



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 28, 2020

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

BROOKS-HOWELL HOME DISCLOSURE STATEMENT

TABLE OF CONTENTS

PAGE	
1	ORGANIZATION
1-2	OFFICERS AND DIRECTORS
3	MANAGEMENT OF BROOKS-HOWELL HOME
3-4	AFFILIATIONS
4-5	PROPERTY LOCATION AND DESCRIPTION
5-7	SERVICES PROVIDED
7-15	RESIDENT TERMS & FEES
16	RESERVES
17	NUMBER OF RESIDENTS
18-23	COMPARATIVE FINANCIAL STATEMENTS FY 19 ACTUAL TO FORECASTED – UNITED METHODIST WOMEN
24-29	COMPARATIVE FINANCIAL STATEMENTS FY 19 ACTUAL TO FORECASTED – BROOKS-HOWELL HOME

ATTACHMENTS:

- Contract for Continuing Care 1-1-2019 – 12-31-2019
- 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.

Tamara Clark, Treasurer and CFO of United Methodist Women has been with UMW since October 2019. Ms. Clark holds an accounting degree from Temple University's Fox School of Business, Philadelphia, PA. Prior to working for United Methodist Women, Ms. Clark served as Treasurer for the Wisconsin Annual Conference of the United Methodist Church for three years. And prior to the Wisconsin Annual Conference, Tamara served as Accountant for the Eastern Pennsylvania Conference of the United Methodist Church. In Tamara's career she has been a proponent for sound financial and business practices within churches, hosted church finance trainings, and advised churches who have experienced unfortunate situations when it comes to break down or the absence of internal controls. Tamara is a life-long Methodist, maintaining membership in her home church in Philadelphia. And prior to working professionally for the church, she held many ministry leadership roles, and worked for six years in public accounting.

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

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	Graduate 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	10027 Birch Field Dr., San Antonio, TX 78245
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, Executive Director/Administrator has been an employee of Brooks-Howell Home since 1999. She assumed the role of Health Center Administrator in 2016, and took over as Executive Director in July 2019.

Other management staff includes the following:

<u>Name</u>	<u>Title</u>	<u>Years Employed</u>
Sherie Prince	Human Resources Director	0
Freda Woody	Director of Nursing	0
Angie Littke	Director of Home Health & Wellness	2
Maria Diprima	Food Service Director	3
Ron Gowing	Director of Facility Services	3
Tracey Owens	Activities Director	10
Audrey Ray	Social Services Director	3

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.

- G. **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 2019

Independent Living Monthly Service Fee Schedule

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.

Upon entering into Brooks-Howell under a monthly service fee agreement, the occupant acknowledges that this is a fee for service agreement and all services rendered are based on a fee structure in addition to the basic rate of the independent living unit. The basic rate fee covers utilities, trash, cable, and routine housekeeping services. All other services on campus will have additional fees associated with them.

If occupant transitions to the Health Center, the occupant will be charged the current daily rate of care in the Health Center, unless special sliding scale rates apply based on income levels.

<u>Accommodations</u>	<u>Monthly Rate</u>	<u>Other Fees</u>		
Apartment		Meal Cost	Per Meal	Monthly Cost
1 Bedroom	\$1,540.00	Breakfast	\$5.00	\$130.00
2 Bedroom	\$1,740.00	Lunch	\$8.00	\$200.00
		Dinner	\$5.00	\$130.00
Betha Second Floor Suite		Special and Holiday Meals \$15.00		
With 2 Meals	\$1,792.00	Independent Living Transportation Fees		
With 3 Meals	\$1,904.00	Shopping \$5.00 per trip		
Quad Cottage	\$2,750.00	Medical Appointments \$20.00 per trip		
Single Home 2 bedrooms	\$2,800.00	Laundry \$20.00 per month		
Terrace Level Apartments	\$2,160.00	WiFi Service \$30.00 per month		
Village Cottage	\$2,750.00	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		



Health Center

Cost Sheet 2019

Brooks-Howell’s Outreach Residency Program was created to provide health care services to individuals in the greater community. Outreach services are not limited to people of a particular faith or denomination. In addition, as a part of our Outreach Residency Program, we offer respite services for loved ones whose families are seeking short-term care and also Intermediate Care. Brooks-Howell is **not a licensed Medicare/Medicaid Facility**. Payment is by private funds and/or private LTC insurance coverage.

Intermediate Care

The fees for Intermediate Care is based on the KATZ Index score, which assesses the functional status of the individual’s ability to perform activities of daily living independently. Based on the score, the fees for Intermediate Care range from \$150 - \$220 per day. The Health Care rates below apply to the Intermediate Care residents.

Short-Term Respite Care

The fees for Short-Term Respite Care is \$220.00 per day from 3 days up to 30 days. These fees include room and board and 24/7 nursing care and services. A sliding scale payment program is available for those who qualify financially, and based on availability in the program.

Long-Term Care Stays

The fees for Skilled Care is \$255.00 per day. These fees include room and board and 24/7 nursing care and services for Nursing Home level of care. A sliding scale payment program is available for those who qualify financially, and based on availability in the program.

Other Health Center Fees

TB Test/Inoculations	Market Rate
Medical Supplies	Market Rate
Restorative Rehab Therapy	\$ 7.00 per 15 minute treatment
Personal Laundry	\$20.00 per month
Wi-Fi Service	\$30.00 per month
Transportation	\$20.00 + current federal rate per mile (within Buncombe County*)
Travel assistant	\$20.00 per hour
	*Outside of Buncombe County other rates may apply

Additional fees may apply for specialty requests (Ex: hanging pictures, mounting TV, moving furniture)

www.brooks-howell.org
 266 Merrimon Ave. Asheville, NC 28801
 828-253-6712

MONTHLY FEES – FIVE YEAR HISTORY

	2015	(Increase)	2016	(Increase)	2017	Avg	(Increase)	2018	Avg	(Increase)	2019	Avg
Cottage	2,122.00	42.00	2,164.00	44.00	2,208.00	196.60	44.00	2,252.00	198.00	45.00	2,297.00	47.40
1 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
J-C Apts												
1 bed	1,273.00	25.00	1,298.00	26.00	1,324.00	63.80	26.00	1,350.00	63.00	27.00	1,377.00	28.20
2 bed	1,697.00	34.00	1,731.00	35.00	1,766.00	123.20	35.00	1,801.00	123.20	36.00	1,837.00	37.80
#2 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
C-B Apts												
1 bed	1,379.00	28.00	1,407.00	29.00	1,436.00	70.20	29.00	1,465.00	69.40	29.00	1,494.00	31.00
2 bed	1,697.00	34.00	1,731.00	35.00	1,766.00	123.20	35.00	1,801.00	123.20	36.00	1,837.00	37.80
#2 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Quad Apt												
1 person	2,016.00	40.00	2,056.00	42.00	2,098.00	179.60	42.00	2,140.00	180.80	43.00	2,183.00	45.20
#2 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Village												
1 person	2,016.00	40.00	2,056.00	42.00	2,098.00	174.60	42.00	2,140.00	175.60	43.00	2,183.00	45.20
#2 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Terrace												
1 person	1,804.00	36.00	1,840.00	37.00	1,877.00	154.40	38.00	1,915.00	155.40	38.00	1,953.00	40.40
#2 person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Suite w/meals												
3 meals	1,591.00	32.00	1,623.00	33.00	1,656.00	73.20	33.00	1,689.00	72.00	34.00	1,723.00	35.60
Sec Person	n/a	n/a	n/a			0.00			0.00			0.00
2 meals	1,485.00	30.00	1,515.00	31.00	1,546.00	64.20	31.00	1,577.00	63.00	32.00	1,609.00	33.40
Sec Person	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Intermediate nursing care												
Private room	n/a	n/a	n/a	n/a	n/a	0.00		n/a	0.00		n/a	0.00
Skilled nursing care												
Private	5,984.00	120.00	6,104.00	123.00	6,227.00	180.82	130.00	6,357.00	176.40	128.00	6,485.00	135.08
Semi-private	n/a	n/a	n/a	n/a	n/a	0.00		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, 2019, 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, 2019, 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, 2019, indicates a required statutory operating reserve, as it relates to the operations of Brooks-Howell, of \$3,062,000. 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, 2019.

<u>Description</u>	<u>December 31, 2019</u>
Cash and cash equivalents	\$ 3,062,000
Investments	103,975,846
Total cash, cash equivalents and investments	107,037,846
Less:	
Investments held in retirement fund	(18,512,638)
Net assets with donor restrictions	(69,797,666)
2019 estimated payments for unfunded medical plan and nursing home care for retirees	(916,200)
Total investments available for reserve	17,811,342
Operating Reserve Requirement	(3,062,000)
Excess reserves avail.	\$ 14,749,342

NUMBER OF RESIDENTS

The following number of residents have signed continuing care contracts:

Type of Continuing Care Contract	# of Persons who have Signed
20% Entrance - \$40,000 cap	1
25% Entrance - \$50,000 cap	1
25% Entrance - \$50,000 cap*	7
25% Entrance - \$75,000 cap**	0
25% Entrance - \$75,000 cap	15
35% Entrance - \$100,000 cap	10
Non-continuing care contracts	44
Total	78

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Assets			
Current assets:			
Cash and investments	\$ 103,977	\$ 95,010	\$ 8,967 (1)
Receivables	5,213	6,605	(1,392) (2)
Inventories and other assets	622	1,100	(478)
Prepaid expenses	747	680	67
Total current assets	110,559	103,395	7,164
Restricted assets:			
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks-Howell Home	3,062	3,057	5
Perpetual trusts held by others	1,666	1,500	166
Total restricted assets	4,728	4,557	171
Land, buildings, and equipment, net	9,296	9,083	213
Total assets	\$ 124,583	\$ 117,035	\$ 7,548
Liabilities and Net Assets			
Current liabilities:			
Accounts payable and accrued expenses	\$ 1,763	\$ 1,700	\$ 63
Total current liabilities	1,763	1,700	63
Long-term liabilities:			
Long-term debt	-	-	-
Deferred revenue - refundable	-	-	-
Deferred revenue - nonrefundable	513	720	(207)
Annuities payable	199	224	(25)
Assets held for others	5,854	5,310	544
Accrued postretirement and pension benefit costs	22,092	19,907	2,185 (3)
Total long-term liabilities	28,658	26,161	2,497
Total liabilities	30,421	27,861	2,560
Net assets:			
Without donor restrictions	24,364	38,997	(14,633) (4)
With donor restrictions	69,798	50,177	19,621 (5)
Total net assets	94,162	89,174	4,988
Total liabilities and net assets	\$ 124,583	\$ 117,035	\$ 7,548

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

Materiality is \$800 and is based on total assets of UMW.

(1) Based on actual market conditions in 2019, significant investment gains 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 2019.

(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) Accrued postretirement benefit costs are based on an actuarial valuation and were higher than forecasted at year-end due primarily to changes in assumptions used in the 2019 calculation that were made to better reflect current market conditions, which was not originally forecasted. These assumptions included lowering the discount rate and revising the mortality rates, both of which increased the obligation.

(4) Net assets without donor restrictions were less than forecasted at year-end due primarily to a reclassification between classes during 2019 that was not originally forecasted.

(5) Net assets with donor restrictions were more than forecasted at year-end due primarily to a reclassification from net assets without donor restrictions during 2019 that was not originally forecasted.

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Net Assets Without Donor Restrictions:			
Operating revenues:			
Conference Giving	\$ 10,041	\$ 10,725	\$ (684)
Benefits Trust reimbursement	713	735	(22)
Bequests and contributions	318	615	(297)
Investment income, including realized and unrealized appreciation	6,730	6,583	147
Brooks-Howell Home:			
Fee revenues	4,053	4,369	(316)
Health care revenues	-	-	-
Publications, rental income and other program revenue	4,132	3,828	304
Amortization of entrance fees	-	90	(90)
Net assets released from restrictions	614	2,000	(1,386) (1)
Total operating revenues	<u>26,601</u>	<u>28,945</u>	<u>(2,344)</u>
Operating expenses:			
Program services	21,060	15,695	5,365 (2)
Brooks-Howell Home:			
Operating expenses	4,439	4,530	(91)
Dietary expenses	818	816	2
Administrative expenses	935	990	(55)
Interest expense	-	-	-
Depreciation expense	1,126	1,160	(34)
Supporting services	4,803	4,625	178
Total operating expenses	<u>33,181</u>	<u>27,816</u>	<u>5,365</u>
Sale of properties	376	-	376
(Decrease) increase in net assets	<u>(6,204)</u>	<u>1,129</u>	<u>(7,333)</u>
Net Assets With Donor Restrictions:			
From United Methodist women and other agencies	592	650	(58)
Bequests and contributions	1,885	1,360	525
Investment income, including realized and unrealized appreciation	11,968	1,500	10,468 (3)
Net assets released from restrictions	(614)	(2,000)	1,386
Increase in net assets with donor restrictions	<u>13,831</u>	<u>1,510</u>	<u>12,321</u>
Increase in net assets	7,627	2,639	4,988
Net assets, beginning of year	<u>86,535</u>	<u>86,535</u>	<u>-</u>
Net assets, end of year	<u>\$ 94,162</u>	<u>\$ 89,174</u>	<u>\$ 4,988</u>

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDING DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

Materiality is \$800 and is based on total assets of UMW.

(1) Net assets released from restrictions were less than forecasted due primarily to the fact that fewer net assets with donor restrictions met their time or purpose restriction than originally forecasted.

(2) Program services were more than originally forecasted mainly due to increases in the postretirement benefit costs. These costs are based on an actuarial valuation and were higher than forecasted at year-end due primarily to changes in assumptions used in the 2019 calculation that were made to better reflect current market conditions, which was not originally forecasted. These assumptions included lowering the discount rate and revising the mortality rates, both of which increased the obligation and the corresponding program expenses.

(3) Based on actual market conditions in 2019, significant investment gains 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 2019.

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Cash flows from operating activities:			
Change in net assets	\$ 7,627	\$ 2,639	\$ 4,988 (1)
Adjustments to reconcile change in net assets to net cash provided operating activities:			
Gain on sale of properties	-	-	-
Depreciation	1,126	1,160	(34)
Change in value of annuity obligations	(6)	(4)	(2)
Change in working capital	599	(3,475)	4,074 (2)
Net cash provided by operating activities	<u>9,346</u>	<u>320</u>	<u>9,026</u>
Cash flows from investing activities:			
Purchase of land, buildings, and equipment	(430)	(250)	(180)
Proceeds from sale of properties	377	-	377
Change in assets limited as to use	(248)	(77)	(171)
Net cash used in investing activities	<u>(301)</u>	<u>(327)</u>	<u>26</u>
Cash flows provided by (used in) financing activities	<u>1,275</u>	<u>1,360</u>	<u>(85)</u>
Increase in cash and investments	10,320	1,353	8,967
Cash and investments, beginning of year	<u>93,657</u>	<u>93,657</u>	<u>-</u>
Cash and investments, end of year	<u>\$ 103,977</u>	<u>\$ 95,010</u>	<u>\$ 8,967</u>

UNITED METHODIST WOMEN
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDING DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

Materiality is \$800 and is based on total assets of UMW.

(1) The larger increase in net assets than forecasted was due primarily to significantly higher than expected investment returns. Based on actual market conditions in 2019, significant investment gains 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 2019.

(2) The variance in the change in working capital relates primarily to timing differences and changes in current assets and current liabilities as described on the comparative statements of financial position.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Assets			
Current assets:			
Cash and cash equivalents	\$ 1,170	\$ 1,232	\$ (62) (1)
Accounts receivable - residents	69	65	4
Accounts receivable - other	11	24	(13)
Accounts receivable - United Methodist Women	14	14	-
Prepaid expenses	19	-	19
Inventories	64	70	(6)
Total current assets	<u>1,347</u>	<u>1,405</u>	<u>(58)</u>
Restricted assets:			
Assets limited as to use - current portion	27	17	10
Total restricted assets	<u>27</u>	<u>17</u>	<u>10</u>
Other assets:			
Investments	290	252	38
Assets limited as to use - long-term	622	537	85 (2)
Total other assets	<u>912</u>	<u>789</u>	<u>123</u>
Equipment and improvements, net	<u>1,450</u>	<u>1,436</u>	<u>14</u>
Total assets	<u>\$ 3,736</u>	<u>\$ 3,647</u>	<u>\$ 89</u>
Liabilities and Net Assets			
Current liabilities:			
Accounts payable	\$ 73	\$ 76	\$ (3)
Accounts payable - United Methodist Women	-	-	-
Accrued wages and related liabilities	385	466	(81) (3)
Agency funds	27	17	10
Total current liabilities	<u>485</u>	<u>559</u>	<u>(74)</u>
Net assets:			
Without donor restriction	2,566	2,495	71 (4)
With donor restriction	685	593	92 (4)
Total net assets	<u>3,251</u>	<u>3,088</u>	<u>163</u>
Total liabilities and net assets	<u>\$ 3,736</u>	<u>\$ 3,647</u>	<u>\$ 89</u>

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019
(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 that was not repeated in 2019 and lower than expected resident service revenues. Other differences were caused by timing of cash flows associated with working capital.

(2) The variance in assets limited as to use - long term portion is due primarily to better than expected market performance that was not expected at the time of the forecast.

(3) The variance in accrued wages and related liabilities is due primarily to a decrease in the requirement for BHH's self-funded insurance retention balance based on the insurance carrier's recommendations. BHH switched carriers during fiscal year 2019 and are no longer required to accrue such a large amount, which was not anticipated at the time of the forecast.

(4) The variance in net assets without donor restrictions is due primarily to fewer resident services revenue received than forecasted, offset by a significant refund from their insurance provider. The decrease in resident services revenue is due to adding less residents than expected. The variance in net assets with donor restrictions is primarily a result of better than expected market performance, which resulted in higher investment gains.

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Operating revenues:			
Resident services	\$ 3,721	\$ 3,997	\$ (276) (1)
United Methodist Women support	1,865	1,865	-
United Methodist Women grants	84	-	84 (2)
Health care revenues	-	-	-
Amortization of entrance fees	-	-	-
Contributions	2	3	(1)
Investment (loss) earnings	135	93	42
Other operating revenue	332	162	170 (3)
 Total operating revenues	 6,139	 6,120	 19
 Operating expenses:			
Nursing services	2,405	2,484	(79) (4)
Food services	818	816	2
Administration	935	990	(55)
Environmental services	382	387	(5)
Maintenance	884	872	12
Social service	59	57	2
Human resources	192	219	(27)
Marketing	64	32	32
Activities	193	205	(12)
Depreciation	242	253	(11)
Other expense	15	18	(3)
Interest expense	-	-	-
Staff house	3	3	-
 Total operating expenses	 6,192	 6,336	 (144)
 Decrease in net assets	 (53)	 (216)	 163
 Net assets, beginning of year	 3,304	 3,304	 -
 Net assets, end of year	 \$ 3,251	 \$ 3,088	 \$ 163

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 added less residents than originally expected at the time of the forecast.

(2) The increase in UMW grants is related to several property updates that were necessary, which include carpeting and door access updates that were not anticipated at the time of the forecast.

(3) The variance in other operating revenue is due primarily to BHH receiving money from an insurance refund, 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 2019 that were 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, 2019
(IN THOUSANDS OF DOLLARS)

	Actual 2019	Forecasted 2019	Variance
Cash flows from operating activities:			
Change in net assets	\$ (53)	\$ (216)	\$ 163 (1)
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation	242	253	(11)
Change in investments	(43)	(5)	(38)
Change in working capital	(78)	-	(78) (2)
Net cash provided by operating activities	68	32	36
Cash flows from investing activities:			
Purchase of equipment and improvements	(104)	(100)	(4)
Change in assets limited as to use	(99)	(5)	(94) (3)
Net cash used in investing activities	(203)	(105)	(98)
Cash flows from financing activities:			
Net cash provided by (used in) financing activities	-	-	-
Decrease in cash and cash equivalents	(135)	(73)	(62)
Cash and cash equivalents, beginning of year	1,305	1,305	-
Cash and cash equivalents, end of year	\$ 1,170	\$ 1,232	\$ (62)

**UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE**

BROOKS-HOWELL HOME
COMPARATIVE STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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 more favorable operating results relating to the increase in revenue as a result of unexpected insurance refunds, as well as actual expenses coming in below the forecasted amount. The decrease in expenses are primarily due to changes in staffing at BHH during 2019 and a concentrated effort to reduce operating expenditures.

(2) The variance in the change in working capital relates primarily to the change in accrued wages and related liabilities. BHH anticipated accrued wages and related liabilities of \$466; however, they were actually \$385, which was due primarily to a change in insurance carriers that allowed for a more lenient accrual requirement for BHH's self-funded insurance retention balance. This 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 change in assets limited as to use is due primarily to better than expected market performance, which was not anticipated at the time of the forecast.

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 UNLESS RESIDENT was a deaconess or missionary who was 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 has served a minimum of fifteen (15) years since commissioning, IN WHICH CASE: RESIDENT shall pay UNITED METHODIST WOMEN on account of the monthly service charge 60% of income of RESIDENT if RESIDENT is occupying an apartment or one of the suites in the Bethea Building, or 75% of RESIDENT'S income if RESIDENT is in the intermediate care facility, or 85% of RESIDENT'S income if RESIDENT is in the skilled nursing care facility; income shall include all the income of RESIDENT including, but not limited to, pensions, annuities, social security, retirement benefits, interest and dividends; and monthly service charge shall not exceed the actual monthly

cost for the unit as determined 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. **Miscellaneous Payments.** RESIDENT shall pay for other miscellaneous charges incurred at the request of RESIDENT.

Other Charges

APARTMENT RESIDENT MEALS

<u>Monthly Rate</u>	<u>Per Meal Rate</u>	
\$130.00 Breakfast	\$4.65	
\$130.00 Supper	\$4.65	
\$200.00 Dinner	\$7.75	\$15.00 Special meals

Charges for Extra Items

TB Test/Inoculations	Market Rate
Hydro Pack (per treatment)	2.00
Nurse Rehab Therapy (per treatment)	3.00
Personal Items	Market Rate
Transportation	
Shopping	5.00
Round trip to medical appointment (if bus used)	10.00 20.00
Travel assistant (hourly rate)	15.00
Other transportation	varies
Personal Laundry (per month)	15.00
Pool assistance (per assistant, hourly rate) (Excluding Recreational person)	
Individual	10.00
Two – each resident	5.00
Group 3 or more – each resident	3.00

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 WOMEN'S DIVISION**

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, prewiring 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 either an intermediate or 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 intermediate or 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, 2019 AND 2018

UNITED METHODIST WOMEN

Table of Contents

	<u>Page</u>
INDEPENDENT AUDITOR’S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4 - 7
Statements of Functional Expenses	8 - 11
Statements of Cash Flows	12
Notes to Financial Statements	13 - 36



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, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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, 2019 and 2018, 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.

Crosslin, PLLC

Nashville, Tennessee
May 28, 2020

UNITED METHODIST WOMEN

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ -	\$ 792,438
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks-Howell Home	3,062,000	3,042,000
Receivables:		
Due from conferences	3,382,298	3,952,454
Property sales	131,257	121,710
Other	1,698,771	1,514,506
Inventories and other assets, net	622,481	1,038,260
Prepaid expenses	747,993	679,032
Investments in debt securities of The United Methodist Development Fund	5,500	5,500
Investments	103,970,346	92,859,006
Land, buildings, and equipment, net	9,296,485	9,992,805
Perpetual trusts held by others	1,665,627	1,438,031
	<u> </u>	<u> </u>
Total assets	<u>\$ 124,582,758</u>	<u>\$ 115,435,742</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses	\$ 1,763,065	\$ 1,003,659
Deferred revenue	513,325	723,761
Annuities payable	198,502	228,065
Assets held for others	5,854,032	5,308,776
Accrued postretirement and pension benefit costs	22,091,943	21,636,160
	<u> </u>	<u> </u>
Total liabilities	<u>30,420,867</u>	<u>28,900,421</u>
Net assets:		
Net assets without donor restrictions	24,364,225	30,567,152
Net assets with donor restrictions	69,797,666	55,968,169
	<u> </u>	<u> </u>
Total net assets	<u>94,161,891</u>	<u>86,535,321</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 124,582,758</u>	<u>\$ 115,435,742</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN

Statement of Activities

Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenues:			
Mission Giving:			
Pledge to Mission	\$ 9,959,378	\$ -	\$ 9,959,378
Special Edition SMR	36,377	-	36,377
Supplementary Giving	8,183	12,817	21,000
Designated Giving	37,719	578,230	615,949
Interest Income:			
Interest Income from Cash Equivalents	159	-	159
Investment Income (Net of Fees)	511,665	1,365,703	1,877,368
Bequests, Trusts, Other Long-term Gifts	317,925	584,483	902,408
Publications:			
Response Magazine	294,418	-	294,418
PBD/MRC	484,454	-	484,454
Rental and Service Fee Income:			
Resident Service Fees from Brooks-Howell Home	4,053,121	1,889	4,055,010
CCUN	2,610,613	-	2,610,613
Other Income:			
Events, Seminars, Meetings	-	-	-
Benefits Trust	713,388	-	713,388
Miscellaneous Other Income	742,872	-	742,872
Net assets released from restrictions	613,627	(613,627)	-
Total operating revenues	<u>20,383,899</u>	<u>1,929,495</u>	<u>22,313,394</u>
Operating Expenses:			
Program Services:			
Programs Administered by UMW:			
Transformation	2,006,989	-	2,006,989
Position	218,523	-	218,523
Engage	363,355	-	363,355
Mobilize	458,252	-	458,252
Connectional	418,029	-	418,029
National Mission Institutions Network	-	-	-
National Mission Institution Property Management:			
Insurance	1,630,820	-	1,630,820
Repairs and Maintenance	674,084	-	674,084
Property Management	-	-	-
International Mission Work Administration	-	-	-
UMW Membership and Leadership Development	-	-	-
Mission Education	813,717	-	813,717
Response Magazine	245,726	-	245,726
Mission Resources	1,756,850	-	1,756,850
Christian Social Action	100,872	-	100,872
Deaconess, Home Missioners Office and Network	466,069	-	466,069
Other Programs Administered by UMW	843,838	-	843,838
Programs Administered by Other Organizations:			
United Methodist Organizations National Mission	1,619,566	-	1,619,566
United Methodist Organizations International Mission	1,462,911	-	1,462,911
Ecumenical Organization	31,591	-	31,591
Social Action Organizations	50,000	-	50,000
Grants from Designated Funds	3,253,448	-	3,253,448

Continued on next page.

UNITED METHODIST WOMEN

Statement of Activities

Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Program Support:			
Church Center for the United Nations	2,376,128	-	2,376,128
Brooks-Howell Home Retirement Center:			
Retired Deaconess, Missionary Home Operations	4,243,110	-	4,243,110
Retired Deaconess, Missionary Pension and Health Benefits	3,832,483	-	3,832,483
Annuity Fund	22,018	-	22,018
Scarritt-Bennett Center	100,000	-	100,000
Organization-wide Program Support	261,033	-	261,033
Total program services	<u>27,249,412</u>	<u>-</u>	<u>27,249,412</u>
Supporting Services:			
Management and general	5,349,332	-	5,349,332
Fundraising	582,585	-	582,585
Total supporting services	<u>5,931,917</u>	<u>-</u>	<u>5,931,917</u>
Total operating expenses	<u>33,181,329</u>	<u>-</u>	<u>33,181,329</u>
(Decrease) increase in net assets from operations	<u>(12,797,430)</u>	<u>1,929,495</u>	<u>(10,867,935)</u>
Non-operating Activities:			
Net appreciation in fair value of investments	6,217,608	10,373,614	16,591,222
Net appreciation in perpetual trusts held by others	-	227,596	227,596
Gain on sale of properties	376,895	-	376,895
Endowment and other permanent contributions	-	1,298,792	1,298,792
Total non-operating activities	<u>6,594,503</u>	<u>11,900,002</u>	<u>18,494,505</u>
(Decrease) increase in net assets	<u>(6,202,927)</u>	<u>13,829,497</u>	<u>7,626,570</u>
Net assets at beginning of year	<u>30,567,152</u>	<u>55,968,169</u>	<u>86,535,321</u>
Net assets at end of year	<u>\$ 24,364,225</u>	<u>\$ 69,797,666</u>	<u>\$ 94,161,891</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)	439,954	1,466,266	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	3,555,153	(3,555,153)	-
Total operating revenues	<u>25,568,834</u>	<u>(1,160,075)</u>	<u>24,408,759</u>
Operating Expenses:			
Program Services:			
Programs Administered by UMW:			
Transformation	-	-	-
Position	-	-	-
Engage	-	-	-
Mobilize	-	-	-
Connectional	-	-	-
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

Continued on next page.

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

	Without Donor Restrictions	With Donor Restrictions	Total
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>
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 in net assets from operations	<u>(7,551,404)</u>	<u>(1,160,075)</u>	<u>(8,711,479)</u>
Non-operating Activities:			
Net depreciation in fair value of investments	(2,031,071)	(5,354,009)	(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>(1,037,267)</u>	<u>(4,467,791)</u>	<u>(5,505,058)</u>
Decrease in net assets	(8,588,671)	(5,627,866)	(14,216,537)
Net assets at beginning of year	<u>39,155,823</u>	<u>61,596,035</u>	<u>100,751,858</u>
Net assets at end of year	<u>\$ 30,567,152</u>	<u>\$ 55,968,169</u>	<u>\$ 86,535,321</u>

See accompanying notes to financial statements.

UNITED METHODIST WOMEN
Statement of Functional Expenses
Year Ended December 31, 2019

Program Services

Programs Administered by UMW

	Transformation	Position	Engage	Mobilize	Connectional	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 benefit:	\$ 1,738,984	\$ -	\$ -	\$ -	\$ 401,916	\$ -	\$ -	\$ -	\$ -	\$ 583,730	\$ -	\$ -	\$ -	\$ 206,803	\$ 333,615
Missionary support	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and distributions	-	-	-	-	-	-	424,920	-	-	-	-	-	-	-	-
Program expenses	-	-	304,670	406,678	-	-	249,163	-	-	29,898	-	-	87,792	158,592	57,269
Travel expenses	42,818	-	17,566	10,760	13,713	-	-	-	-	12,913	9,686	-	-	12,468	6,142
Meeting expenses	3,160	-	-	-	-	-	-	-	-	-	-	-	-	15,378	554
Promotional materials	-	17,048	-	-	-	-	-	-	-	34,915	-	1,609,804	-	9,265	703
Consulting and contractual services	-	185,771	23,203	40,814	-	-	-	-	-	61,893	58,863	-	-	30,065	157,860
Insurance paid by UMW	-	-	-	-	-	-	1,630,821	-	-	-	-	-	-	-	-
Equipment, repair and leasing	-	-	-	-	-	-	-	-	-	1,557	-	-	-	640	-
Rent and maintenance	222,027	-	-	-	-	-	-	-	-	88,811	-	-	13,080	29,603	278,940
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Utilities	-	-	-	-	-	-	-	-	-	-	6,822	-	-	-	1,716
Office and other expenses	-	15,704	17,916	-	2,400	-	-	-	-	-	165,749	(100,096)	-	-	385
Audit and legal fees	-	-	-	-	-	-	-	-	-	-	-	-	-	2,000	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	4,606	247,142	-	1,255	6,654
Total	\$ 2,006,989	\$ 218,523	\$ 363,355	\$ 458,252	\$ 418,029	\$ -	\$ 2,304,904	\$ -	\$ -	\$ 813,717	\$245,726	\$ 1,756,850	\$ 100,872	\$ 466,069	\$ 843,838

Continued on next page.

UNITED METHODIST WOMEN
Statement of Functional Expenses
Year Ended December 31, 2019

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	Fundraising	Total
									General		
\$ 270,146	\$ -	\$ -	\$ 551,897	\$ 1,029,142	\$ -	\$ -	\$ -	\$ -	\$ 3,615,658	\$ 403,672	\$ 9,135,563
777,795	-	-	-	-	7,586,812	-	-	-	-	-	8,364,607
1,794,122	-	50,000	2,125,598	-	-	-	100,000	-	-	-	4,494,640
84,252	-	-	22,281	-	-	-	-	-	30,623	(217)	1,431,001
22,115	764	-	-	-	-	-	-	81,422	66,157	55,770	352,294
-	-	-	-	-	-	-	-	164,810	4,550	-	188,452
15,100	-	-	-	-	-	-	-	-	187	4,000	1,691,022
-	7,322	-	13,831	-	-	-	-	-	9,091	-	588,713
-	5,466	-	-	79,013	-	-	-	-	6,060	-	1,721,360
-	-	-	-	65,887	-	-	-	-	645,866	-	713,950
118,413	17,959	-	-	331,560	-	-	-	14,801	425,485	59,207	1,599,886
-	-	-	539,841	124,687	459,188	-	-	-	2,342	-	1,126,058
-	-	-	-	209,428	-	-	-	-	86,809	-	304,775
-	-	-	-	99,765	-	-	-	-	18,398	59,115	279,336
-	-	-	-	14,788	-	-	-	-	348,057	-	364,845
534	80	-	-	421,858	29,593	22,018	-	-	90,049	1,038	824,827
<u>\$ 3,082,477</u>	<u>\$ 31,591</u>	<u>\$ 50,000</u>	<u>\$ 3,253,448</u>	<u>\$ 2,376,128</u>	<u>\$ 8,075,593</u>	<u>\$ 22,018</u>	<u>\$ 100,000</u>	<u>\$ 261,033</u>	<u>\$ 5,349,332</u>	<u>\$ 582,585</u>	<u>\$ 33,181,329</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

	Transformation	Position	Engage	Mobilize	Connectional	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 benefit:	-	-	-	-	-	\$ 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
Meeting expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	\$ 7,626,570	\$ (14,216,537)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Depreciation	1,126,058	1,157,642
Net (appreciation) depreciation in fair value of investments	(16,591,222)	7,385,080
Net (appreciation) depreciation in fair value of assets held for others	(573,354)	307,257
Net (appreciation) depreciation in perpetual trusts held by others	(227,596)	186,568
Gain on sale of properties	(376,895)	(993,804)
Contributions and investment return restricted for long-term investment	(1,298,792)	(1,072,786)
Actuarial (gain) loss on annuity obligations	(5,705)	19,748
Change in receivables	376,344	1,581,230
Change in inventories and other assets	415,779	244,024
Change in prepaid expenses	(68,961)	172,009
Change in accounts payable and accrued expenses	759,406	(1,841,119)
Change in due to/from the General Board of Global Ministries and related entities, net	-	(63,689)
Change in deferred revenue	(210,436)	(730,821)
Change in assets held for others	545,256	(3,324)
Change in accrued postretirement and pension benefit costs	455,783	(3,307,645)
Net cash used in operating activities	(8,047,765)	(11,176,167)
 Cash flows from investing activities:		
Proceeds from sale of properties	376,895	993,804
Purchases of equipment and improvements	(429,738)	(2,177,374)
Proceeds from sales of investments	88,389,986	19,561,619
Purchases of investments	(82,336,750)	(7,495,946)
Net cash provided by investing activities	6,000,393	10,882,103
 Cash flows from financing activities:		
Contributions and investment return restricted for long-term investment	1,298,792	1,072,786
Payments of annuity obligations	(23,858)	(28,284)
Net cash provided by financing activities	1,274,934	1,044,502
 Net (decrease) increase in cash and cash equivalents	(772,438)	750,438
 Cash and cash equivalents at beginning of year	3,834,438	3,084,000
 Cash and cash equivalents at end of year	\$ 3,062,000	\$ 3,834,438

See accompanying notes to financial statements.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(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 48% and 47% of total operating revenue of UMW in 2019 and 2018, 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.

(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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(2) Summary of Significant Accounting Policies - Continued

(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 Wespeth Benefits and Investments ("Wespeth"), 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 Wespeth's Funds are stated at fair value primarily based on unitized market value of the respective fund portfolios. As of December 31, 2019, Wespeth's Multiple Asset Fund is a composite of U.S. equity funds (36.0%), fixed income funds (32.9%), international equity funds (30.9%), and multiple asset fund cash (0.2%).

(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 \$40,098 and \$29,420 at December 31, 2019 and 2018, 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 \$2,305,000 and \$2,258,000 in 2019 and 2018, respectively.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(2) Summary of Significant Accounting Policies - Continued

(g) Revenue Recognition

Contributions and Bequests

Contributions are recognized as revenue when received. Unconditional promises to give cash and other assets to UMW are reported at fair value at the date the promise is received. UMW 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. 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.

Rental and Service Fee Income

Resident service fees from BHH are reported at the amount that reflects consideration to which UMW expects to be entitled in exchange for providing rent, room charges, and related services. Rental income related to CCUN is reported at the amount that reflects consideration to which UMW expects to be entitled in exchange from providing rental space and related services in the CCUN building. Generally, rental charges are due at the beginning of each month. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by BHH (resident services fees) and UMW (CCUN rental income). Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges.

Entrance Fees

In its operation of BHH, 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 2019 and 2018, totaled \$14,000 and \$450,000, respectively.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(2) Summary of Significant Accounting Policies - Continued

(h) Net Assets

For reporting purposes, UMW'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 UMW 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 UMW. 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 - 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.

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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(2) Summary of Significant Accounting Policies – Continued

(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, 2019 and 2018.

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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(2) Summary of Significant Accounting Policies – Continued

(k) Financial Instruments and Fair Value Measurements - Continued

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.

(m) New Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which requires an entity to recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The Organization adopted ASU 2014-09 and related amendments on January 1, 2019 using the modified retrospective method and elected to apply the standard only to contracts that were not completed as of that date. The adoption of the standard did not impact the results of operations or change in net assets.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. This ASU provides additional guidance to be used to determine whether a contribution is conditional and when a transaction should be accounted for as a contribution versus an exchange. UMW early adopted ASU 2018-08 as of January 1, 2019 and has applied the amendments of this standard on a modified prospective basis and elected to apply the standard only to agreements that were entered into after the effective date. This standard did not result in a material change to the financial statements or the timing of revenue recognition for the UMW's contributions and grants.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(3) Liquidity and Availability of Resources

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018.

	2019	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	3,062,000	3,042,000
Receivables	5,212,326	5,588,670
Investments in debt securities of The United Methodist Development Fund	5,500	5,500
Investments	103,970,346	92,859,006
Perpetual trusts held by others	1,665,627	1,438,031
Total financial assets	113,915,799	103,725,645
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	3,062,000	3,042,000
Perpetual trusts held by others	1,665,627	1,438,031
Assets held for others	5,854,032	5,308,776
Board designated funds	24,364,225	27,536,605
Subject to purpose restrictions	49,448,508	37,147,289
Donor restricted funds held in perpetuity	20,349,158	18,820,880
Financial assets not available to be used within one year	104,743,550	93,293,581
Financial assets available to meet general expenditures within one year	\$ 9,172,249	\$ 10,432,064

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(3) Liquidity and Availability of Resources - Continued

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 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 March 2017, the UMW Board of Directors designated funds totaling \$5,000,000 for the Center's property reinvestment (see Note 14). As of December 31, 2019, UMW has approved and paid the Center \$2,745,653 in property reinvestment grants. The remaining board designated funds for the Center's property reinvestment is \$2,254,347 as of December 31, 2019. Additionally, in both 2019 and 2018, UMW provided the Center with financial support of \$100,000, in addition to the rent-free use of the facilities.

(5) Land, Buildings, and Equipment

Land, buildings, and equipment consist of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Land, buildings and improvements	\$ 14,976,070	\$ 14,674,340
Equipment	<u>5,493,690</u>	<u>5,365,682</u>
	20,469,760	20,040,022
Accumulated depreciation	<u>(11,173,275)</u>	<u>(10,047,217)</u>
Land, buildings, and equipment, net	<u>\$ 9,296,485</u>	<u>\$ 9,992,805</u>

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(6) Investments

At December 31, 2019 and 2018, the cost and fair value of investments are as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Cost</u>	<u>Fair Value</u>	<u>Cost</u>	<u>Fair Value</u>
Short-term securities	\$ 237,513	\$ 237,625	\$ 271,719	\$ 271,777
Marketable equity securities	248,366	248,366	179,648	179,648
Wespath:				
International Equities Fund	5,830,456	7,297,459	5,690,337	8,195,350
U.S. Equities Fund	12,463,375	16,145,754	9,903,959	14,007,670
Fixed Income Fund	11,572,347	12,713,144	11,546,925	10,757,478
Equity Social Values Fund	1,873,898	2,527,536	2,715,871	2,834,565
Inflation Protection Fund	3,624,745	3,926,822	3,752,770	3,813,824
Multiple Asset Fund	44,067,445	60,402,188	31,939,448	52,249,797
Pooled investment funds	<u>625,556</u>	<u>625,556</u>	<u>548,897</u>	<u>548,897</u>
Sub-total investments	<u>\$80,543,701</u>	\$ 104,124,450	<u>\$66,549,574</u>	\$92,859,006
Less: Amount needed to cover the State of North Carolina operating reserve requirement for Brooks- Howell Home (Note 12)		<u>(154,104)</u>		<u>-</u>
Total investments		<u>\$ 103,970,346</u>		<u>\$92,859,006</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 \$18,512,638 and \$18,188,208 at December 31, 2019 and 2018, respectively, designated for UMW's retirement fund (See Notes 7 and 8).

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(6) Investments - Continued

Investment return (loss) for the years ended December 31, 2019 and 2018 consisted of the following:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 1,880,076	\$ 1,909,174
Net appreciation (depreciation) in fair value of investments:		
Realized gains on investments	21,849,214	4,550,796
Decrease in accumulated unrealized gains on investments	<u>(4,684,638)</u>	<u>(12,243,133)</u>
Net appreciation (depreciation) in fair value of investments	<u>17,164,576</u>	<u>(7,692,337)</u>
Total return (loss) on investments	19,044,652	(5,783,163)
Investment management expenses	<u>(2,708)</u>	<u>(2,954)</u>
Return (loss) on investments, net	<u>\$ 19,041,944</u>	<u>\$ (5,786,117)</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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(7) Retirement Benefits - Continued

(a) Retirement Benefits Fund - Continued

The annual benefit level (per year of pension credit service) was \$603 and \$568 for the 2019 and 2018 actuarial valuations, respectively. The actuarial method is the Projected Unit Credit Method for both 2019 and 2018. The following are significant actuarial assumptions used in the valuations:

	2019	2018
Discount rate	2.59%	3.78%
Mortality	Pri-2012 (MP-2019)	RP-14 adj 2006 (MP-18)
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 2019 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:

	2019	2018
Number of Participants		
Active	1	1
Separated vested	6	6
Retirees	88	103
Total	95	110

The projected benefit obligation as of December 31, 2019 and 2018 is shown below by participant category:

	2019	2018
Future Annuitants		
Active	\$ 261,277	\$ 276,083
Terminated vested	118,148	124,843
	379,425	400,926
Current Annuitants		
Retirees	6,389,396	6,751,468
Total	\$6,768,821	\$7,152,394

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(7) Retirement Benefits - Continued

(a) Retirement Benefits Fund - Continued

The following table sets forth financial information about the plan as of and for the years ended December 31, 2019 and 2018:

	2019	2018
Missionary and deaconess pension		
Projected benefit obligation, beginning of year	\$(7,152,394)	\$(8,188,301)
Service cost	(10,880)	(10,764)
Interest cost	(251,641)	(269,522)
Actuarial gain	(316,637)	281,693
Benefits paid	962,731	1,034,500
Projected benefit obligation, end of year	<u>\$(6,768,821)</u>	<u>\$(7,152,394)</u>

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

<u>Year</u>	<u>Projected Benefits</u>
2020	\$ 916,200
2021	836,676
2022	756,004
2023	675,180
2024	601,694
2025 - 2029	2,128,524

(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 2019 and 2018 were \$671,573 and \$634,506, 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, 2019 and 2018, UMW made contributions of \$81,929 and \$79,293, respectively.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(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 \$76,700,000 and \$94,500,000 and the Plan’s unfunded expected postretirement benefit obligation was \$106,700,000 and \$131,500,000 as of December 31, 2019 and 2018, respectively.

UMW’s active employees are covered by the Plan. The total cost of benefits for active employees was \$639,187 and \$243,864 in 2019 and 2018, 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 2019 and 2018, 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 2017; 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 \$713,388 and \$773,890 for 2019 and 2018, 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, 2019, there were 86 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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(8) Health, Life and Other Employee Benefits -Continued

The following table sets forth financial information about the unfunded plan as of December 31, 2019 and 2018:

	<u>Medical Plan</u>	<u>Retirement Home</u>	<u>Total</u>
2019:			
Benefit obligation at December 31	<u>\$(2,905,062)</u>	<u>\$(12,418,060)</u>	<u>\$(15,323,122)</u>
Accrued benefit cost recognized in the statement of financial position	<u>\$(2,905,062)</u>	<u>\$(12,418,060)</u>	<u>\$(15,323,122)</u>
Actuarial assumptions:			
Benefit obligation discount rate	2.75%	2.75%	
Part B Medical Trend	3.7%/3.7%		
Medicare Supplement Trend	5.6%/3.7%		
Brooks-Howell Home Trend	3.0%/3.0%		
Benefit cost included in mission personnel expense	<u>\$ 108,120</u>	<u>\$ 429,560</u>	<u>\$ 537,680</u>
Employer contributions	<u>\$ 261,930</u>	<u>\$ 1,864,152</u>	<u>\$ 2,126,052</u>
Benefits paid	<u>\$ 261,930</u>	<u>\$ 1,864,152</u>	<u>\$ 2,126,052</u>
	<u>Medical Plan</u>	<u>Retirement Home</u>	<u>Total</u>
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>

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

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>
2020	\$369,515	\$1,736,924	\$2,106,439
2021	343,180	1,601,771	1,944,951
2022	315,739	1,450,842	1,766,581
2023	290,136	1,306,631	1,596,767
2024	265,434	1,169,907	1,435,341
2025 - 2029	983,331	4,095,992	5,079,323

Healthcare Cost Trend Rate: The effect of a 1% increase or (decrease) in the healthcare cost trend rate would increase or (decrease) the benefit obligation by approximately \$843,838 or (\$768,955), respectively, at December 31, 2019.

(9) Description of Net Assets

Net assets without donor restrictions include the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Undesignated	\$ -	\$ 3,030,547
Board designated for programs:		
Annuities	(33,393)	(43,506)
Other programs	<u>3,301,912</u>	<u>4,266,766</u>
Total board designated for programs	<u>3,268,519</u>	<u>4,223,260</u>
Board designated for retirement benefits of missionaries and deaconesses	<u>-</u>	<u>-</u>
Board designated funds functioning as endowment	<u>15,736,620</u>	<u>15,616,735</u>
Board designated for other:		
Scarritt-Bennett property reinvestment	2,254,347	3,494,517
Racial Justice initiative, Immigration responses, Acts of Repentance follow through, and Leadership Initiatives with Central Conference Women and women around the world	2,605,070	2,698,198
Severance for staff reduction and incentive	211,642	750,612
CCUN sprinkler, fire alarm, and air conditioning systems	79,905	545,161
CCUN renovations	<u>208,122</u>	<u>208,122</u>
Total board designated for other	<u>5,359,086</u>	<u>7,696,610</u>
Total net assets without donor restrictions	<u>\$ 24,364,225</u>	<u>\$ 30,567,152</u>

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(9) Description of Net Assets - Continued

Net assets with donor restrictions include the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</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>\$49,448,508</u>	<u>\$37,147,289</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>20,349,158</u>	<u>18,820,880</u>
Total net assets with donor restrictions	<u>\$69,797,666</u>	<u>\$55,968,169</u>

Net assets of \$613,627 and \$3,555,153 for 2019 and 2018, 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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(10) Endowment - Continued

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

2019

Endowment Net Asset Composition by Type of Fund as of December 31, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Donor-restricted endowment funds	\$ -	\$ -	\$20,349,158	\$20,349,158
Board-designated endowment funds	<u>15,736,620</u>	<u>34,559,334</u>	<u>-</u>	<u>50,295,954</u>
 Total funds	 <u>\$15,736,620</u>	 <u>\$34,559,334</u>	 <u>\$20,349,158</u>	 <u>\$70,645,112</u>

Changes in Endowment Net Assets for the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions		Total
		Temporary in Nature	Perpetual in Nature	
Endowment net assets, beginning of year	<u>\$15,616,735</u>	<u>\$ 24,603,994</u>	<u>\$18,820,880</u>	<u>\$ 59,041,609</u>
Investment return:				
Investment income	10,535	1,357,607	-	1,368,142
Net appreciation (realized and unrealized)	<u>109,350</u>	<u>10,273,768</u>	<u>227,596</u>	<u>10,610,714</u>
Total investment return	<u>119,885</u>	<u>11,631,375</u>	<u>227,596</u>	<u>11,978,856</u>
Contributions	<u>-</u>	<u>-</u>	<u>1,300,682</u>	<u>1,300,682</u>
Appropriation of endowment assets for expenditure and reclassifications	<u>-</u>	<u>(1,676,035)</u>	<u>-</u>	<u>(1,676,035)</u>
 Endowment net assets, end of year	 <u>\$15,736,620</u>	 <u>\$ 34,559,334</u>	 <u>\$20,349,158</u>	 <u>\$ 70,645,112</u>

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(10) Endowment - Continued

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 loss:				
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>

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.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(10) Endowment - Continued

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 2019, 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 \$1,265,000 and \$1,129,000 appropriation from the endowment fund portfolio in 2019 and 2018, respectively. 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, 2019 and 2018 for assets measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*:

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(11) Fair Value of Financial Instruments - Continued

	<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, 2019:				
Assets:				
Investments:				
Short-term securities	\$ 237,625	\$ 237,625	\$ -	\$ -
Marketable equity securities	248,366	248,366	-	-
International Equities Fund	7,297,459	-	7,297,459	-
U.S. Equities Fund	16,145,754	16,145,754	-	-
Fixed Income Fund	12,713,144	-	12,713,144	-
Equity Social Values Fund	2,527,536	-	2,527,536	-
Inflation Protection Fund	3,926,822	-	3,926,822	-
Multiple Asset Fund	60,402,188	-	60,402,188	-
Pooled investment funds	<u>625,556</u>	<u>-</u>	<u>625,556</u>	<u>-</u>
Sub-total investments	104,124,450	16,631,745	87,492,705	-
Less: Amount needed to cover the State of North Carolina operating reserve requirement for Brooks-Howell Home (Note 12)	<u>(154,104)</u>	<u>(154,104)</u>	<u>-</u>	<u>-</u>
Total investments	103,970,346	16,477,641	87,492,705	-
Perpetual trusts held by others	1,665,627	1,665,627	-	-
Liabilities:				
Assets held for others	(5,854,032)	-	(5,854,032)	-

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(11) Fair Value of Financial Instruments - Continued

	Fair Value Measurements at Reporting Date Using			
	Assets (Liabilities) 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)
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)	-

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(11) Fair Value of Financial Instruments - Continued

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, 2019 and 2018, UMW held \$3,062,000 and \$3,042,000, respectively, in operating reserves for BHH based on actual occupancy levels of less than ninety percent and anticipated 2019 and 2018 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 \$960,390 and \$783,592 for the years ended December 31, 2019 and 2018, respectively. Future annual rental expense will vary based on the formula above, but is expected to approximate the 2019 expense through the remainder of the lease term. UMW has not yet entered into an updated lease agreement.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(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, 2019.

(15) Subsequent Events

Management has evaluated subsequent events through May 28, 2020, the date the financial statements were available for issuance, and has determined that there was one subsequent event requiring disclosure.

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the pandemic continues to evolve as of the date of this report. UMW’s operations are dependent on contributions from individuals and conferences as well as from providing rent, room charges, and related services at BHH and rental income related to the CCUN building in exchange for providing rental space and related services.

UNITED METHODIST WOMEN

Notes to Financial Statements

December 31, 2019 and 2018

(15) Subsequent Events - Continued

In addition, this pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As of the date of this report, UMW's investment portfolio has incurred a significant decline since December 31, 2019. Because the values of UMW's investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on UMW's liquidity cannot be determined at this time. The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of economic slowdown. As such, this may hinder UMW's ability to advance their mission and has led UMW to seek financing through the Paycheck Protection Program ("PPP"). UMW was approved for the PPP loan and on April 10, 2020, UMW received funding for the PPP loan in the amount of approximately \$1,460,000, which is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. It is UMW's intent to utilize the loan proceeds for purposes that qualify the loan for forgiveness and management expects the loan to ultimately be forgiven.

While expected to be temporary, UMW cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on UMW's results of future operations, financial position, and liquidity in fiscal year 2020.

BROOKS-HOWELL HOME
FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

BROOKS-HOWELL HOME

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1 - 2
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3 - 4
Statements of Activities	5
Statements of Cash Flows	6
Notes to Financial Statements.....	7 - 21



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, 2019 and 2018, 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.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.



To the Board of Directors
Brooks-Howell Home

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.

Crosslin, PLLC

Nashville, Tennessee
April 15, 2020

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

ASSETS

	December 31,	
	2019	2018
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,170,417	\$ 1,304,729
Assets limited as to use - current portion	27,238	17,059
Accounts receivable - residents	68,898	65,560
Accounts receivable - other	10,974	23,649
Accounts receivable - United Methodist Women	13,864	13,864
Prepaid expenses	18,778	-
Inventories	63,584	70,186
	<u>1,373,753</u>	<u>1,495,047</u>
EQUIPMENT AND IMPROVEMENTS		
Equipment and improvements	4,172,695	4,068,892
Less: accumulated depreciation	(2,722,301)	(2,480,056)
	<u>1,450,394</u>	<u>1,588,836</u>
OTHER ASSETS		
Investments	289,819	246,571
Assets limited as to use - long-term	621,807	532,402
	<u>911,626</u>	<u>778,973</u>
	<u>\$ 3,735,773</u>	<u>\$ 3,862,856</u>

LIABILITIES AND NET ASSETS

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
CURRENT LIABILITIES		
Accounts payable	\$ 72,561	\$ 76,055
Accrued wages and related liabilities	385,099	465,904
Agency funds	<u>27,238</u>	<u>17,059</u>
Total current liabilities	<u>484,898</u>	<u>559,018</u>
NET ASSETS		
Without donor restrictions	2,565,870	2,713,579
With donor restrictions:		
Subject to purpose restrictions	159,637	74,876
Permanent endowments	<u>525,368</u>	<u>515,383</u>
Total with donor restrictions	<u>685,005</u>	<u>590,259</u>
Total net assets	<u>3,250,875</u>	<u>3,303,838</u>
Total liabilities and net assets	<u><u>\$ 3,735,773</u></u>	<u><u>\$ 3,862,856</u></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, 2019			Year Ended December 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Totals	Without Donor Restrictions	With Donor Restrictions	Totals
Revenue, gains, and other support:						
Resident services	\$ 3,720,720	\$ -	\$ 3,720,720	\$ 3,715,925	\$ -	\$ 3,715,925
United Methodist Women support	1,865,370	-	1,865,370	1,813,988	-	1,813,988
United Methodist Women grants	84,354	-	84,354	54,882	-	54,882
Contributions	-	1,889	1,889	-	2,501	2,501
Investment earnings (loss)	-	8,096	8,096	-	(5,065)	(5,065)
Other revenue available for operations	332,401	-	332,401	556,231	-	556,231
Net assets released from restrictions/transfers	15,085	(15,085)	-	6,379	(6,379)	-
 Total revenue, gains, and other support	6,017,930	(5,100)	6,012,830	6,147,405	(8,943)	6,138,462
 Operating expenses:						
Nursing services	2,404,749	-	2,404,749	2,528,442	-	2,528,442
Food services	817,735	-	817,735	834,761	-	834,761
Administration	934,992	-	934,992	1,074,845	-	1,074,845
Environmental services	381,895	-	381,895	465,971	-	465,971
Maintenance	884,395	-	884,395	837,508	-	837,508
Social services	59,395	-	59,395	60,803	-	60,803
Human resources	192,074	-	192,074	215,417	-	215,417
Marketing	64,164	-	64,164	33,022	-	33,022
Activities	193,072	-	193,072	202,678	-	202,678
Depreciation	242,245	-	242,245	252,717	-	252,717
Other	14,971	-	14,971	16,267	-	16,267
Staff House	3,147	-	3,147	3,227	-	3,227
 Total operating expenses	6,192,834	-	6,192,834	6,525,658	-	6,525,658
 Operating loss	(174,904)	(5,100)	(180,004)	(378,253)	(8,943)	(387,196)
Unrealized gains (losses) on investments	27,195	99,846	127,041	(17,383)	(25,640)	(43,023)
 Change in net assets	(147,709)	94,746	(52,963)	(395,636)	(34,583)	(430,219)
 Net assets - beginning of year	2,713,579	590,259	3,303,838	3,109,215	624,842	3,734,057
 Net assets - end of year	\$ 2,565,870	\$ 685,005	\$ 3,250,875	\$ 2,713,579	\$ 590,259	\$ 3,303,838

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,	
	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ (52,963)	\$ (430,219)
Adjustments to reconcile change in net assets to cash (used in) provided by operating activities:		
Depreciation	242,245	252,717
Unrealized (gains) losses on investments	(127,041)	43,023
Changes in operating assets and liabilities:		
Accounts receivable - residents	(3,338)	19,430
Accounts receivable - other	12,675	(11,289)
Accounts receivable - United Methodist Women	-	151,072
Prepaid expenses	(18,778)	-
Inventories	6,602	(10,340)
Accounts payable	(3,494)	(65,838)
Accrued wages and related liabilities	(80,805)	181,958
	(24,897)	130,514
Net cash (used in) provided by operating activities		
Cash flows from investing activities:		
Change in assets limited as to use	(99,584)	121,471
Agency funds	10,179	(85,318)
Purchases of equipment and improvements	(103,803)	(161,673)
Purchases and sales of investments, net	83,793	(28,353)
	(109,415)	(153,873)
Net cash used in investing activities		
Decrease in cash and cash equivalents	(134,312)	(23,359)
Cash and cash equivalents - beginning of year	1,304,729	1,328,088
Cash and cash equivalents - end of year	\$ 1,170,417	\$ 1,304,729

See accompanying notes to reviewed financial statements.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019 AND 2018

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 \$617,243 and \$614,650 as of December 31, 2019 and 2018, 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):

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.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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.

Revenue Recognition

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.

Resident Revenue

Resident carrying charges are reported at the amount that reflects consideration to which the Organization expects to be entitled in exchange for providing rent, room charges, and related services. Generally, rental charges are due at the beginning of each month. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by the Organization. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in related to total expected or actual charges.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories

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

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, 2019 AND 2018

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 32% and 30% of total revenue, gains, and other support for the years ended December 31, 2019 and 2018, 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, 2019 and 2018.

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, 2019 AND 2018

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Pronouncements

Effective January 1, 2019, the Organization adopted ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The new guidance requires the Organization to recognize revenue to depict the transfer of goods or services to members in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services. The new guidance also requires expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with members. The ASU has been applied retrospectively to all periods presented. The adoption of this new standard did not result in a material impact to the Organization's financial statements. There was no significant effect on the financial statements related to the adoption of this new standard which would require a cumulative effect adjustment to net assets at the date of adoption.

B. LIQUIDITY AND AVAILABILITY OF RESOURCES

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>December 31,</u>	
	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$1,170,417	\$1,304,729
Assets limited as to use - current portion	27,238	17,059
Accounts receivable - residents	68,898	65,560
Accounts receivable - other	10,974	23,649
Accounts receivable - United Methodist Women	13,864	13,864
Investments	289,819	246,571
Assets limited as to use - long-term	<u>621,807</u>	<u>532,402</u>
Total financial assets	<u>2,203,017</u>	<u>2,203,834</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>649,045</u>	<u>549,461</u>
Financial assets available to meet general expenditures within one year	<u>\$1,553,972</u>	<u>\$1,654,373</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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,	
	2019	2018
Current portion:		
Held on behalf of others	<u>\$ 27,238</u>	<u>\$ 17,059</u>
Comprised of:		
Cash and cash equivalents	\$ 16,910	\$ 6,731
Land lots	<u>10,328</u>	<u>10,328</u>
	<u>\$ 27,238</u>	<u>\$ 17,059</u>
Long-term portion:		
With donor restrictions	<u>\$621,807</u>	<u>\$532,402</u>
Comprised of:		
Investments and cash equivalents	<u>\$621,807</u>	<u>\$532,402</u>

D. INVESTMENTS

Investments are as follows, at fair value:

	December 31,	
	2019	2018
Cash and cash equivalents	\$ 26,449	\$ 39,208
Marketable equity securities	248,366	179,648
Certificates of deposit	11,255	11,220
Pooled investment funds	<u>625,556</u>	<u>548,897</u>
Total investments	911,626	778,973
Less: Investments classified as assets limited as to use	<u>621,807</u>	<u>532,402</u>
Investments	<u>\$289,819</u>	<u>\$246,571</u>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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, 2019:</u>				
Investments:				
Short-term and marketable securities	\$286,070	\$286,070	\$ -	\$ -
Pooled investment funds	<u>625,556</u>	<u>-</u>	<u>625,556</u>	<u>-</u>
Total investments	<u>\$911,626</u>	<u>\$286,070</u>	<u>\$625,556</u>	<u>\$ -</u>
 <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>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

E. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 have been restricted by the donors for the following purposes:

	December 31,	
	2019	2018
Subject to purpose restrictions:		
Scholarships	\$ 13,114	\$ 13,077
Miscellaneous resident needs	<u>146,523</u>	<u>61,799</u>
Total subject to purpose restrictions	<u>159,637</u>	<u>74,876</u>
Permanent endowments:		
McLaughlin Endowment Fund	173,410	170,114
Lebedeff Endowment Fund	<u>351,958</u>	<u>345,269</u>
Total permanent endowments	<u>525,368</u>	<u>515,383</u>
Total net assets with donor restrictions	<u>\$685,005</u>	<u>\$590,259</u>

Net assets with donor restrictions for the years ended December 31, 2019 and 2018 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, 2019 AND 2018

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, 2019 AND 2018

E. NET ASSETS WITH DONOR RESTRICTIONS - Continued

Changes in endowment net assets with donor restrictions for the years ended December 31, 2019 and 2018 are as follows:

	<u>With Donor Restrictions</u>
<u>December 31, 2019:</u>	
Endowment net assets - beginning of year	\$ 532,402
Contributions	1,889
Investment earnings	18,888
Net appreciation	89,054
Appropriation of endowment assets for expenditures	<u>(20,426)</u>
Endowment net assets - end of year	<u>\$ 621,807</u>
	<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>

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, 2019 and 2018, the Organization made retirement plan contributions of \$81,929 and \$79,293, respectively.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

G. FUNCTIONAL EXPENSE CLASSIFICATIONS

2019

	Nursing Services	Food Services	Administration	Environmental Services	Maintenance	Social Services	Human Resources	Marketing	Activities	Depreciation	Other	Staff House	Total
Salaries, wages, and employee benefits	\$ 2,291,576	\$ 514,053	\$ 595,419	\$ 304,518	\$ 418,944	\$ 56,424	\$ 153,145	\$ 46,982	\$ 184,210	\$ -	\$ -	\$ -	\$ 4,565,271
Consulting and contractual services	45,970	262,588	75,170	53,062	172,943	836	13,461	-	5,408	-	-	-	629,438
Insurance paid by UMW	-	-	164,762	-	-	-	-	-	-	-	-	-	164,762
Maintenance	5,270	6,515	-	7,417	54,160	-	-	-	-	-	-	-	73,362
Depreciation	-	-	-	-	-	-	-	-	-	242,245	-	-	242,245
Utilities	-	-	-	-	233,647	-	-	-	-	-	-	-	233,647
Other	61,933	34,579	99,641	16,898	4,701	2,135	25,468	17,182	3,454	-	14,971	3,147	284,109
Total	<u>\$ 2,404,749</u>	<u>\$ 817,735</u>	<u>\$ 934,992</u>	<u>\$ 381,895</u>	<u>\$ 884,395</u>	<u>\$ 59,395</u>	<u>\$ 192,074</u>	<u>\$ 64,164</u>	<u>\$ 193,072</u>	<u>\$ 242,245</u>	<u>\$ 14,971</u>	<u>\$ 3,147</u>	<u>\$ 6,192,834</u>

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>

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

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 \$27,238 and \$17,059 at December 31, 2019 and 2018, 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, 2019 and 2018, there were no amounts owed to UMW, relating to entrance fees and bequests, which it collected on behalf of UMW.

At December 31, 2019 and 2018, there were no amounts owed the Organization from UMW for support or for insurance premiums for the months of December 2019 and 2018. At both December 31, 2019 and 2018, \$13,864 was 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, 2019 and 2018, UMW held \$3,062,000 and \$3,042,000 in operating reserves for Brooks-Howell Home based on actual occupancy levels of less than ninety percent and anticipated 2019 and 2018 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, 2019 AND 2018

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. UMW has committed to funding the operations of the Organization through April 16, 2021, which is twelve months and a day after the report date. 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.

BROOKS-HOWELL HOME
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2019 AND 2018

L. SUBSEQUENT EVENTS

Subsequent events have been evaluated through April 15, 2020, which is the date the financial statements were available to be issued, and has determined that there was one subsequent event requiring disclosure as follows:

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on our patients (residents), employees, and vendors, all of which are uncertain and cannot be predicted.

This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, the Organization’s investment portfolio has incurred a significant decline in fair value since December 31, 2019. Because the values of the Organization’s investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on the Organization’s liquidity cannot be determined at this time.

While expected to be temporary, the Organization cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time, if the pandemic continues, it may have an adverse effect on the Organization’s results of future operations, financial position, and liquidity in fiscal year 2020.

UNITED METHODIST WOMEN

FINANCIAL FORECAST

**For Each of the Five Years Ending
December 31, 2024**

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

UNITED METHODIST WOMEN

Compilation of Financial Forecast

Table of Contents

	<u>Page</u>
INDEPENDENT ACCOUNTANT’S COMPILATION REPORT.....	1
FINANCIAL STATEMENTS	
Forecasted Statements of Financial Position	2
Forecasted Statements of Activities.....	3
Forecasted Statements of Cash Flows	4
SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS AND ACCOUNTING POLICIES.....	5 - 13
SUPPLEMENTAL DISCLOSURE	
Brooks-Howell Home Forecasted Statements of Financial Position.....	14
Brooks-Howell Home Forecasted Statements of Activities	15
Brooks-Howell Home Forecasted Statements of Cash Flows.....	16
Brooks-Howell Home Summary of Significant Forecast Assumptions and Accounting Policies	17 - 19



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, 2020, 2021, 2022, 2023, and 2024, 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 28, 2020

UNITED METHODIST WOMEN
FORECASTED STATEMENTS OF FINANCIAL POSITION
FOR EACH OF THE FIVE YEARS ENDING DECEMBER 31, 2024
(IN THOUSANDS OF DOLLARS)

	December 31,				
	2020	2021	2022	2023	2024
<u>Assets</u>					
Current assets:					
Cash and investments	\$ 104,938	\$ 108,102	\$ 108,083	\$ 109,654	\$ 110,557
Receivables	6,301	5,975	6,200	5,739	5,622
Inventories and other assets	1,100	1,100	1,100	1,100	1,100
Prepaid expenses	750	750	750	750	750
Total current assets	<u>113,089</u>	<u>115,927</u>	<u>116,133</u>	<u>117,243</u>	<u>118,029</u>
Restricted assets:					
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks-Howell Home	3,047	3,032	3,016	3,001	3,032
Perpetual trusts held by others	1,700	1,700	1,700	1,700	1,700
Total restricted assets	<u>4,747</u>	<u>4,732</u>	<u>4,716</u>	<u>4,701</u>	<u>4,732</u>
Land, buildings, and equipment, net	<u>8,386</u>	<u>7,476</u>	<u>6,566</u>	<u>5,656</u>	<u>4,746</u>
Total assets	<u>\$ 126,222</u>	<u>\$ 128,135</u>	<u>\$ 127,415</u>	<u>\$ 127,600</u>	<u>\$ 127,507</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	510	1,710	510	510	510
Annuities payable	195	191	187	184	179
Assets held for others	5,850	5,850	5,850	5,850	5,850
Accrued postretirement and pension benefit costs	20,325	18,699	17,203	15,827	14,560
Total long-term liabilities	<u>26,880</u>	<u>26,450</u>	<u>23,750</u>	<u>22,371</u>	<u>21,099</u>
Total liabilities	<u>28,580</u>	<u>28,150</u>	<u>25,450</u>	<u>24,071</u>	<u>22,799</u>
Net assets:					
Net assets without donor restrictions	23,964	22,427	20,527	18,211	15,510
Net assets with donor restrictions	73,678	77,558	81,438	85,318	89,198
Total net assets	<u>97,642</u>	<u>99,985</u>	<u>101,965</u>	<u>103,529</u>	<u>104,708</u>
Total liabilities and net assets	<u>\$ 126,222</u>	<u>\$ 128,135</u>	<u>\$ 127,415</u>	<u>\$ 127,600</u>	<u>\$ 127,507</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, 2024
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2020	2021	2022	2023	2024
Net Assets Without Donor Restrictions:					
Operating revenues:					
Conference Giving	\$ 10,800	\$ 10,300	\$ 9,800	\$ 9,300	8,800
Benefits Trust reimbursement	750	750	750	750	750
Bequests and contributions	-	-	-	-	-
Investment income	6,101	6,785	6,890	6,940	7,020
Brooks-Howell Home:					
Fee revenues	4,244	4,354	4,356	4,359	4,362
Health care revenues	-	-	-	-	-
Publications, rental income, and other program revenue	3,715	3,715	4,915	3,715	3,715
Amortization of entrance fees	90	90	90	90	90
Other revenues	1,460	-	-	-	-
Net assets released from restrictions	700	700	700	700	700
Total operating revenues	27,860	26,694	27,501	25,854	25,437
Operating expenses:					
Program services	15,368	15,368	16,571	15,368	15,368
Brooks-Howell Home:					
Operating expenses	4,340	4,321	4,299	4,280	4,258
Dietary expenses	862	858	853	849	845
Administrative expenses	1,164	1,158	1,152	1,147	1,141
Interest expense	-	-	-	-	-
Depreciation expense	1,160	1,160	1,160	1,160	1,160
Supporting services	5,366	5,366	5,366	5,366	5,366
Total operating expenses	28,260	28,231	29,401	28,170	28,138
Sale of properties	-	-	-	-	-
Decrease in net assets without donor restrictions	(400)	(1,537)	(1,900)	(2,316)	(2,701)
Net Assets With Donor Restrictions:					
From United Methodist Women and other Agencies	590	590	590	590	590
Bequests and contributions	1,890	1,890	1,890	1,890	1,890
Rental and other program income	-	-	-	-	-
Investment income	2,100	2,100	2,100	2,100	2,100
Net assets released from restrictions	(700)	(700)	(700)	(700)	(700)
Increase in net assets with donor restrictions	3,880	3,880	3,880	3,880	3,880
Increase in net assets	3,480	2,343	1,980	1,564	1,179
Net assets, beginning of year	94,162	97,642	99,985	101,965	103,529
Net assets, end of year	\$ 97,642	\$ 99,985	\$ 101,965	\$ 103,529	\$ 104,708

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, 2024
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Change in net assets	\$ 3,480	\$ 2,343	\$ 1,980	\$ 1,564	\$ 1,179
Adjustments to reconcile change in net assets to net cash (used in) 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)	(4)	(4)	(4)	(5)
Change in working capital	<u>(5,295)</u>	<u>(1,989)</u>	<u>(4,812)</u>	<u>(2,805)</u>	<u>(3,038)</u>
Net cash (used in) provided by operating activities	<u>(659)</u>	<u>1,510</u>	<u>(1,676)</u>	<u>(85)</u>	<u>(704)</u>
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	<u>(20)</u>	<u>14</u>	<u>17</u>	<u>16</u>	<u>(33)</u>
Net cash used in investing activities	<u>(270)</u>	<u>(236)</u>	<u>(233)</u>	<u>(234)</u>	<u>(283)</u>
Cash flows from financing activities:					
Net cash provided by financing activities	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
Increase in cash and investments	961	3,164	(19)	1,571	903
Cash and investments, beginning of year	<u>103,977</u>	<u>104,938</u>	<u>108,102</u>	<u>108,083</u>	<u>109,654</u>
Cash and investments, end of year	<u>\$ 104,938</u>	<u>\$ 108,102</u>	<u>\$ 108,083</u>	<u>\$ 109,654</u>	<u>\$ 110,557</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, 2024

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, 2024. Accordingly, the accompanying forecast reflects Management’s judgment as of May 28, 2020, 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 48% and 47% of total operating revenue of UMW in 2019 and 2018, 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, 2024

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, 2024

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, 2024

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.

Revenue Recognition

Contributions and Bequests - Contributions are recognized as revenue when received. Unconditional promises to give cash and other assets to UMW are reported at fair value at the date the promise is received. UMW 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. 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.

Rental and Service Fee Income - Resident service fees from BHH are reported at the amount that reflects consideration to which UMW expects to be entitled in exchange for providing rent, room charges, and related services. Rental income related to CCUN is reported at the amount that reflects consideration to which UMW expects to be entitled in exchange from providing rental space and related services in the CCUN building. Generally, rental charges are due at the beginning of each month. Revenue is recognized as the performance obligations are satisfied. Performance obligations are determined based on the nature of the services provided by BHH (resident services fees) and UMW (CCUN rental income). Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected or actual charges.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2024

Entrance Fees - In its operation of BHH, 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 2019 and 2018, totaled \$14,000 and \$450,000, 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.

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 non-profit 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.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2024

4. Summary of Significant Statement of Activities Assumptions

Operating Revenue

Management used primarily the 2020 budget approved by the Board of Directors as the basis for the forecasted operating revenue for 2020. 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 2019 results for 2020 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 2020 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 2020 approved budget.

Interest and Investment Income, Net of Fees - On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus (the "COVID-19 outbreak"). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, UMW's investment portfolio has incurred a significant decline in fair value since December 31, 2019. Because the values of UMW's investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on UMW's liquidity cannot be determined at this time. Therefore, the forecast assumes a decrease in investment earnings to match the 2020 budget, which mirrors the markets as of the time of the forecast. Assuming that medical science develops effective treatments for those infected and a vaccine that prevents infection, investment earnings for 2021 and throughout the remainder of the forecast have been forecasted to increase approximately seven percent annually to be in line with pre-COVID-19 market conditions.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2024

Other Revenues - Other revenues are anticipated to remain consistent with the 2019 actual balance throughout the forecasted period except for 2020. In April 2020 and in response to the pandemic, UMW applied for and was approved for financing through the Paycheck Protection Program (“PPP”). UMW received funding for the PPP loan in the amount of approximately \$1,460,000, which is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. It is UMW’s intent to utilize the loan proceeds for purposes that qualify the loan for forgiveness and management expects the loan to ultimately be forgiven. Therefore, \$1,460,000 has been included in cash and other revenues (forgiveness of the PPP loan) in the 2020 forecasted balances. Short-term debt for the PPP loan and interest expense related to the PPP loan have not been forecasted based on the assumption that the PPP loan will be forgiven before December 31, 2020.

Brooks-Howell Home - Management assumes revenue related to Brooks-Howell Home to remain relatively consistent during the forecasted period based on the 2020 approved budget.

Publication Sales, Rental Income, and Other Program Revenue - During 2020 - 2021, management assumes revenue consistent with the 2020 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 and then remain consistent during the remaining forecast period.

Operating Expenses

Management used the 2020 Board approved budget as the basis for the forecasted operating expenses for 2020. 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 2019 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 and then remain consistent during the remaining forecast period.

UNITED METHODIST WOMEN

Summary of Significant Forecast Assumptions and Accounting Policies

For Each of the Five Years Ending December 31, 2024

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

Depreciation Expense - Depreciation is expected to remain consistent in 2020 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, 2020 through 2024:

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Restricted investments	\$1,700	\$1,700	\$1,700	\$1,700	\$1,700
Statutory operating reserve (1)	<u>3,047</u>	<u>3,032</u>	<u>3,016</u>	<u>3,001</u>	<u>3,032</u>
Assets limited as to use	<u>\$4,747</u>	<u>\$4,732</u>	<u>\$4,716</u>	<u>\$4,701</u>	<u>\$4,732</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, 2024

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, 2020 through 2024 as follows:

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Beginning balance	\$ 20,470	\$ 20,720	\$ 20,970	\$ 21,220	\$ 21,470
Capital additions	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>	<u>250</u>
Total capital costs	20,720	20,970	21,220	21,470	21,720
Accumulated depreciation	<u>(12,334)</u>	<u>(13,494)</u>	<u>(14,654)</u>	<u>(15,814)</u>	<u>(16,974)</u>
Property and equipment, net	<u>\$ 8,386</u>	<u>\$ 7,476</u>	<u>\$ 6,566</u>	<u>\$ 5,656</u>	<u>\$ 4,746</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, 2024
(IN THOUSANDS OF DOLLARS)

	December 31,				
	2020	2021	2022	2023	2024
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,876	\$ 1,934	\$ 2,025	\$ 2,149	\$ 2,307
Accounts receivable - residents	69	69	69	69	69
Accounts receivable - other	11	11	11	11	11
Accounts receivable - United Methodist Women	14	14	14	14	14
Prepaid expenses	19	19	19	19	19
Inventories	64	64	64	64	64
Total current assets	<u>2,053</u>	<u>2,111</u>	<u>2,202</u>	<u>2,326</u>	<u>2,484</u>
Restricted assets:					
Assets limited as to use - current portion	27	28	28	28	28
Total restricted assets	<u>27</u>	<u>28</u>	<u>28</u>	<u>28</u>	<u>28</u>
Other assets:					
Investments	296	302	308	314	320
Assets limited as to use - long-term	628	635	640	648	654
Total other assets	<u>924</u>	<u>937</u>	<u>948</u>	<u>962</u>	<u>974</u>
Land, buildings, and equipment, net	<u>1,308</u>	<u>1,166</u>	<u>1,024</u>	<u>882</u>	<u>740</u>
Total assets	<u>\$ 4,312</u>	<u>\$ 4,242</u>	<u>\$ 4,202</u>	<u>\$ 4,198</u>	<u>\$ 4,226</u>
Liabilities and Net Assets					
Current liabilities:					
Accounts payable	\$ 73	\$ 73	\$ 73	\$ 73	\$ 73
Accounts payable - United Methodist Women	-	-	-	-	-
Accrued wages and related liabilities	385	385	385	385	385
Agency funds	27	28	28	28	28
Total current liabilities	<u>485</u>	<u>486</u>	<u>486</u>	<u>486</u>	<u>486</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>485</u>	<u>486</u>	<u>486</u>	<u>486</u>	<u>486</u>
Net assets:					
Without donor restrictions	3,140	3,067	3,025	3,019	3,045
With donor restrictions	687	689	691	693	695
Total net assets	<u>3,827</u>	<u>3,756</u>	<u>3,716</u>	<u>3,712</u>	<u>3,740</u>
Total liabilities and net assets	<u>\$ 4,312</u>	<u>\$ 4,242</u>	<u>\$ 4,202</u>	<u>\$ 4,198</u>	<u>\$ 4,226</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, 2024
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2020	2021	2022	2023	2024
Operating revenues:					
Resident services	\$ 3,852	\$ 3,852	\$ 3,852	\$ 3,852	\$ 3,852
United Methodist Women support	1,909	1,909	1,909	1,909	1,909
United Methodist Women grant	-	-	-	-	-
Healthcare revenues	-	-	-	-	-
Amortization of entrance fees	-	-	-	-	-
Contributions	2	2	2	2	2
Investment earnings	(100)	42	40	48	48
Other operating revenue	1,279	461	461	461	461
Total operating revenues	6,942	6,266	6,264	6,272	6,272
Operating expenses:					
Nursing services	2,397	2,385	2,373	2,361	2,349
Food services	862	858	853	849	845
Administration	1,164	1,158	1,152	1,147	1,141
Environmental services	404	402	400	398	396
Maintenance	832	828	824	820	815
Social service	62	62	61	61	61
Human resources	94	94	93	93	92
Marketing	85	85	84	84	83
Activities	205	204	203	202	201
Depreciation	242	242	242	242	242
Other expense	15	15	15	15	15
Interest expense	-	-	-	-	-
Staff house	4	4	4	4	4
Total operating expenses	6,366	6,337	6,304	6,276	6,244
Increase (decrease) in net assets	576	(71)	(40)	(4)	28
Net assets, beginning of year	3,251	3,827	3,756	3,716	3,712
Net assets, end of year	<u>\$ 3,827</u>	<u>\$ 3,756</u>	<u>\$ 3,716</u>	<u>\$ 3,712</u>	<u>\$ 3,740</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, 2024
(IN THOUSANDS OF DOLLARS)

	Year Ending December 31,				
	2020	2021	2022	2023	2024
Cash flows from operating activities:					
Increase (decrease) in net assets	\$ 576	\$ (71)	\$ (40)	\$ (4)	\$ 28
Adjustments to reconcile change in net assets to net cash provided by operating activities:					
Depreciation	242	242	242	242	242
Change in investments	(6)	(6)	(6)	(6)	(6)
Change in working capital	-	-	-	-	-
Net cash provided by operating activities	<u>812</u>	<u>165</u>	<u>196</u>	<u>232</u>	<u>264</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>(6)</u>	<u>(7)</u>	<u>(5)</u>	<u>(8)</u>	<u>(6)</u>
Net cash used in investing activities	<u>(106)</u>	<u>(107)</u>	<u>(105)</u>	<u>(108)</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>
Increase in cash and cash equivalents	706	58	91	124	158
Cash and cash equivalents, beginning of year	<u>1,170</u>	<u>1,876</u>	<u>1,934</u>	<u>2,025</u>	<u>2,149</u>
Cash and cash equivalents, end of year	<u>\$ 1,876</u>	<u>\$ 1,934</u>	<u>\$ 2,025</u>	<u>\$ 2,149</u>	<u>\$ 2,307</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 2020 Board approved budget as the basis for the forecasted operating revenue for 2020. 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 2019 and 2018, UMW provided approximately \$1,865,000 and \$1,814,000, respectively, in annual operating support to BHH. Management assumes monthly resident revenues to remain consistent with the 2020 budget. UMW support is expected to remain the same in fiscal year 2020 and remain consistent throughout the remaining forecasted period.

UNITED METHODIST WOMEN

SUPPLEMENTAL DISCLOSURE

BROOKS- HOWELL HOME

Investment Earnings - On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”). In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

This pandemic has adversely affected global economic activity and greatly contributed to significant deterioration and instability in financial markets. As a result, Brooks-Howell Home’s investment portfolio has incurred a significant decline in fair value since December 31, 2019. Because the values of Brooks-Howell Home’s investments have and will fluctuate in response to changing market conditions, the amount of losses that will be recognized in subsequent periods, if any, and related impact on Brooks-Howell Home’s liquidity cannot be determined at this time. Therefore, the forecast assumes a decrease in investment earnings to match the 2020 budget, which mirrors the markets as of the time of the forecast. Assuming that medical science develops effective treatments for those infected and a vaccine that prevents infection, investment earnings for 2021 and throughout the remainder of the forecast have been forecasted to remain in line with pre-COVID-19 market conditions.

Other Revenues - Other revenues are anticipated to remain consistent with the 2019 actual balance throughout the forecasted period except for 2020. In April 2020 and in response to the pandemic, Brooks-Howell Home applied for and was approved for financing through the Paycheck Protection Program (“PPP”). Brooks-Howell Home received funding for the PPP loan in the amount of approximately \$818,000, which is subject to forgiveness if it is utilized for expenditures such as certain payroll, rent, and utility costs. It is Brooks-Howell Home’s intent to utilize the loan proceeds for purposes that qualify the loan for forgiveness and management expects the loan to ultimately be forgiven. Therefore, \$818,000 has been included in cash and other revenues (forgiveness of the PPP loan) in the 2020 forecasted balances. Short-term debt for the PPP loan and interest expense related to the PPP loan have not been forecasted based on the assumption that the PPP loan will be forgiven before December 31, 2020.

Operating Expenses

Management used the 2020 Board approved budget as the basis for the forecasted operating expenses for 2020. 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 one-half a percent during 2020 and continue to decrease one-half of a percent annually throughout the remainder of the forecasted period. Depreciation expense is expected to remain consistent throughout the forecast period.

UNITED METHODIST WOMEN
SUPPLEMENTAL DISCLOSURE
BROOKS- HOWELL HOME

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 2019 results.

UNITED METHODIST WOMEN
 Statements of Financial Position
 March 31, 2020 (Unaudited) and December 31, 2019

Assets

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ -	\$ -
Cash and cash equivalents - State of North Carolina operating reserve requirement for Brooks Howell Home	3,062,000	3,062,000
Receivables:		
Due from conferences	270,989	3,382,298
Loans	129,083	131,257
Other	1,696,942	1,698,771
Inventories and other assets	604,081	622,480
Prepaid expenses	747,993	747,993
Investments in debt securities of The United Methodist Development Fund	5,500	5,500
Investments	87,943,536	103,970,346
Land, buildings, and equipment, net	9,306,218	9,296,486
Perpetual trusts held by others	1,665,627	1,665,627
	<u> </u>	<u> </u>
Total assets	<u>\$ 105,431,969</u>	<u>\$ 124,582,758</u>

Liabilities and Net Assets

Liabilities:		
Accounts payable and accrued expenses	\$ 1,463,859	\$ 1,763,065
Deferred revenue	514,524	513,325
Annuities payable	198,502	198,502
Assets held for others	4,519,022	5,854,032
Accrued postretirement and pension benefit costs	22,091,943	22,091,943
	<u> </u>	<u> </u>
Total liabilities	<u>28,787,850</u>	<u>30,420,867</u>
Net assets:		
Net assets without donor restrictions	15,893,293	24,364,225
Net assets with donor restrictions	60,750,826	69,797,666
	<u> </u>	<u> </u>
Total net assets	<u>76,644,119</u>	<u>94,161,891</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 105,431,969</u>	<u>\$ 124,582,758</u>

UNITED METHODIST WOMEN
 Statements of Activities
 Three Months Ended March 31, 2020 (Unaudited)
 (with comparative totals for the year ended December 31, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020	2019
Operating Revenues:				
Mission Giving:				
Pledge to Mission	\$ 296,365	\$ -	\$ 296,365	\$ 9,959,378
Special Edition SMR	1,450	-	1,450	36,377
Supplementary Giving	20	3,765	3,785	21,000
Designated Giving	665	12,084	12,749	615,949
Interest Income:				
Interest Income from Cash Equivalents	3	-	3	159
Investment Income (Net of Fees)	60,966	299,260	360,226	1,877,368
Bequests, Trusts, Other Long-term Gifts	122	-	122	902,408
Publications:				
Response Magazine	57,583	-	57,583	294,418
PBD/MRC	68,765	-	68,765	484,454
Rental and Service Fee Income:				
Resident Service Fees from Brooks Howell Home	483,536	-	483,536	4,055,010
CCUN	614,315	-	614,315	2,610,613
Other Income:				
Events, Seminars, Meetings	-	-	-	-
Benefits Trust	119,765	-	119,765	713,388
Miscellaneous Other Income	146,862	-	146,862	742,872
Net assets released from restrictions	3,178,799	(3,178,799)	-	-
Total operating revenues	<u>5,029,216</u>	<u>(2,863,690)</u>	<u>2,165,526</u>	<u>22,313,394</u>
Operating Expenses:				
Program Services:				
Programs Administered by UMW:				
Transformation	466,166	-	466,166	2,006,989
Position	36,019	-	36,019	218,523
Engage	47,082	-	47,082	363,355
Mobilize	122,843	-	122,843	458,252
Connection	77,516	-	77,516	418,029
National Mission Institutions Network	-	-	-	-
National Mission Institution Property Management:				
Insurance	198,819	-	198,819	1,630,820
Repairs and Maintenance	12,584	-	12,584	674,084
Property Management	705	-	705	-
International Mission Work Administration	-	-	-	-
UMW Membership and Leadership Development	-	-	-	-
Mission Education	235,032	-	235,032	813,717
Response Magazine	49,437	-	49,437	245,726
Mission Resources	139,935	-	139,935	1,756,850
Christian Social Action	74,564	-	74,564	100,872
Deaconess, Home Missioners Office and Network	72,237	-	72,237	466,069
Other Programs Administered by UMW	260,730	-	260,730	843,838
Programs Administered by Other Organizations:				
United Methodist Organizations National Mission	403,669	-	403,669	1,619,566
United Methodist Organizations International Mission	262,855	-	262,855	1,462,911
Ecumenical Organization	16,398	-	16,398	31,591
Social Action Organizations	-	-	-	50,000
Grants from Designated Funds	253,083	-	253,083	3,253,448
Program Support:				
Church Center for the United Nations	498,084	-	498,084	2,376,128
Brooks Howell Retirement Center:				
Retired Deaconess, Missionary Home Operations	442,057	-	442,057	4,243,110
Retired Deaconess, Missionary Pension and Health Benefits	643,726	-	643,726	3,832,483
Annuity Fund	-	-	-	22,018
Scarritt-Bennett Center	25,000	-	25,000	100,000
Organization-wide Program Support	160,065	-	160,065	261,033
Total program services	<u>4,498,606</u>	<u>-</u>	<u>4,498,606</u>	<u>27,249,412</u>
Supporting Services:				
Management and general Fund-raising	1,015,600	-	1,015,600	5,349,332
Fundraising	136,901	-	136,901	582,585
Total supporting services	<u>1,152,501</u>	<u>-</u>	<u>1,152,501</u>	<u>5,931,917</u>
Total operating expenses	<u>5,651,107</u>	<u>-</u>	<u>5,651,107</u>	<u>33,181,329</u>
Decrease in net assets from operations	<u>(621,891)</u>	<u>(2,863,690)</u>	<u>(3,485,581)</u>	<u>(10,867,935)</u>
Non-operating Activities:				
Net (depreciation) appreciation in fair value of investments	(7,849,041)	(6,425,320)	(14,274,361)	16,591,222
Net appreciation in perpetual trusts held by others	-	-	-	227,596
Gain on sale of properties	-	-	-	376,895
Endowment contributions	-	242,170	242,170	1,298,792
Total non-operating activities	<u>(7,849,041)</u>	<u>(6,183,150)</u>	<u>(14,032,191)</u>	<u>18,494,505</u>
(Decrease) increase in net assets	<u>(8,470,932)</u>	<u>(9,046,840)</u>	<u>(17,517,772)</u>	<u>7,626,570</u>
Net assets at beginning of period/year	<u>24,364,225</u>	<u>69,797,666</u>	<u>94,161,891</u>	<u>86,535,321</u>
Net assets at end of period/year	<u>\$ 15,893,293</u>	<u>\$ 60,750,826</u>	<u>\$ 76,644,119</u>	<u>\$ 94,161,891</u>

UNITED METHODIST WOMEN

Statements of Cash Flows

Three Months Ended March 31, 2020 (Unaudited) and Year Ended December 31, 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
(Decrease) increase in net assets	\$ (17,517,772)	\$ 7,626,570
Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities:		
Depreciation	-	1,126,058
Net depreciation (appreciation) in fair value of investments	14,274,361	(16,591,222)
Net appreciation in fair value of assets held for others	-	(573,354)
Net appreciation in perpetual trusts held by others	-	(227,596)
Gain on sale of properties	-	(376,895)
Contributions and investment return restricted for long-term investment	(242,170)	(1,298,792)
Actuarial gain on annuity obligations	-	(5,705)
Change in receivables	3,115,312	376,344
Change in inventories and other assets	18,399	415,779
Change in prepaid expenses	-	(68,961)
Change in accounts payable and accrued expenses	(299,206)	759,406
Change in deferred revenue	1,199	(210,436)
Change in assets held for others	(1,335,010)	545,256
Change in accrued postretirement and pension benefit costs	-	455,783
Net cash used in operating activities	<u>(1,984,887)</u>	<u>(8,047,765)</u>
Cash flows from investing activities:		
Proceeds from sale of properties	-	376,895
Purchases of equipment and improvements	(9,732)	(429,738)
Proceeds from sales of investments	1,992,778	88,389,986
Purchases of investments	(240,329)	(82,336,750)
Net cash provided by investing activities	<u>1,742,717</u>	<u>6,000,393</u>
Cash flows from financing activities:		
Contributions and investment return restricted for long-term investment	242,170	1,298,792
Payments of annuity obligations	-	(23,858)
Net cash provided by financing activities	<u>242,170</u>	<u>1,274,934</u>
Net decrease in cash and cash equivalents	-	(772,438)
Cash and cash equivalents at beginning of period/year	<u>3,062,000</u>	<u>3,834,438</u>
Cash and cash equivalents at end of period/year	<u>\$ 3,062,000</u>	<u>\$ 3,062,000</u>