizable value of the inventory item.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Assets Limited as to Use

Assets limited as to use include assets whose corpus is permanently restricted, and assets held on behalf of others representing agency funds related to funeral funds and resident medical funds (See Note C).

Equipment and Improvements

Equipment purchased prior to January 1, 2000 is carried at values established by an estimate of fair value at January 1, 2000. Purchases after January 1, 2000 are carried at cost. Certain donated asset values were recorded at a nominal amount since fair values were not determinable. Major renewals and improvements are capitalized to the equipment and improvement accounts while replacements, maintenance, and repairs, which do not improve or extend the life of the asset are expensed as incurred. Betterments and renewals of facilities are capitalized as improvements as the Organization expects to benefit from such items over their useful lives. When assets are sold or retired, their cost is removed from the accounts.

Depreciation is provided by charges to operations using the straight-line method at rates designed to amortize the cost of the assets over their estimated useful lives, which range from 5 to 20 years.

Functional Expense Classifications

All expenses in the accompanying statements of activities were incurred for or related to the provision of services by the retirement center (See Note G).

Accounts Receivable - Residents

Accounts receivable are recorded based on the amounts due from residents. Because historical losses related to these receivables have been insignificant, management uses primarily the direct write-off method to account for bad debts.

Operating Income

The statements of activities includes operating income. Changes in net assets, which are excluded from operating income, consistent with industry practice, include unrealized gains and losses on investments, permanent transfers of assets to and from affiliates for other goods and services, and certain contributions of long-lived assets.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Donated Services

When contributed services that create or enhance non-financial assets or require specialized skills are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, the amounts are reflected in the financial statements as in-kind contributions and expenditures if the value of the donated services is ascertainable. There were no such donated services recorded in the accompanying financial statements. However, during the year, board members and volunteers donated time not meeting the above requirement for inclusion in the financial statements.

Concentrations

To limit its credit exposure, the Organization deposits its cash and cash equivalents with financial institutions which management believes are high quality financial institutions. Management does not believe that there are significant credit risks related to these deposits.

The Organization also receives a high concentration of its revenues through UMW for the care of retired missionaries, deaconesses, and staff of UMW. Such revenues totaled approximately 30% and 33% of total revenue, gains, and other support for the years ended December 31, 2018 and 2017, respectively.

Tax Status

The Organization is a tax-exempt organization as described in Section 501(c)(3) of the Internal Revenue Code because it is a part of UMW. Accordingly, the accompanying financial statements do not reflect a provision or liability for federal and state income taxes. The Organization has determined that it does not have any material unrecognized tax benefits or obligations as of December 31, 2018 and 2017.

The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax; however, the Organization has determined that such tax positions do not result in an uncertainty requiring recognition.

BROOKS-HOWELL HOME
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2018 AND 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncement

On August 18, 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively to all periods presented with the exception of the disclosure of liquidity and availability of resources, which has been implemented prospectively as allowed under the provisions of ASU 2016-14.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Financial assets at year end:	
Cash and cash equivalents	\$1,304,729
Assets limited as to use - current portion	17,059
Accounts receivable - residents	65,560
Accounts receivable - other	23,649
Accounts receivable - United Methodist Women	13,864
Inventories	70,186
Investments	246,571
Assets limited as to use - long-term	<u>532,402</u>
 Total financial assets	 <u>2,274,020</u>
 Less amounts not available to be used for general expenditures within one year:	
Financial assets not available to be used within one year	<u>549,461</u>
Financial assets available to meet general expenditures within one year	<u>\$1,724,559</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

C. ASSETS LIMITED AS TO USE

Assets limited as to use are recorded at fair value based primarily upon quoted market rates and consist of the following:

	December 31,	
	2018	2017
Current portion:		
Held on behalf of others	<u>\$ 17,059</u>	<u>\$102,377</u>
Comprised of:		
Cash and cash equivalents	\$ 6,731	\$ 92,049
Land lots	10,328	10,328
	<u>\$ 17,059</u>	<u>\$102,377</u>
Long-term portion:		
With donor restrictions	<u>\$532,402</u>	<u>\$568,555</u>
Comprised of:		
Investments and cash equivalents	<u>\$532,402</u>	<u>\$568,555</u>

D. INVESTMENTS

Investments are as follows, at fair value:

	December 31,	
	2018	2017
Cash and cash equivalents	\$ 39,208	\$ 60,900
Marketable equity securities	179,648	155,357
Certificates of deposit	11,220	11,209
Pooled investment funds	548,897	602,330
Total investments	778,973	829,796
Less: Investments classified as assets limited as to use	532,402	568,555
Investments	<u>\$246,571</u>	<u>\$261,241</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

D. INVESTMENTS - Continued

Investment securities, in general, are exposed to various risks, such as interest rates, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Level inputs for fair value measurement of investments are as follows:

	Fair Value Measurements at Reporting Date Using			
	Assets Measured at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2018:</u>				
Investments:				
Short-term and marketable securities	\$230,076	\$230,076	\$ -	\$ -
Pooled investment funds	<u>548,897</u>	<u>-</u>	<u>548,897</u>	<u>-</u>
Total investments	<u>\$778,973</u>	<u>\$230,076</u>	<u>\$548,897</u>	<u>\$ -</u>
 <u>December 31, 2017:</u>				
Investments:				
Short-term and marketable securities	\$227,466	\$227,466	\$ -	\$ -
Pooled investment funds	<u>602,330</u>	<u>-</u>	<u>602,330</u>	<u>-</u>
Total investments	<u>\$829,796</u>	<u>\$227,466</u>	<u>\$602,330</u>	<u>\$ -</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017 have been restricted by the donors for the following purposes:

	December 31,	
	2018	2017
Subject to purpose restrictions:		
Scholarships	\$ 13,077	\$ 13,066
Miscellaneous resident needs	61,799	93,829
Total subject to purpose restrictions	74,876	106,895
Permanent endowments:		
McLaughlin Endowment Fund	170,114	170,960
Lebedeff Endowment Fund	345,269	346,987
Total permanent endowments	515,383	517,947
Total net assets with donor restrictions	\$590,259	\$624,842

Net assets with donor restrictions for the years ended December 31, 2018 and 2017 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (the “Act”) as requiring 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. As a result of this interpretation, the Organization has classified as net assets with donor restrictions (a) the value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulated is added to the fund. The remaining portion of the donor-restricted endowment funds that are not classified as permanent endowments are classified as subject to purpose restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

E. NET ASSETS WITH DONOR RESTRICTIONS - Continued

In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that are intended to provide an ongoing stream of funding for resident services that are supported by the endowment. Endowment assets include assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a manner that is intended to produce a moderate level of total investment return consistent with a prudent level of portfolio risk.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that includes fixed income instruments and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy

The Organization's policy is generally to appropriate for spending up to 90% of the investment returns. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow by 10% of the investment income annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

E. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Changes in endowment net assets with donor restrictions for the years ended December 31, 2018 and 2017 are as follows:

	<u>With Donor Restrictions</u>
<u>December 31, 2018:</u>	
Endowment net assets - beginning of year	\$ 568,555
Contributions	2,501
Investment earnings	25,005
Net depreciation	(55,710)
Appropriation of endowment assets for expenditures	<u>(7,949)</u>
Endowment net assets - end of year	<u>\$ 532,402</u>
	<u>With Donor Restrictions</u>
<u>December 31, 2017:</u>	
Endowment net assets - beginning of year	\$ 520,090
Contributions	7,241
Investment earnings	14,017
Net appreciation	58,392
Appropriation of endowment assets for expenditures	<u>(31,185)</u>
Endowment net assets - end of year	<u>\$ 568,555</u>

F. EMPLOYEE BENEFIT PLANS

The Organization participates in the Cumulative Pension and Benefit Fund, which is supervised and administered by the General Board of Pensions and Health Benefits of The United Methodist Church. All eligible employees with more than two years of service, beginning July 1 2001, participate in the Plan. The Organization paid 9% of eligible compensation into the Plan through November 14, 2016, and no employee contributions were required; however, voluntary employee contributions could be made. Effective November 15, 2016, the Organization reduced the contribution rate to 5% of eligible compensation into the Plan with an additional 2% matching contribution. During the years ended December 31, 2018 and 2017, the Organization made retirement plan contributions of \$79,293 and \$88,818, respectively.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

G. FUNCTIONAL EXPENSE CLASSIFICATIONS

2018

	Nursing Services	Food Services	Administration	Environmental Services	Maintenance	Social Services	Human Resources	Marketing	Activities	Depreciation	Other	Staff House	Total
Salaries, wages, and employee benefits	\$ 2,328,057	\$ 539,538	\$ 742,237	\$ 382,506	\$ 395,541	\$ 59,337	\$ 179,275	\$ 2,392	\$ 197,900	\$ -	\$ -	\$ -	\$ 4,826,783
Consulting and contractual services	115,269	258,598	94,557	49,897	121,511	666	1,700	-	1,831	-	-	-	644,029
Insurance paid by UMW	-	-	141,682	-	-	-	-	-	-	-	-	-	141,682
Maintenance	4,233	6,775	458	16,082	75,909	-	-	-	-	-	-	-	103,457
Depreciation	-	-	-	-	-	-	-	-	-	252,717	-	-	252,717
Utilities	-	-	-	-	231,398	-	-	-	-	-	-	-	231,398
Other	80,883	29,850	95,911	17,486	13,149	800	34,442	30,630	2,947	-	16,267	3,227	325,592
Total	<u>\$ 2,528,442</u>	<u>\$ 834,761</u>	<u>\$ 1,074,845</u>	<u>\$ 465,971</u>	<u>\$ 837,508</u>	<u>\$ 60,803</u>	<u>\$ 215,417</u>	<u>\$ 33,022</u>	<u>\$ 202,678</u>	<u>\$ 252,717</u>	<u>\$ 16,267</u>	<u>\$ 3,227</u>	<u>\$ 6,525,658</u>

2017

	Nursing Services	Food Services	Administration	Environmental Services	Maintenance	Social Services	Human Resources	Marketing	Activities	Depreciation	Other	Staff House	Total
Salaries, wages, and employee benefits	\$ 2,203,635	\$ 554,934	\$ 396,425	\$ 421,708	\$ 352,466	\$ 73,704	\$ 166,448	\$ 61,374	\$ 200,731	\$ -	\$ -	\$ -	\$ 4,431,425
Consulting and contractual services	142,542	285,550	136,395	68,766	94,520	739	-	-	1,117	-	-	-	729,629
Insurance paid by UMW	-	-	126,215	-	-	-	-	-	-	-	-	-	126,215
Maintenance	1,190	6,898	-	15,956	83,235	-	-	-	-	-	-	-	107,279
Depreciation	-	-	-	-	-	-	-	-	-	269,065	-	-	269,065
Utilities	-	-	-	-	189,924	-	-	-	-	-	-	-	189,924
Other	92,760	33,538	102,416	13,718	7,682	2,155	20,877	12,177	6,065	-	38,041	3,216	332,645
Total	<u>\$ 2,440,127</u>	<u>\$ 880,920</u>	<u>\$ 761,451</u>	<u>\$ 520,148</u>	<u>\$ 727,827</u>	<u>\$ 76,598</u>	<u>\$ 187,325</u>	<u>\$ 73,551</u>	<u>\$ 207,913</u>	<u>\$ 269,065</u>	<u>\$ 38,041</u>	<u>\$ 3,216</u>	<u>\$ 6,186,182</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

H. AGENCY FUNDS

The Organization handles funds from some residents related to expenses and for funeral expenses. The balances of these funds are shown as agency funds and totaled \$17,059 and \$102,377 at December 31, 2018 and 2017, respectively. Transactions on behalf of residents are not reflected on the financial statements of the Organization.

I. UNITED METHODIST WOMEN

The Organization collects entrance fees on behalf of UMW from residents upon execution of a contract between UMW and the resident. The Organization remits these funds to UMW, with no revenue or expense recorded in the Organization's financial statements. The UMW returns the entrance fees to the Organization as part of its financial support. From time to time, the Organization may also collect bequests to UMW, which are remitted to UMW, with no revenue or expense record in the Organization's financial statements. At both December 31, 2018 and 2017, there were no amounts owed to UMW, relating to entrance fees and bequests, which it collected on behalf of UMW.

At December 31, 2018 and 2017, UMW owed the Organization \$-0- and \$137,638 for support for the months of December 2018 and 2017, respectively. At December 31, 2018 and 2017, UMW also owed the Organization \$-0- and \$13,434 for insurance premiums, respectively. At both December 31, 2018 and 2017, \$13,864 was also due from UMW relating to property grants.

UMW is the provider for the operations of Brooks-Howell Home. Pursuant to North Carolina statute for Continuing Care Retirement Communities, certain operating reserves must be maintained by the provider. The operating reserve must cover a percentage of the forecasted total operating expenses for the facility for the upcoming year, excluding depreciation, amortization, and extraordinary items. Specifically, according to statute § 58-64-33, if a facility maintains an occupancy level in excess of ninety percent, a provider shall be required to maintain an operating reserve of twenty-five percent of operating expenses; however, if the occupancy levels fall below ninety percent, a fifty percent operating reserve must be maintained. As of December 31, 2018 and 2017, UMW held \$3,042,000 and \$3,084,000 in operating reserves for Brooks-Howell Home based on actual occupancy levels of less than ninety percent and anticipated 2018 and 2017 operating expenses, respectively. As UMW is the provider for the Organization, the operating reserves are reported in UMW's financial statements and not within the accompanying financial statements of the Organization.

See also Note A for additional information on the relationship of the Organization to UMW.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2018 AND 2017

J. CONTINUING OPERATIONS

The Organization's capacity to meet its financial commitments and operational needs are dependent on the Organization's ability to secure ongoing revenues and funding for its activities, including regular contributions and donations, increased fee revenues from proposed changes to entrance requirements and other revenue generation plans, market performance of the endowment funds, and the continued support and grants from UMW. In March 2019, UMW's board of directors approved a resolution to commit to funding the operations of the Organization through May 2020. Significant changes in these sources or levels of funding, or inability to carry-out certain proposed changes to entrance requirements and other revenue generation plans, would materially affect the Organization's program activities and ability to operate.

K. CONTINGENCIES

The Organization has in place insurance coverage for possible litigation in the ordinary course of business related to general and professional liability claims including medical malpractice. Management believes that claims, if asserted, would be settled within the limits of coverage, which is on an occurrence basis.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursements for patient services, and fraud and abuse. Accordingly, the healthcare industry is subject to government activity with respect to investigations and/or allegations concerning possible violations of fraud and abuse statutes and/or regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Specifically, the Organization is licensed to operate under the Continuing Care Retirement Communities Statute of the state of North Carolina and is regulated by the North Carolina Department of Insurance.

Management believes that the Organization is in compliance with statutes, as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretations as well as regulatory actions unknown or unassisted at this time. The Organization is not aware of any pending or threatened investigations involving allegations of potential wrongdoing.

L. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 1, 2019, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events requiring disclosure.

UNITED METHODIST WOMEN

FINANCIAL FORECAST

**For Each of the Five Years Ending
December 31, 2023**

**(with Independent Accountant's
Compilation Report Thereon)**

UNITED METHODIST WOMEN

Compilation of Financial Forecast

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Independent Accountant's Compilation Report

The Board of Directors
United Methodist Women
New York City, New York

Management is responsible for the accompanying financial forecast of United Methodist Women ("UMW"), which comprises the forecasted statements of financial position as of December 31, 2019, 2020, 2021, 2022, and 2023, and the related forecasted statements of activities and cash flows for the years then ending, and the related summaries of significant assumptions and accounting policies in accordance with guidelines for the presentation of a financial forecast established by the American Institute of Certified Public Accountants ("AICPA"). We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not examine or review the financial forecast nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on this financial forecast.

The forecasted results may not be achieved as there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and these differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying supplementary disclosure for Brooks-Howell Home is presented for purposes of additional analysis and is not a required part of the prospective financial information. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not examined or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

The accompanying forecast and this report were prepared to comply with the requirements of North Carolina General Statutes, Chapter 58, Article 64 and should not be used for any other purpose.

Crosslin, PLLC

Nashville, Tennessee
May 30, 2019

UNITED METHODIST WOMEN
FORECASTED STATEMENTS OF FINANCIAL POSITION
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	December 31,				
	2019	2020	2021	2022	2023
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 95,010	\$ 96,135	\$ 97,962	\$ 96,682	\$ 96,814
Receivables	6,605	6,301	6,188	6,389	5,903
Inventories and other assets	1,100	1,100	1,100	1,100	1,100
Prepaid expenses	680	680	680	680	680
Total current assets	<u>103,395</u>	<u>104,216</u>	<u>105,930</u>	<u>104,851</u>	<u>104,497</u>
Restricted assets:					
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks-Howell Home	3,057	3,072	3,087	3,103	3,135
Perpetual trusts held by others	1,500	1,500	1,500	1,500	1,500
Total restricted assets	<u>4,557</u>	<u>4,572</u>	<u>4,587</u>	<u>4,603</u>	<u>4,635</u>
Land, buildings, and equipment, net	<u>9,083</u>	<u>8,173</u>	<u>7,263</u>	<u>6,353</u>	<u>5,443</u>
Total assets	<u>\$ 117,035</u>	<u>\$ 116,961</u>	<u>\$ 117,780</u>	<u>\$ 115,807</u>	<u>\$ 114,575</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable and accrued expenses	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700	\$ 1,700
Total current liabilities	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>	<u>1,700</u>
Long-term liabilities:					
Long-term debt	-	-	-	-	-
Deferred revenue - refundable	-	-	-	-	-
Deferred revenue - nonrefundable	720	720	1,920	720	720
Annuities payable	224	219	214	208	206
Assets held for others	5,310	5,310	5,310	5,310	5,310
Accrued postretirement and pension benefit costs	19,907	18,314	16,848	15,503	14,261
Total long-term liabilities	<u>26,161</u>	<u>24,563</u>	<u>24,292</u>	<u>21,741</u>	<u>20,497</u>
Total liabilities	<u>27,861</u>	<u>26,263</u>	<u>25,992</u>	<u>23,441</u>	<u>22,197</u>
Net assets:					
Net assets without donor restrictions	38,997	39,011	38,591	37,659	36,161
Net assets with donor restrictions	50,177	51,687	53,197	54,707	56,217
Total net assets	<u>89,174</u>	<u>90,698</u>	<u>91,788</u>	<u>92,366</u>	<u>92,378</u>
Total liabilities and net assets	<u>\$ 117,035</u>	<u>\$ 116,961</u>	<u>\$ 117,780</u>	<u>\$ 115,807</u>	<u>\$ 114,575</u>

See the accompanying Independent Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Accounting Policies.

UNITED METHODIST WOMEN
FORECASTED STATEMENTS OF ACTIVITIES
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2019	2020	2021	2022	2023
Net Assets Without Donor Restriction:					
Operating revenues:					
Conference Giving	\$ 10,725	\$ 10,225	\$ 9,725	\$ 9,225	8,725
Benefits Trust reimbursement	735	735	735	735	735
Bequests and contributions	615	615	615	615	615
Investment income	6,583	6,115	6,211	6,228	6,191
Brooks-Howell Home:					
Fee revenues	4,369	4,253	4,254	4,255	4,256
Health care revenues	-	-	-	-	-
Publications, rental income and other program revenue					
	3,828	3,828	3,828	5,028	3,828
Amortization of entrance fees	90	90	90	90	90
Net assets released from restrictions	2,000	2,000	2,000	2,000	2,000
Total operating revenues	28,945	27,861	27,458	28,176	26,440
Operating expenses:					
Program services	15,695	15,696	15,694	16,896	15,694
Brooks-Howell Home:					
Operating expenses	4,530	4,551	4,575	4,594	4,617
Dietary expenses	816	820	824	828	832
Administrative expenses	990	995	1,000	1,005	1,010
Interest expense	-	-	-	-	-
Depreciation expense	1,160	1,160	1,160	1,160	1,160
Supporting services	4,625	4,625	4,625	4,625	4,625
Total operating expenses	27,816	27,847	27,878	29,108	27,938
Sale of properties	-	-	-	-	-
Increase (decrease) in net assets without donor restrictions	1,129	14	(420)	(932)	(1,498)
Net Assets With Donor Restriction:					
From United Methodist Women and other Agencies					
	650	650	650	650	650
Bequests and contributions	1,360	1,360	1,360	1,360	1,360
Rental and other program income	-	-	-	-	-
Investment income	1,500	1,500	1,500	1,500	1,500
Net assets released from restrictions	(2,000)	(2,000)	(2,000)	(2,000)	(2,000)
Increase in net assets with donor restrictions	1,510	1,510	1,510	1,510	1,510
Increase in net assets	2,639	1,524	1,090	578	12
Net assets, beginning of year	86,535	89,174	90,698	91,788	92,366
Net assets, end of year	\$ 89,174	\$ 90,698	\$ 91,788	\$ 92,366	\$ 92,378

See the accompanying Independent Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Accounting Policies.

UNITED METHODIST WOMEN
FORECASTED STATEMENTS OF CASH FLOWS
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2019	2020	2021	2022	2023
Cash flows from operating activities:					
Change in net assets	\$ 2,639	\$ 1,524	\$ 1,090	\$ 578	\$ 12
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Gain on sale of properties	-	-	-	-	-
Depreciation	1,160	1,160	1,160	1,160	1,160
Change in value of annuity obligations	(4)	(5)	(5)	(6)	(2)
Change in working capital	(3,475)	(2,649)	(1,513)	(4,106)	(2,116)
Net cash provided by operating activities	320	30	732	(2,374)	(946)
Cash flows from investing activities:					
Purchase of land, buildings, and equipment	(250)	(250)	(250)	(250)	(250)
Proceeds from sale of properties	-	-	-	-	-
Change in assets limited as to use	(77)	(15)	(15)	(16)	(32)
Net cash used in investing activities	(327)	(265)	(265)	(266)	(282)
Cash flows from financing activities:					
Net cash provided by (used in) financing activities	1,360	1,360	1,360	1,360	1,360
Increase (decrease) in cash and investments	1,353	1,125	1,827	(1,280)	132
Cash and investments, beginning of year	93,657	95,010	96,135	97,962	96,682
Cash and investments, end of year	<u>\$ 95,010</u>	<u>\$ 96,135</u>	<u>\$ 97,962</u>	<u>\$ 96,682</u>	<u>\$ 96,814</u>

See the accompanying Independent Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Accounting Policies.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

1. General

The accompanying financial forecast presents, to the best of the knowledge and belief of management of United Methodist Women (“UMW”) and Brooks-Howell Home (“BHH”) (collectively “Management”), the expected financial position, results of operations, and cash flows of UMW for each of the five years ending December 31, 2023. Accordingly, the accompanying forecast reflects Management’s judgment as of May 30, 2019, the date of completion of this forecast, of the expected conditions and its course of action.

Management’s purpose in releasing this financial forecast is for inclusion in UMW’s annual disclosure statement in accordance with Chapter 58, Article 64, of the North Carolina General Statutes. Accordingly, this report should not be used for any other purpose. The assumptions disclosed herein are those that Management believes are significant to the prospective financial statements. UMW recognizes that there will usually be differences between prospective and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

Background of UMW - UMW is a tax-exempt, not-for-profit organization which operates under the *Book of Discipline* of The United Methodist Church (the “Church”), as it is, from time to time, promulgated by the General Conference of the Church, which is the ultimate governing body of the Church. UMW relates to United Methodist Women jurisdictions, conferences, districts, and local units in interpreting the purpose of United Methodist Women by advocating for the oppressed and dispossessed, especially women, children, and youth. It works to build a supportive community among women and engages in activities, which foster growth in the Christian faith, mission education, and Christian social involvement throughout the Church.

Funding for UMW’s operations is principally pledged by United Methodist women in local churches through undesignated and designated gifts, and channeled to UMW via the districts and conferences. Contributions received from United Methodist women conferences accounted for 47% and 51% of total operating revenue of UMW in 2018 and 2017, respectively. In addition to appropriating the funds of United Methodist women, UMW operates the following program areas: Church Center for the United Nations building, a non-profit providing office space for religious and charitable groups working on issues related to the United Nations; UMW Mission Resources, a handling and distribution program for the distribution of UMW’s media resources; *Response* magazine, the official publication of United Methodist Women; and Brooks Howell-Home.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Brooks-Howell Home Description - UMW owns and operates the Brooks-Howell Home (“BHH”), a continuing care retirement community (“CCRC”) that principally provides housing, health care, and other related services to residents through the operation of a retirement facility containing 39 residential apartments, 21 suites, 1 cottage, and 58 licensed nursing care beds, located in Asheville, North Carolina. BHH’s mission is to serve retired missionaries, deaconesses, and staff of UMW, a certain number of retirees from other divisions of The United Methodist Church, and a limited number of temporary health care patients from the surrounding area. UMW owns the property and provides operating support. No rent is paid to UMW for the property. BHH manages the day-to-day operations under the direction of UMW. UMW is licensed by the state of North Carolina to operate the Brooks-Howell Home.

2. Related Parties

UMW is affiliated with the Scarritt-Bennett Center (the “Center”), a conference, retreat, and educational center in Nashville, Tennessee. UMW appoints certain of the Center’s board members and the Center operates on property, title to which is held by UMW. The General Council on Finance and Administration of The United Methodist Church and UMW each has an interest in the proceeds from any sale of property.

3. Significant Accounting Policies

Basis of Accounting - The prospective financial statements included in the forecast and supplemental disclosure information have been prepared on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America and prospective reporting. Significant accounting policies are described in the appropriate assumptions and notes to the prospective financial statements. The assumptions described are not all-inclusive.

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

Cash, Cash Equivalents, and Investments - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturity dates of 90 days or less that are readily convertible to known amounts of cash, except for short-term investments held by UMW’s investment manager as part of a long-term investment strategy.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Cash, Cash Equivalents, and Investments - Continued - Securities purchased for investment and those received as gifts are carried at fair value. Except for investments in United Methodist Foundation of Western North Carolina, Inc. (the "Foundation") and Funds of Wespath Benefits and Investments ("Wespath"), fair value is based upon quoted market prices. Investments in funds of the Foundation and Wespath Funds are stated at fair value based on unitized market value of the fund portfolio, as determined by the Foundation and Wespath.

Fair Value of Financial Instruments - The Financial Accounting Standards Board ("FASB") has issued authoritative guidance regarding fair value measurements, which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles and expands disclosures about fair value measurements. Fair value as defined under generally accepted accounting principles is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The estimated fair value amounts are determined based on UMW's assessment of available market information and appropriate valuation methodologies. For purposes of the forecast, management has forecasted approximately five percent in realized or unrealized gains associated with fair value measurement.

Inventories - Inventories consist primarily of publications and are valued at the lower of cost or net realizable value, with cost determined principally on the first-in, first-out basis.

Assets Limited as to Use - These assets include restricted investments consisting of endowment funds and investments held in perpetual trusts by others. Securities purchased for investment and those received as gifts are carried at fair value as determined by quoted market prices.

Assets limited as to use also include a statutory operating reserve related to North Carolina General Statute Section 58-64-33, which requires CCRC's to maintain an operating reserve equal to 50 percent of the total operating expenses (adjusted for non-cash items) in a given year, or 25 percent of such total operating expenses (adjusted for non-cash items) if independent living occupancy exceeds 90 percent. UMW's current operating reserve is 50 percent of expected operating expenses of BHH, as defined in the statute.

Land, Buildings, and Equipment - Land, buildings, and equipment are recorded at cost basis or at fair value at the date of gift, if donated. It is UMW's policy to capitalize expenditures for equipment in excess of \$2,500; purchases that do not exceed this amount are expensed as incurred. Buildings, building improvements, and equipment are depreciated on straight-line basis over their estimated useful lives of 30, 20, and 5 years, respectively.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Land, Buildings, and Equipment - Continued - UMW has granted indefinite use of certain properties (land and buildings) to related church organizations under leasing or other arrangements and, accordingly, these properties are not reflected in the accompanying forecasted financial statements. These arrangements may call for nominal payments and are typically renewed so long as the grantee continues to carry out the stated programs. The carrying values of such properties are reflected as program expenditures at the time the arrangements for indefinite use of the property are made.

Accrued Postretirement and Pension Benefit Costs - UMW has an obligation to provide postretirement and pension benefits to its retired missionaries and deaconesses who were once employees. Costs of these benefits are determined by an actuary and recorded as a liability. The residents of Brooks-Howell Home enter into contracts with UMW, which obligate UMW to provide housing and future services to the residents of Brooks-Howell Home.

Bequests, Contributions and Other - Contributions, which include unconditional promises to give, are recognized as revenue when received. Bequest income is recorded when a will is declared valid. Contributions received on behalf of a specified beneficiary are recorded as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor.

In its operation of Brooks-Howell Home, UMW may collect certain entrance fees upon admittance of a resident. When material, such entrance fees are included in liabilities when received and amortized over the expected life of the resident. Entrance fees for 2018 and 2017 totaled approximately \$450,000 and \$165,000, respectively.

Net Assets - UMW classifies its funds for accounting and reporting purposes as net assets without donor restrictions and net assets with donor restrictions as follows:

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of UMW. These net assets may be used at the discretion of UMW's management and the board of directors.

Net Assets With Donor Restrictions - Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of UMW or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but may permit UMW to use or expend part or all of the income derived from the donated assets.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Net Assets - Continued - Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. New York State law (substantially in conformity with The Uniform Prudent Management of Institutional Funds Act) authorizes expenditure of appreciation (both realized and unrealized) in the value of endowment funds subject to a standard of business care and prudence. Gains and losses on investments are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by donors or state law. 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 accompanying forecasted statements of activities as net assets released from restrictions.

Federal Income Tax Exemption - UMW is covered under the General Council on Finance and Administration's ("GCFA") group determination letter from the Internal Revenue Service indicating that it is a nonprofit corporation and, except for taxes pertaining to unrelated business income, is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. For purposes of the forecast, management assumes no unrelated business income during the forecast period.

4. Summary of Significant Statement of Activities Assumptions

Operating Revenue

Management used primarily the 2019 budget approved by the Board of Directors as the basis for the forecasted operating revenue for 2019. All other years are forecasted based on the management assumptions below:

From United Methodist Women Conferences - Funding for UMW's operations is principally pledged by United Methodist women in local churches through undesignated and designated gifts, and channeled to UMW via the districts and conferences. Management assumes operating revenue from United Methodist women to remain consistent with 2018 results for 2019 and then decrease \$500,000 annually during the forecasted period.

Benefit Trust Reimbursement - Management assumes the Benefit Trust reimbursement to remain relatively consistent during the forecasted period based on the 2019 approved budget.

Bequests and Contributions - Management assumes unrestricted and restricted bequests and other contributions to remain relatively constant during the forecasted period based on the 2019 approved budget.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Interest and Investment Income, Net of Fees - Management assumes the total of interest and investment income, including net appreciation of investments, to be approximately seven percent of the average invested balance on an annual basis throughout the forecasted period.

Brooks-Howell Home - Management assumes revenue related to Brooks-Howell Home to remain relatively consistent during the forecasted period based on the 2019 approved budget.

Publication Sales, Rental Income, and Other Program Revenue - During 2019 - 2021, management assumes revenue consistent with the 2019 budget. During 2022, management assumes an increase of \$1,200,000 related to the recognition of the 2022 UMW Assembly registration fees collected and included in deferred revenue nonrefundable during 2021. Management assumes revenue to decrease \$1,200,000 in fiscal year 2023 due to UMW Assembly registration fees only occurring once every four years.

Operating Expenses

Management used the 2019 Board approved budget as the basis for the forecasted operating expenses for 2019. All other years are forecasted based on the management assumptions below:

Program Services - Program service expenses include grants to other organizations for mission purposes, scholarships, mission education and leadership development programs, advocacy and expenses related to pensions, property repairs and maintenance, and other service center expenses. Management assumes grants to other organizations to decrease slightly throughout the forecasted period. Management assumes mission programs to remain constant throughout the forecast period based on 2018 results. Management assumes pension expenses to decline eight percent annually during the forecasted period due to mortality in the closed plan. Management assumes all other program services expenses, to include property repairs and maintenance and other publication/distribution center expenses, to remain consistent with the 2019 budget during the forecast period. Management assumes an additional \$1,200,000 of other program services expenses in fiscal year 2022, related to UMW Assembly expenses, as well as a decrease of \$1,200,000 of other program services expenses in fiscal year 2023.

Brooks-Howell Home - Management assumes expenses related to Brooks-Howell Home to increase one-half of a percent annually throughout the forecasted period.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Depreciation Expense - Depreciation is expected to remain consistent in 2019 and is expected to remain consistent throughout the remainder of the forecasted period.

Supporting Services - Management assumes supporting services expenses to remain consistent throughout the forecasted period.

5. Summary of Significant Statement of Financial Position Assumptions

Current Assets and Current Liabilities

Management has assumed working capital components based on UMW's historical trends, which are outlined in the following table:

Table 1
Working Capital

Approximate Historical % of Annual

Receivables	28%	certain operating revenues
Inventories and other assets	4%	total operating expenses
Accounts payable and accrued expenses	6%	total operating expenses

Source: Management

Assets Limited as to Use - Management assumes assets limited as to use to be as follows for the years ending December 31, 2019 through 2023:

Table 2
Assets Limited as to Use
(in thousands of dollars)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Restricted investments	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500
Statutory operating reserve (1)	<u>3,057</u>	<u>3,072</u>	<u>3,087</u>	<u>3,103</u>	<u>3,135</u>
Assets limited as to use	<u>\$4,557</u>	<u>\$4,572</u>	<u>\$4,587</u>	<u>\$4,603</u>	<u>\$4,635</u>

Source: Management

Notes: (1) Management assumes the statutory operating reserve requirement to be 50 percent of BHH's operating expenses for the upcoming year (adjusted for non-cash items) based on an assumed occupancy rate for independent living units of BHH less than 90 percent throughout the forecasted period.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2023

Land, Buildings, and Equipment - Management assumes no gain or loss from the sale or disposal of land, buildings, and equipment. Management assumes routine capital additions of \$250,000 in each of the years ending December 31, 2019 through 2023 as follows:

Table 3
Schedule of Property and Equipment
(in thousands of dollars)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Beginning balance	\$ 20,040	\$ 20,290	\$ 20,540	\$ 20,790	\$ 21,040
Capital additions	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>
Total capital costs	20,290	20,540	20,790	21,040	21,290
Accumulated depreciation	<u>(11,207)</u>	<u>(12,367)</u>	<u>(13,527)</u>	<u>(14,867)</u>	<u>(15,847)</u>
Property and equipment, net	<u>\$ 9,083</u>	<u>\$ 8,173</u>	<u>\$ 7,263</u>	<u>\$ 6,353</u>	<u>\$ 5,443</u>

Source: Management

Deferred Revenue - Nonrefundable - Management assumes amounts related to deferred revenue - nonrefundable to remain constant throughout the forecasted period. Management assumes an additional \$1,200,000 of deferred revenue- nonrefundable during fiscal year 2021 related to the collection of registration fees for the 2022 Assembly.

Annuities Payable - Management assumes amounts related to annuities payable to decrease two percent annually throughout the forecast period.

Assets Held for Others - Management assumes amounts related to assets held for others to remain constant throughout the forecast period.

Accrued Postretirement and Pension Benefit Costs - Management assumes amounts related to accrued postretirement and pension benefit costs to decrease eight percent annually throughout the forecasted period, based on a closed plan.

UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
FORECASTED STATEMENTS OF FINANCIAL POSITION
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	December 31,				
	2019	2020	2021	2022	2023
<u>Assets</u>					
Current assets:					
Cash and cash equivalents	\$ 1,232	\$ 1,129	\$ 993	\$ 831	\$ 637
Accounts receivable - residents	65	65	65	65	65
Accounts receivable - other	24	24	25	25	26
Accounts receivable - United Methodist Women	14	14	15	15	15
Inventories	70	70	70	70	70
Total current assets	<u>1,405</u>	<u>1,302</u>	<u>1,168</u>	<u>1,006</u>	<u>813</u>
Restricted assets:					
Assets limited as to use - current portion	17	17	18	18	18
Total restricted assets	<u>17</u>	<u>17</u>	<u>18</u>	<u>18</u>	<u>18</u>
Other assets:					
Investments	252	257	262	267	273
Assets limited as to use - long-term	537	543	548	554	559
Total other assets	<u>789</u>	<u>800</u>	<u>810</u>	<u>821</u>	<u>832</u>
Land, buildings, and equipment, net	<u>1,436</u>	<u>1,283</u>	<u>1,130</u>	<u>977</u>	<u>824</u>
Total assets	<u>\$ 3,647</u>	<u>\$ 3,402</u>	<u>\$ 3,126</u>	<u>\$ 2,822</u>	<u>\$ 2,487</u>
<u>Liabilities and Net Assets</u>					
Current liabilities:					
Accounts payable	\$ 76	\$ 76	\$ 76	\$ 76	\$ 76
Accounts payable - United Methodist Women	-	-	-	-	-
Accrued wages and related liabilities	466	466	466	466	466
Agency funds	17	17	18	18	18
Total current liabilities	<u>559</u>	<u>559</u>	<u>560</u>	<u>560</u>	<u>560</u>
Long-term liabilities:					
Long-term debt	-	-	-	-	-
Deferred revenue - refundable	-	-	-	-	-
Deferred revenue - nonrefundable	-	-	-	-	-
Total long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>559</u>	<u>559</u>	<u>560</u>	<u>560</u>	<u>560</u>
Net assets:					
Without donor restrictions	2,495	2,247	1,967	1,660	1,322
With donor restrictions	593	596	599	602	605
Total net assets	<u>3,088</u>	<u>2,843</u>	<u>2,566</u>	<u>2,262</u>	<u>1,927</u>
Total liabilities and net assets	<u>\$ 3,647</u>	<u>\$ 3,402</u>	<u>\$ 3,126</u>	<u>\$ 2,822</u>	<u>\$ 2,487</u>

See the accompanying Independent Accountant's Compilation Report and
Summary of Significant Forecast Assumptions and Accounting Policies.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
FORECASTED STATEMENTS OF ACTIVITIES
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2019	2020	2021	2022	2023
Operating revenues:					
Resident services	\$ 3,997	\$ 3,997	\$ 3,997	\$ 3,997	\$ 3,997
United Methodist Women support	1,865	1,865	1,865	1,865	1,865
United Methodist Women grant	-	-	-	-	-
Healthcare revenues	-	-	-	-	-
Amortization of entrance fees	-	-	-	-	-
Contributions	3	3	3	3	3
Investment earnings	93	94	95	96	97
Other operating revenue	162	162	162	162	162
Total operating revenues	6,120	6,121	6,122	6,123	6,124
Operating expenses:					
Nursing services	2,484	2,497	2,511	2,522	2,535
Food services	816	820	824	828	832
Administration	990	995	1,000	1,005	1,010
Environmental services	387	389	391	393	395
Maintenance	872	876	881	885	890
Social service	57	57	58	58	58
Human resources	219	220	221	222	223
Marketing	32	32	32	32	33
Activities	205	206	207	208	209
Depreciation	253	253	253	253	253
Other expense	18	18	18	18	18
Interest expense	-	-	-	-	-
Staff house	3	3	3	3	3
Total operating expenses	6,336	6,366	6,399	6,427	6,459
Decrease in net assets	(216)	(245)	(277)	(304)	(335)
Net assets, beginning of year	3,304	3,088	2,843	2,566	2,262
Net assets, end of year	<u>\$ 3,088</u>	<u>\$ 2,843</u>	<u>\$ 2,566</u>	<u>\$ 2,262</u>	<u>\$ 1,927</u>

See the accompanying Independent Accountant's Compilation Report and
Summary of Significant Forecast Assumptions and Accounting Policies.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
FORECASTED STATEMENTS OF CASH FLOWS
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2023
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2019	2020	2021	2022	2023
Cash flows from operating activities:					
Decrease in net assets	\$ (216)	\$ (245)	\$ (277)	\$ (304)	\$ (335)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation	253	253	253	253	253
Change in investments	(5)	(5)	(5)	(5)	(6)
Change in working capital	-	-	(1)	-	-
Net cash provided by (used in) operating activities	<u>32</u>	<u>3</u>	<u>(30)</u>	<u>(56)</u>	<u>(88)</u>
Cash flows from investing activities:					
Purchase of land, buildings, and equipment	(100)	(100)	(100)	(100)	(100)
Change in assets limited as to use	<u>(5)</u>	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>	<u>(6)</u>
Net cash used in investing activities	<u>(105)</u>	<u>(106)</u>	<u>(106)</u>	<u>(106)</u>	<u>(106)</u>
Cash flows from financing activities:					
Net cash provided by (used in) financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Decrease in cash and cash equivalents	(73)	(103)	(136)	(162)	(194)
Cash and cash equivalents, beginning of year	<u>1,305</u>	<u>1,232</u>	<u>1,129</u>	<u>993</u>	<u>831</u>
Cash and cash equivalents, end of year	<u>\$ 1,232</u>	<u>\$ 1,129</u>	<u>\$ 993</u>	<u>\$ 831</u>	<u>\$ 637</u>

See the accompanying Independent Accountant's Compilation Report and Summary of Significant Forecast Assumptions and Accounting Policies.

UNITED METHODIST WOMEN

SUPPLEMENTAL DISCLOSURE

BROOKS- HOWELL HOME

1. General

Brooks-Howell Home (“BHH”) is a part of United Methodist Women (the “UMW”) and principally provides housing, health care, and other related services to residents through the operation of a retirement facility containing 39 residential apartments, 21 suites, 1 cottage, and 58 licensed nursing care beds, located in Asheville, North Carolina. UMW owns the property and provides operating support; however, no rent is paid to UMW for the use of the property. Contracts for services provided by BHH are in the name of United Methodist Women. BHH manages the day-to-day operations under the direction of UMW. The forecasted statements of activities of Brooks-Howell Home includes only those day-to-day operations at Brooks-Howell Home. Other transactions that occur between residents and UMW are not recorded on the BHH financial statements. Brooks-Howell Home operates in the State of North Carolina under provisions of a Certificate of Authority.

The mission of BHH is to serve retired missionaries, deaconesses, and staff of UMW, a certain number of retirees from other divisions of The United Methodist Church, and a limited number of temporary health care patients from the community.

BHH follows the same significant accounting policies as UMW.

2. Summary of Significant Statement of Activities Assumptions

Operating Revenue

Management used the 2019 Board approved budget as the basis for the forecasted operating revenue for 2019. All other years are forecasted based on management assumptions below:

Resident Services & United Methodist Women Support - Brooks-Howell Home collects entrance fees and monthly resident fees as determined by the resident contract. Brooks-Howell Home collects entrance fees on behalf of United Methodist Women from residents upon execution of a contract between UMW and the resident. BHH remits these funds to UMW, with no revenue or expense recorded on BHH’s books. UMW returns the entrance fees to BHH as part of its financial support. For the years 2018 and 2017, UMW provided approximately \$1,814,000 and \$1,815,000, respectively, in annual operating support to BHH. Management assumes monthly resident revenues to remain consistent with the 2019 budget. UMW support is expected to remain the same in fiscal year 2019 and remain consistent throughout the remaining forecasted period.

UNITED METHODIST WOMEN

SUPPLEMENTAL DISCLOSURE

BROOKS- HOWELL HOME

Investment Earnings and Other Revenues - Investment earnings are anticipated to be comparable to 2017 actual amounts rather than 2018 actual amounts due to improving market conditions and increase one percent annually throughout the forecasted period. Other revenues are anticipated to remain consistent throughout the forecasted period.

Operating Expenses

Management used the 2019 Board approved budget as the basis for the forecasted operating expenses for 2019. All other years are forecasted based on management assumptions below:

Brooks-Howell Home Expenses - Expenses related to Brooks-Howell Home are recorded as incurred. Brooks-Howell Home expenses include primarily salaries, related employee benefits, and raw food costs. Management assumes expenses to decrease approximately three percent during 2019 and increase one-half of a percent annually throughout the remainder of the forecasted period. Depreciation expense is expected to remain consistent throughout the forecast period.

3. Summary of Significant Statement of Financial Position Assumptions

Accounts Receivable - Management assumes accounts receivable to remain consistent throughout the forecasted period.

Inventories - Management assumes inventories to remain constant throughout the forecasted period.

Land, Buildings, and Equipment, Net - Management assumes land, buildings, and equipment to decrease throughout the forecasted period based on depreciation exceeding annual additions.

Assets Limited as to Use - Management assumes assets limited as to use to remain relatively consistent throughout the forecasted period, with increases of approximately one percent annually.

Investments - Management assumes investments to increase two percent throughout the forecasted period.

Accounts Payable and Accrued Liabilities - Management assumes accounts payable and accrued liabilities to remain consistent throughout the forecasted period based on 2018 results.

UNITED METHODIST WOMEN
 Statements of Financial Position
 March 31, 2019 (Unaudited) and December 31, 2018

Assets

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 4,567,345	\$ 792,438
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks Howell Home	-	3,042,000
Receivables:		
Due from conferences	87,660	3,952,454
Loans	121,710	121,710
Other	971,200	1,514,506
Inventories and other assets	1,142,695	1,038,260
Prepaid expenses	679,032	679,032
Investments in debt securities of The United Methodist Development Fund	5,500	5,500
Investments	102,768,655	92,859,006
Land, buildings, and equipment, net	10,265,487	9,992,805
Perpetual trusts held by others	1,438,031	1,438,031
	<u>122,047,315</u>	<u>115,435,742</u>
Total assets	<u>\$ 122,047,315</u>	<u>\$ 115,435,742</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued expenses	\$ 932,449	\$ 1,003,659
Deferred revenue	720,993	723,761
Annuities payable	228,065	228,065
Assets held for others	5,363,761	5,308,776
Accrued postretirement and pension benefit costs	21,636,160	21,636,160
	<u>28,881,428</u>	<u>28,900,421</u>
Total liabilities	<u>28,881,428</u>	<u>28,900,421</u>
Net assets:		
Net assets without donor restrictions	38,357,326	37,868,313
Net assets with donor restrictions	54,808,561	48,667,008
	<u>93,165,887</u>	<u>86,535,321</u>
Total net assets	<u>93,165,887</u>	<u>86,535,321</u>
	<u>\$ 122,047,315</u>	<u>\$ 115,435,742</u>
Total liabilities and net assets	<u>\$ 122,047,315</u>	<u>\$ 115,435,742</u>

UNITED METHODIST WOMEN
 Statements of Activities
 Three Months Ended March 31, 2019 (Unaudited)
 (with comparative totals for the year ended December 31, 2018)

	Without Donor Restrictions	With Donor Restrictions	2019	2018
Operating Revenues:				
Mission Giving:				
Pledge to Mission	\$ 434,025	\$ -	\$ 434,025	\$ 10,833,778
Special Edition SMR	11,235	-	11,235	50,762
Supplementary Giving	338	603	941	38,665
Designated Giving	856	27,336	28,192	643,541
Interest Income:				
Interest Income from Cash Equivalents	74	-	74	135
Investment Income (Net of Fees)	145,832	326,168	472,000	1,906,220
Bequests, Trusts, Other Long-term Gifts	279	145,189	145,468	412,257
Publications:				
Response Magazine	96,212	-	96,212	314,898
PBD/MRC	132,500	-	132,500	661,958
Rental and Service Fee Income:				
Resident Service Fees from Brooks Howell Home	994,491	-	994,491	4,274,657
CCUN	510,738	-	510,738	2,519,235
Other Income:				
Events, Seminars, Meetings	-	-	-	1,494
Benefits Trust	204,353	-	204,353	773,890
Miscellaneous Other Income	145,192	-	145,192	1,977,269
Net assets released from restrictions	37,315	(37,315)	-	-
Total operating revenues	<u>2,713,440</u>	<u>461,981</u>	<u>3,175,421</u>	<u>24,408,759</u>
Operating Expenses:				
Program Services:				
Programs Administered by UMW:				
Transformation	59,109	-	59,109	-
Position	26,243	-	26,243	-
Engage	27,271	-	27,271	-
Mobilize	86,501	-	86,501	-
Connection	115,614	-	115,614	-
National Mission Institutions Network	1,241	-	1,241	304,523
National Mission Institution Property Management:				
Insurance	174,185	-	174,185	1,953,162
Repairs and Maintenance	21,482	-	21,482	113,453
Property Management	-	-	-	191,839
International Mission Work Administration	-	-	-	532,067
UMW Membership and Leadership Development	10,420	-	10,420	2,671,371
Mission Education	84,007	-	84,007	1,814,771
Response Magazine	73,019	-	73,019	391,272
Mission Resources	193,199	-	193,199	967,565
Christian Social Action	-	-	-	1,584,546
Deaconess, Home Missioners Office and Network	25,495	-	25,495	409,423
Other Programs Administered by UMW	31,088	-	31,088	1,611,337
Programs Administered by Other Organizations:				
United Methodist Organizations National Mission	365,696	-	365,696	2,080,655
United Methodist Organizations International Mission	309,140	-	309,140	1,447,890
Ecumenical Organization	58	-	58	258,763
Social Action Organizations	-	-	-	10,000
Grants from Designated Funds	266,222	-	266,222	2,528,516
Program Support:				
Church Center for the United Nations	693,129	-	693,129	2,791,289
Brooks Howell Retirement Center:				
Retired Deaconess, Missionary Home Operations	1,669,987	-	1,669,987	4,600,782
Retired Deaconess, Missionary Pension and Health Benefits	575,595	-	575,595	133,018
Annuity Fund	28,284	-	28,284	28,292
Scarritt-Bennett Center	-	-	-	100,000
Organization-wide Program Support	82,314	-	82,314	230,185
Total program services	<u>4,919,299</u>	<u>-</u>	<u>4,919,299</u>	<u>26,754,719</u>
Supporting Services:				
Management and general Fund-raising	649,101	-	649,101	5,933,251
Fundraising	40,715	-	40,715	432,268
Total supporting services	<u>689,816</u>	<u>-</u>	<u>689,816</u>	<u>6,365,519</u>
Total operating expenses	<u>5,609,115</u>	<u>-</u>	<u>5,609,115</u>	<u>33,120,238</u>
(Decrease) increase in net assets from operations	<u>(2,895,675)</u>	<u>461,981</u>	<u>(2,433,694)</u>	<u>(8,711,479)</u>
Non-operating Activities:				
Net appreciation (depreciation) in fair value of investments	3,384,688	5,331,846	8,716,534	(7,385,080)
Net depreciation in perpetual trusts held by others	-	-	-	(186,568)
Gain on sale of properties	-	-	-	993,804
Endowment contributions	-	347,726	347,726	1,072,786
Total non-operating activities	<u>3,384,688</u>	<u>5,679,572</u>	<u>9,064,260</u>	<u>(5,505,058)</u>
Increase (decrease) in net assets	<u>489,013</u>	<u>6,141,553</u>	<u>6,630,566</u>	<u>(14,216,537)</u>
Net assets at beginning of period/year	<u>37,868,313</u>	<u>48,667,008</u>	<u>86,535,321</u>	<u>100,751,858</u>
Net assets at end of period/year	<u>\$ 38,357,326</u>	<u>\$ 54,808,561</u>	<u>\$ 93,165,887</u>	<u>\$ 86,535,321</u>

UNITED METHODIST WOMEN

Statements of Cash Flows

Three Months Ended March 31, 2018 (Unaudited) and Year Ended December 31, 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 6,630,566	\$ (14,216,537)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	-	1,157,642
Net depreciation in fair value of investments	8,716,534	7,385,080
Net depreciation in fair value of assets held for others	54,985	307,257
Net depreciation in perpetual trusts held by others	-	186,568
Gain on sale of properties	-	(993,804)
Contributions and investment return restricted for long-term investment	(347,726)	(1,072,786)
Actuarial loss on annuity obligations	-	19,748
Change in receivables	4,408,100	1,581,230
Change in inventories and other assets	(104,435)	244,024
Change in prepaid expenses	-	172,009
Change in accounts payable and accrued expenses	(71,210)	(1,841,119)
Change in due to/from the General Board of Global Ministries and related entities, net	-	(63,689)
Change in deferred revenue	(2,768)	(730,821)
Change in assets held for others	-	(3,324)
Change in accrued postretirement and pension benefit costs	-	(3,307,645)
Net cash provided by (used in) operating activities	<u>19,284,046</u>	<u>(11,176,167)</u>
Cash flows from investing activities:		
Proceeds from sale of properties	-	993,804
Purchases of equipment and improvements	(272,682)	(2,177,374)
Proceeds from sales of investments	60,858,312	19,561,619
Purchases of investments	<u>(79,484,495)</u>	<u>(7,495,946)</u>
Net cash (used in) provided by investing activities	<u>(18,898,865)</u>	<u>10,882,103</u>
Cash flows from financing activities:		
Contributions and investment return restricted for long-term investment	347,726	1,072,786
Payments of annuity obligations	<u>-</u>	<u>(28,284)</u>
Net cash provided by financing activities	<u>347,726</u>	<u>1,044,502</u>
Net increase in cash and cash equivalents	732,907	750,438
Cash and cash equivalents at beginning of period/year	<u>3,834,438</u>	<u>3,084,000</u>
Cash and cash equivalents at end of period/year	<u>\$ 4,567,345</u>	<u>\$ 3,834,438</u>