GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

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INDEPENDENT AUDITOR'S REPORT

To the Council on Finance and Administration
Greater New Jersey Annual Conference
of the United Methodist Church
Neptune, New Jersey

Opinion

We have audited the accompanying financial statements of Greater New Jersey Annual Conference of the United Methodist Church (the ***"Conference"***) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statement of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Conference as of December 31, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Council on Finance and Administration
Greater New Jersey Annual Conference
of the United Methodist Church
Neptune, New Jersey

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Conference's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Conference's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Summarized Comparative Information

We have previously audited the Conference's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 29, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
May 15, 2024

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENTS OF FINANCIAL POSITION

December 31, 2023 And 2022

	2023	2022
ASSETS		
Cash and cash equivalents	$ 5,946,715	$ 1,842,773
Investments	23,762,032	16,291,863
Accounts receivable, net of allowance of $1,032,832 and $896,157 in 2023 and 2022, respectively	1,606,861	1,656,310
Loans receivable, net of allowance of $846,179 in 2023 and 2022	409,633	733,935
Due from related entities	333,062	173,996
Interest receivable	1,468	1,468
Property and equipment	5,988,805	6,293,700
Beneficial interest in perpetual trust	387,709	351,188
Total assets	$ 38,436,285	$ 27,345,233
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 898,495	$ 1,442,213
Deferred revenue	503,673	7,310
Post-retirement benefit obligation	32,248,942	31,542,834
Total liabilities	33,651,110	32,992,357
Net Assets		
Net Assets without donor restrictions	1,030,674	(8,428,015)
Net Assets with donor restrictions	3,754,501	2,780,891
Total net assets	4,785,175	(5,647,124)
Total liabilities and net assets	$ 38,436,285	$ 27,345,233

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Shared ministry	$ 8,284,905	$ -	$ 8,284,905
Benevolences	380,596	46,000	426,596
Missional giving	38,410	964	39,374
Program revenue	226,964	1,898,763	2,125,727
Change in value of perpetual trusts	-	36,521	36,521
Investment income	2,141,189	51,302	2,192,491
Other revenue	1,463,512	78,293	1,541,805
Disaffiliation revenue	4,889,133	-	4,889,133
Gain on sale of property	4,052,468	-	4,052,468
Reimbursed congregational benefits, net	2,104,176	-	2,104,176
Net assets released from restriction	1,138,233	(1,138,233)	-
Total support, gains, and other support	24,719,586	973,610	25,693,196
Expenses and Losses			
Ministerial resourcing	633,265	-	633,265
Benevolence giving	349,847	-	349,847
UMC apportionments	1,626,925	-	1,626,925
Other programs	4,006,129	-	4,006,129
Administrative expense	7,085,612	-	7,085,612
Post-retirement health costs, net	853,011	-	853,011
Total expenses and losses	14,554,789	-	14,554,789
Excess of revenue over expenses	10,164,797	973,610	11,138,407
Other Changes			
Change in actuarial value of post-retirement benefits	(706,108)	-	(706,108)
Change in net assets	9,458,689	973,610	10,432,299
Net Assets			
Beginning of year	(8,428,015)	2,780,891	(5,647,124)
End of year	$ 1,030,674	$ 3,754,501	$ 4,785,175

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2022

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Shared ministry	$ 8,703,481	$ -	$ 8,703,481
Benevolences	429,374	44,000	473,374
Missional giving	30,887	44,300	75,187
Program revenue	63,200	832,773	895,973
Change in value of perpetual trusts	-	(95,106)	(95,106)
Investment income	(2,042,075)	(78,946)	(2,121,021)
Other revenue	1,711,905	200	1,712,105
Gain on sale of property	3,225,418	-	3,225,418
Reimbursed congregational benefits, net	484,611	-	484,611
Net assets released from restriction	481,460	(481,460)	-
Total support, gains, and other support	13,088,261	265,761	13,354,022
Expenses and Losses			
Ministerial resourcing	557,965	-	557,965
Benevolence giving	462,212	-	462,212
UMC apportionments	1,537,957	-	1,537,957
Other programs	4,948,428	-	4,948,428
Administrative expense	5,672,169	-	5,672,169
Post-retirement health costs, net	1,393,403	-	1,393,403
Total expenses and losses	14,572,134	-	14,572,134
Excess of revenue over expenses	(1,483,873)	265,761	(1,218,112)
Other Changes			
Change in actuarial value of post-retirement benefits	9,752,626	-	9,752,626
Change in net assets	8,268,753	265,761	8,534,514
Net Assets			
Beginning of year	(16,696,768)	2,515,130	(14,181,638)
End of year	$ (8,428,015)	$ 2,780,891	$ (5,647,124)

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2023 And 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 10,432,299	$ 8,534,514
Adjustments to reconcile change in net assets to net cash used for operating activities		
Increase (decrease) in post-retirement benefits obligation	706,108	(9,752,626)
Depreciation expense	326,077	315,740
Realized gain on investments	(30,204)	(1,599,722)
Change in unrealized (gain) loss on investments	(1,944,030)	3,871,367
Gain on disposal of fixed assets	-	(585,817)
Change in value of perpetual trusts	(36,521)	95,106
Change in allowance for doubtful accounts	136,675	723,807
(Increase) decrease in		
Accounts receivable	(87,226)	(310,393)
Due from related entities	(159,066)	130,237
Prepaid expenses and other	-	265,889
Increase (decrease) in		
Accounts payable and accrued expenses	(543,718)	(1,304,826)
Refundable advance	-	(954,747)
Deferred revenue	496,363	7,310
Net cash provided by (used for) operating activities	9,296,757	(564,161)
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayments of loans receivable	324,302	47,384
Purchase of investments	(10,413,447)	(19,527,368)
Proceeds from the sale of investments	3,784,512	18,433,907
Net change in money market funds	1,133,000	(4,227,807)
Proceeds on disposal of fixed assets	-	645,647
Purchase of fixed assets	(21,182)	(68,457)
Net cash used for investing activities	(5,192,815)	(4,696,694)
Net increase (decrease) in cash and cash equivalents	4,103,942	(5,260,855)
CASH AND CASH EQUIVALENTS		
Beginning of year	1,842,773	7,103,628
End of year	$ 5,946,715	$ 1,842,773

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2023

	2023							
	Program Services							
	Ministerial Resourcing	Benevolence Giving	UMC Apportionments	Other Programs	Total Program	Management And General	Totals Expense	2022
Grants	$ 381,068	$ 257,797	$ 4,025	$ 1,135,856	$ 1,778,746	$ -	$ 1,778,746	$ 2,056,162
UMC Apportionments	-	89,525	1,586,774	-	1,676,299	-	1,676,299	1,578,078
Salary	-	-	-	606,140	606,140	3,498,579	4,104,719	3,854,122
Payroll taxes	-	-	-	43,806	43,806	194,385	238,191	207,459
Pension expense	-	-	-	54,966	54,966	417,574	472,540	416,370
Other employee benefits	-	-	-	129,558	129,558	654,730	784,288	628,741
Professional fees	-	-	-	1,300	1,300	1,214,404	1,215,704	197,643
Office expense	6,230	-	-	13,890	20,120	135,513	155,633	228,947
Information technology	9,831	-	-	5,154	14,985	256,978	271,963	198,532
Occupancy	-	-	-	118,636	118,636	262,308	380,944	400,007
Travel	68,167	-	-	52,724	120,891	40,320	161,211	80,963
Conferences, conventions, and meetings	52,090	-	-	172,743	224,833	255,517	480,350	234,195
Depreciation	-	-	-	326,077	326,077	-	326,077	315,740
Insurance	-	-	-	3,402	3,402	5,554	8,956	51,276
Staff training	13,435	-	-	49	13,484	57,776	71,260	99,467
Bad debt	-	-	-	185,585	185,585	-	185,585	1,023,675
Miscellaneous	102,444	2,525	36,126	1,156,243	1,297,338	91,974	1,389,312	1,607,354
Post retirement costs	-	-	-	-	-	853,011	853,011	1,393,403
Total expenses	$ 633,265	$ 349,847	$ 1,626,925	$ 4,006,129	$ 6,616,166	$ 7,938,623	$ 14,554,789	$ 14,572,134

See notes to the financial statements.

(1) ORGANIZATION

Greater New Jersey Annual Conference of the United Methodist Church (the ***"Conference"***) is an integral part of the General Conference of the United Methodist Church. Each member church in the Greater New Jersey Annual Conference supports the operating budget and, in addition, makes contributions or grants to the Conference's and General Conference's missions and programs. Investment revenue and program revenue also support the activities of the Conference.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements of the Conference are presented in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) and have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

INCOME TAXES

The Conference is a is a religious organization and is exempt from federal income taxes as a result of its affiliation with the United Methodist Church, under the provisions of Section 50l(c)(3) of the Internal Revenue Code.

The Conference has reviewed their tax positions and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

CASH AND CASH EQUIVALENTS

For purposes of the Statement of Cash Flows, the Conference considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

INVESTMENTS AND INVESTMENT INCOME

Investments are reported at fair value, while donated securities are recorded at fair value on the date of donation. Net investment return is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

ACCOUNTS RECEIVABLE

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

PLEDGES RECEIVABLE

Pledges receivable are recognized as income in the year the pledge is made. Pledges that are expected to be received within one year are recorded at net realizable value. Pledges that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the year in which the pledges are received. Amortization of the discount is included in contribution revenue. The Conference uses the allowance method to determine uncollectible receivables. An allowance for uncollectible pledges is estimated based upon management's judgement and includes factors such as prior collection history.

LAND, BUILDINGS AND EQUIPMENT

Depreciable assets over $5,000 are recorded at cost at date of acquisition or fair value at date of donation in the case of gifts. Depreciation is recorded on a straight-line basis over the estimated useful lives as follows:

Buildings	25 – 40 years
Equipment, furniture and fixtures	4 – 10 years

Property and equipment are reviewed each year for impairment or whenever events or changes in business circumstances indicate carrying value of the assets may not be recoverable. Impairment losses are recognized if expected future cash flows from the assets are less than their carrying values. No impairment losses were recognized during the year ended December 31, 2023.

POST-RETIREMENT BENEFITS

The Conference has adopted FASB ASC 715, Compensation – Retirement Benefits which requires that the funded status of defined benefit pensions and other postretirement benefit plans be fully recognized in the statement of financial position.

NET ASSETS

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets of the Conference and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

REVENUE RECOGNITION

The Conference recognizes contributions when cash, securities or other assets or an unconditional promise to give. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. The Conference reports gifts 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 statement of activities as "net assets released from restriction". Restricted contributions and grants, whose restrictions expire in the year received are recorded as revenue without donor restrictions.

The Conference recognizes revenue from seminars and events during the year in which the seminars and events occur. The performance obligation is at the point in time at which the customer attends the event or seminar.

USE OF ESTIMATES

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities and reported amounts of revenues and expenses in the financial statements and accompanying notes. Actual results could differ from these estimates.

FUNCTIONAL EXPENSES

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Directly identifiable expenses are charged to programs and supporting services.

Management and general expenses include these expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Conference.

RECLASSIFICATIONS

Certain reclassifications were made to the 2022 financial statements to conform to the 2023 presentation.

(3) INVESTMENTS

Investments at December 31, 2023 consisted of the following:

	Cost	Fair Value
Certificate of deposit	$ 77,632	$ 77,632
Money Markets	3,094,807	3,094,807
Wespath mutual fund (fund of funds) (a)	17,008,103	17,969,312
Wespath mutual fund (fund of funds) (b)	1,992,793	2,061,133
Wespath mutual fund (short term investments) (c)	552,204	559,148
Total	$ 22,725,539	$ 23,762,032

As of December 31, 2023, accumulated net unrealized gains were $1,036,493.

Investments at December 31, 2022 consisted of the following:

	Cost	Fair Value
Certificate of deposit	$ 77,632	$ 77,632
Money Markets	4,227,807	4,227,807
Wespath mutual fund (fund of funds) (a)	12,706,404	11,797,082
Wespath mutual fund (short term investments) (c)	187,557	189,342
Total	$ 17,199,400	$ 16,291,863

As of December 31, 2022, accumulated net unrealized losses were $907,537.

(a) The Conference invests in the Multiple Asset Fund, a mutual fund managed by Wespath. The fund's objective is to attain current income and capital appreciation, by investing in a broad mix of investments. The mutual fund invests in four other Wespath mutual funds to maintain an investment allocation of approximately 35% U.S. equity, 30% international equity, 25% fixed income, and 10% inflation protection. The asset allocation will be rebalanced periodically when holding falls outside of a 3% tolerance.

(b) The Conference invests in the GNJ Moderate Fund, a mutual fund managed by Wespath. The fund's objective is to attain current income and capital appreciation, by investing in a broad mix of investments. The mutual fund invests in four other Wespath mutual funds to maintain an investment allocation of approximately 35% U.S. equity, 15% international equity, 35% fixed income, and 15% inflation protection. The asset allocation will be rebalanced periodically when holding falls outside of a 3% tolerance.

(c) The Conference invests in the Short-Term Investment Fund, a mutual fund (short-term investments) managed by Wespath. The fund's objective is to preserve capital while earning current income higher than that of money market funds. The mutual fund seeks to achieve its investment objective by exclusively holding cash and cash equivalents in the form of units of the sweep account. The sweep account holds primarily short-term fixed income instruments including U.S. Government bonds, agency bonds, corporate bonds, securitized products, commercial paper, certificates of deposit, and other similar types of investments.

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Conference utilized various methods to measure the fair value of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities that the Conference has the ability to access.

Level 2 – Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Conference's own assumptions about the assumptions a market participant would use in valuing the asset or liability, and would be based on the best information available.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities.

The summary of inputs used to value the Conference's investments as of December 31 is as follows:

	2023			
	Total	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 77,632	$ -	$ 77,632	$ -
Money Markets	3,094,807	3,094,807	-	-
	3,172,439	3,094,807	77,632	-
Wespath mutual funds reported at net asset value	20,589,593			
Total	$ 23,762,032			
Beneficial Interest in Perpetual Trusts	$ 387,709	$ -	$ -	$ 387,709

	2022			
	Total	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 77,632	$ -	$ 77,632	$ -
Money Markets	4,227,807	4,227,807	-	-
	4,305,439	4,227,807	77,632	-
Wespath mutual funds reported at net asset value	11,986,424			
Total	$ 16,291,863			
Beneficial Interest in Perpetual Trusts	$ 351,188	$ -	$ -	$ 351,188

The beneficial interest in perpetual trust is measured at estimated future cash flows which involve unobservable inputs. As a result, the present value techniques would be Level 3 inputs.

The changes in the financial instruments as of December 31 are measured at fair value for which the Conference used Level 3 inputs to determine fair value are as follows:

	2023	**2022**
Balance, January 1	$ 351,188	$ 446,294
Change in value	36,521	(95,106)
Balance, December 31	$ 387,709	$ 351,188

(5) LOAN RECEIVABLE

Loans are stated at unpaid principal balances, less an allowance. The allowance for loan losses is maintained at a level that, in management's judgement, that is adequate to absorb credit losses inherent in the loan portfolio. The amount of the allowance is based on management's evaluation of the collectability of the loan portfolio, including the nature of the portfolio, credit concentrations trends in historical loss experience, specific impaired loans, economic conditions, and other risks inherent in the portfolio. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated cash flows. The allowance is increased by a provision for loan losses, which is charged to expense, and reduced by charge-offs, net of recoveries.

A loan is considered impaired when, based on currently available information, it is probable that the Conference will not collect all of the principal and interest contractually required by the loan agreement. Impaired loans include loans that have been modified in a troubled debt restructuring and loans placed on nonaccrual status. All impaired loans are evaluated for an asset-specific allowance for credit losses. An allowance for credit losses on impaired loans is recognized when the recorded investment in the loan exceeds the estimated cash flows expected to be received from the borrower, discounted using the original effective interest rate of the loan.

Impaired loans are placed on nonaccrual status. When a loan is placed on nonaccrual status, accrued interest income is reversed. Interest income on impaired loans is only recognized when actually received from the borrower. Partial payments of contractual amounts due on impaired loans are treated as interest income on a cash basis until such time as the loan is restored to performing status.

The following table provides information on impaired loans at December 31, 2023 and 2022:

	Unpaid Principal Balance Of Impaired Loans	Allowance For Credit Losses On Impaired Loans
Impaired loans for which an allowance for credit loss is recognized		
Loans receivable	$ 846,179	$ 846,179

The Conference's practice is to charge off any loan or portion of a loan when the loan is determined by management to be uncollectible due to the borrower's failure to meet repayment terms, the borrower's deteriorating or deteriorated financial condition, the depreciation of the underlying collateral, or for other reasons.

There was no change in the allowance for loan losses for the years ended December 31, 2023 and 2022.

(6) PROPERTY AND EQUIPMENT

Details of property and equipment at December 31, are as follows:

	2023	2022
Land	$ 942,968	$ 942,968
Buildings	7,567,009	7,545,827
Computer equipment and software	143,020	143,020
Furniture and fixtures	208,106	208,106
	8,861,103	8,839,921
Less accumulated depreciation	(2,872,298)	(2,546,221)
	$ 5,988,805	$ 6,293,700

(7) NET ASSETS

Net assets with donor restrictions at December 31, 2023 and 2022 are available for the following purposes:

	2023	2022
Subject to expenditure for specified purpose: *		
Various scholarships for education	$ 270,431	$ 225,445
Missional programs, church growth, and/or church construction	2,591,698	1,712,066
Retired preachers, ill or in need	165,116	145,251
Bright Spots	-	7,394
	$ 3,027,245	$ 2,090,156

* Included in the amount above is the accumulated endowment income of $109,444 and $56,762 at 2023 and 2022, respectively.

	2023	2022
Subject to the Conferences endowment spending policy and appropriation		
Scholarships for education	$ 320,047	$ 320,047
Old and needy women of the Methodist Episcopal denomination	10,000	10,000
Pension and health benefits of retired clergy	5,000	5,000
Clergy assistance	4,500	4,500
	339,547	339,547
Not subject to spending policy or appropriation		
Perpetual trusts held by a third party	387,709	351,188
Total net assets with donor restrictions	$ 3,754,501	$ 2,780,891

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose as follows at December 31, 2023 and 2022:

	2023	2022
Scholarships	$ 57,513	$ 110,940
Missional programs, church growth, and/or church construction	1,080,720	370,520
Total net assets released from restrictions	$ 1,138,233	$ 481,460

ENDOWMENT FUNDS

The Conference's endowment fund consists of donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Conference to function as endowments, are classified and reported based upon the existence or absence of donor-imposed restrictions.

INTERPRETATION OF RELEVANT LAW

The Conference is incorporated in the state of New Jersey, which has enacted the Uniform Prudent Management of Institutional Funds Act ***("UPMIFA")***. UPMIFA governs donor restricted or permanently restricted endowment funds for not-for-profit corporations. The Conference has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Conference 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. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Conference.

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

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

RETURN OBJECTIVES AND RISK PARAMETERS

The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment asset. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Council on Finance and Administration, the endowment assets are invested in a manner that is intended to produce results that exceed the performance of their relevant benchmark index while assuming a moderate level of investment risk.

To satisfy its long-term rate-of-return objectives, the Conference 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 Conference 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

The Conference has a policy of appropriating for expenditure when needed. The Conference expects the current spending policy to allow its endowment funds to grow to maintain future purchasing power.

As of December 31, 2023 and 2022, the Conference has the following endowment net asset composition by type of fund:

	2023 With Donor Restriction	2022 With Donor Restriction
Donor-restricted endowment funds		
Original donor-restricted gift amount	$ 339,547	$ 339,547
Accumulated investment gains	109,444	56,762
	$ 448,991	$ 396,309

Change in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	2023 With Donor Restriction	2022 With Donor Restriction
Endowment net assets, beginning of year	$ 396,309	$ 470,677
Investment return, net	52,682	(66,868)
Appropriated for expenditure	-	(7,500)
Endowment net assets, end of year	$ 448,991	$ 396,309

(8) DEFINED CONTRIBUTION PLAN

The Conference has a contributory pension plan for lay employees, covering all full-time employees electing to participate. Under this plan the Conference will contribute 6% or 12% based upon the employees position within the Conference. Contributions were approximately $202,000 and $179,000 for the years ended December 31, 2023 and 2022, respectively.

(9) MULTIEMPLOYER DEFINED BENEFIT PENSION PLANS

The Conference contributes to three multiemployer defined benefit pension plans – the Pre-82 Plan, the Clergy Retirement Security Program **("CRSP")**, and the Ministerial Pension Plan **("MPP")**. The Conference does not directly manage these multiemployer plans, which are managed by The General Board of Pensions and Health Benefits of The United Methodist Church. The clergy of the Conference participates in one of these multiemployer plans.

Each of these plans is organized as a nonelecting, noncontributory multiemployer church retirement plan, and therefore the plans are not subject to certain reporting requirements of the Employee Retirement Income Security Act of 1974 **("ERISA")**, as amended. The plans' certified zone statuses are not available since the plans are not subject to ERISA reporting requirements.

The risks of participating in a multiemployer plan are different from a single employer plan in the following aspects: (1) assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers; (2) if a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers; (3) if an employer chooses to stop participating in a multiemployer plan, the Conference may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability. If a plan were to terminate, if participants voluntarily withdrew or if there was a mass withdrawal, the Conference may also be required to make additional payments to the plan for its proportionate share of underfunded liabilities.

The following table presents information on the plans and the Conference's participation in the plans, which includes the Conference's ministerial staff and the ministerial staff of its member churches:

		Plan Funded Status As Of 12/31/2023*		
Plan	**Plan Employer Identification And Plan No.**	**Plan Assets 1/1/2023**	**Accumulated Benefit Obligation 1/1/2023**	**Annual Conference Contributions For The Year Ended 12/31/2023***
CRSP	336/335176/81	$ 2,956,861,167	$ 2,419,203,927	$ 1,163,142
MPP	336/335176/81	4,797,636,095	3,694,564,244	-
PRE-82	336/335176/81	1,858,547,416	1,482,551,951	-
		$ 9,613,044,678	$ 7,596,320,122	$ 1,163,142

Plan Funded Status As Of 12/31/2022*

Plan	Plan Employer Identification And Plan No.	Plan Assets 1/1/2022	Accumulated Benefit Obligation 1/1/2022	Annual Conference Contributions For The Year Ended 12/31/2022*
CRSP	336/335176/81	$ 2,829,122,591	$ 2,285,443,615	$ 1,779,462
MPP	336/335176/81	4,758,759,842	3,665,135,772	-
PRE-82	336/335176/81	1,987,198,636	1,608,095,246	1,058,745
		$ 9,575,081,069	$ 7,558,674,633	$ 2,838,207

* The table above reflects calculations based on a corridor funding methodology. On a market value methodology for the CRSP and MPP plans, for January 1, 2023 and 2022, market value of assets total $6,771,680,670 and $8,067,187,950, respectively, and the market value of liabilities total $7,167,684,147 and $9,313,145,658, respectively.

The pension expense related to the Conference ministerial staff amounted to approximately $184,000 and $156,000, for the years ended December 31, 2023 and 2022, respectively.

The plans' accumulated benefit obligations are determined annually by the plans' actuary. Significant actuarial assumptions utilized for the Pre-82 Plan include a discount rate of 5.5%, an expected rate of investment return of 5.5%, and an expected rate of salary increase of 2.0%. Significant actuarial assumptions utilized for the CRSP include a discount rate of 7.0%, an expected rate of investment return of 7.0%, and an annual cost of living benefit increase of 2.0%. Significant actuarial assumptions utilized for the MPP include a discount rate of 6.25%, an expected rate of investment return of 6.25%, and an annual cost of living benefit increase of 2.0%.

Plan assets for CRSP are invested at Wespath in the Multiple Asset Fund (MAF). The MAF is a mark-to-market fund with a target mix of asset classes of 10% Inflation Protection Fund, 25% Fixed Income Funds, 35% U.S. Equity Fund and 30% International Equity Fund. Actual allocation may vary slightly.

Assets supporting MPP Annuities are invested at Wespath with an overall target of 53% fixed income, 32% equities and 15% alternative investment. Actual allocation may vary slightly. The specific funds employed are the Fixed Income Fund, the Extended Term Fixed Income Fund, the Positive Social Purpose Lending Funds, the U.S. Equity Fund, the International Equity Fund, and the Special Opportunities Fund.

Plan assets for Pre-82 Plan were invested with a target mix of assets: 20% U.S. Equity Funds, 17% International Equity Funds, 45% Fixed Income Fund and 18% Duration Matching Fixed Income Fund. Actual allocation may vary slightly.

The actual investment allocations of the above plans may differ from their targeted mix.

(10) POST-RETIREMENT BENEFIT OBLIGATION

The Conference's post-retirement health care benefit plan provides health insurance coverage to employees with 20 years of service who retire directly from active service at or after the age of 62. Married employees eligible for the plan will also have coverage for their spouse. Upon an eligible retiree's death, spousal coverage continues for the spouse's lifetime.

Effective July 1, 2002 a person becoming an annuitant after July 1, 2002 with less than 20 years of annuity credit in the United Methodist Church at retirement shall share in the cost of the premium. The annuitant's share shall be 5% times the number of full years by which the annuity credit is less than 20.

Effective July 1, 2003 for an annuitant under the age of 65 commencing benefits after July 1, 2003, the Conference shall contribute an amount equal to the coverage cost of a Medicare-eligible annuitant, prorated for service years less than 20.

The Conference amended its post-retirement plan effective in 2021. Plan changes included the requirement for eligibility for post-retirement health for active employees is age 65 with 20 years of service. Retirees who are at least 62 years of age as of July 1, 2021 will be covered and the coverage level will depend on years of full-time appointment. Effective January 1, 2022, the plan design for medical plans was changed to reduce the burden of local church Shared Ministry collection (apportionment) to pay the premiums. The design changes were intended to minimize the impact on the participant while maximizing the premium savings for the Conference. As a result, some expenses shifted to the participants, including a higher deductible and some increases in co-pays. These plan amendments reduced the unfunded liability of the post-retirement plan by approximately $20 million as of December 31, 2021.

	2023	2022
Change in Benefit Obligation		
Benefit obligations	$ 31,542,834	$ 41,295,460
Service cost	608,660	1,200,612
Interest cost	1,538,837	1,220,672
Actuarial (gain)/loss	(32,569)	(10,422,179)
Actual benefits paid	(1,408,820)	(1,751,731)
Benefit obligation, end of year	$ 32,248,942	$ 31,542,834
Change in Plan Assets		
Employer contributions	$ 1,408,820	$ 1,751,731
Actual benefits paid	(1,408,820)	(1,751,731)
Fair value of plan assets, end of year	$ -	$ -
Funded status of plan	$ (32,248,942)	$ (31,542,834)
Additional Amounts Recognized in the Statement of Financial Position		
Current liabilities	$ (1,459,889)	$ (1,374,933)
Noncurrent liabilities	(30,789,053)	(30,167,901)
Net asset/(liability) at end of year	$ (32,248,942)	$ (31,542,834)

Components of Net Periodic Benefit Cost		
Service cost	$ 608,660	$ 1,200,612
Interest cost	1,538,837	1,220,672
(Gain)/loss	(584,029)	-
Prior service cost/(credit)	(1,555,793)	(1,555,793)
Preliminary net periodic benefit cost/(income)	$ 7,675	$ 865,491

The following assumptions were used in accounting for the plan:

	2023	2022
Weighted average assumptions for balance sheet liability at end of year		
Discount rate	4.80%	4.99%
Expected long-term rate of return	N/A	N/A
Health care trend rates (pre-65/post-65)		
Trend for next year	6.75%	7.00%
Ultimate Trend	5.00%	5.00%
Year ultimate trend reached	2031	2031
Measurement date	January 1, 2023	January 1, 2023
Weighted average assumptions for benefit cost at beginning of year		
Discount rate	4.99%	3.02%
Expected Long-term rate of return	N/A	N/A
Health care trend rates (pre-65/post-65)		
Trend for next year	7.00%	6.50% / 8.00%
Ultimate trend	5.00%	4.50% / 4.50%
Year ultimate trend reached	2031	2033 / 2033

The following are the estimated future benefits expected to be paid:

	(In Thousands)
2024	1,495
2025	1,530
2026	1,582
2027	1,652
2028	1,731
2029-2033	9,321

The expected fiscal year 2024 contribution is $1,494,516.

(11) CONCENTRATION OF CREDIT RISK

The Conference maintains cash balances at TD Bank in excess of the $250,000 FDIC insured limits. The Conference's uninsured cash balances totaled $5,696,715 and $1,592,773 as of December 31, 2023 and 2022, respectively. Included in the cash balances is approximately $3.2 million contained in an interest bearing sweep account.

(12) REIMBURSED EXPENDITURES

The Conference administers a comprehensive insurance plan, a health insurance plan and a pension and disability fund for all United Methodist churches affiliated with the Conference. The Conference invoices the churches to obtain reimbursement for the cost of insurance, pension, and disability plan payments made on behalf of the churches.

For the year ended December 31, 2023, the following amounts were collected and disbursed by the Conference for each respective benefit plan:

	Pension And Disability Plan	Health Insurance	Comprehensive Insurance Plan	Total
Collected	$ 3,349,400	$ 5,316,038	$ 5,615,803	$ 14,281,241
Disbursed	(2,077,154)	(4,848,888)	(5,251,023)	(12,177,065)
Net Activity	$ 1,272,246	$ 467,150	$ 364,780	$ 2,104,176

For the year ended December 31, 2022, the following amounts were collected and disbursed by the Conference for each respective benefit plan:

	Pension And Disability Plan	Health Insurance	Comprehensive Insurance Plan	Total
Collected	$ 3,451,356	$ 5,218,179	$ 5,333,004	$ 14,002,539
Disbursed	(3,829,545)	(4,863,228)	(4,825,155)	(13,517,928)
Net Activity	$ (378,189)	$ 354,951	$ 507,849	$ 484,611

(13) REFUNDABLE ADVANCE

On April 9, 2021, the Conference received a $954,747 loan under the Small Business Administration's (***"SBA"***) Paycheck Protection Program Second Draw Loan (***"PPP Second Draw Loan"***) under the Consolidated Appropriations Act 2021, Additional Coronavirus Response and Relief provisions. PPP Second Draw Loans were eligible for forgiveness if the Conference incurred qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses could be incurred commences upon receipt of the loan. Any portion of the loan not forgiven was payable over a 5-year period at an interest rate of 1%. The Conference considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Second Draw Loan agreement and as such, would recognize contribution income when these conditions were substantially met. As of October 21,2022, the SBA granted full forgiveness of the PPP Second Draw Loan and this amount is recognized in the Statement of Activities and Changes in Net Assets as other revenue in 2022.

(14) RELATED PARTIES

The Conference incurred charges for various expenses of related organizations including salaries and other administrative costs. Amounts for these services for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
A Future With Hope	$ -	$ 50,000
United Methodist Foundation	145,007	274,023
Total administrative fees	$ 145,007	$ 324,023

The Centenary Fund provides annual support to a Conference's program which serves the needs of retired clergy, widows and dependent children of deceased clergy. The amounts received in 2023 and 2022 was $575,000 and $592,150, respectively.

The Conference collects contributions from local churches and individuals which are designated for related organizations. Amounts for these collections for the year ended December 31, 2023 and 2022 are as follows:

	2023	2022
Centenary Fund	$ 4,868	$ 2,701
A Future with Hope	-	11,814
Next Generation Ministries	-	13,620
	$ 4,868	$ 28,135

At December 31, 2023 and 2022, the Conference had the following related party receivable:

	2023	2022
United Methodist Foundation	$ 160,626	$ 101,560
Next Generation	172,436	72,436
	$ 333,062	$ 173,996

(15) BENEFICIAL INTEREST IN TRUST

Under the terms of the perpetual trust, the Conference has the irrevocable right to receive the income earned on the trust asset in perpetuity, but never receive the asset held in trust. The Conference has recorded the asset at the estimated fair value of the Conference's share of the beneficial interest in trust assets. Distributions from the trust assets are recorded as unrestricted investment income in the accompanying statement of activities unless restricted by the donor. Change in value of the beneficial interest in the trust assets are record as unrealized gains or losses in the permanently restricted net assets.

A summary of the beneficial interest in trusts is as follows:

	2023	2022
Balance, beginning of year	$ 351,188	$ 446,294
Change in value	36,521	(95,106)
Balance, end of year	$ 387,709	$ 351,188

(16) CONTINGENCIES

The United Methodist Church (***"UMC"***) was a party to the settlement of lawsuits alleging sexual abuse including claims for compensatory and punitive damages in connection with the National Council, Boy Scout's of America (***"BSA"***) and its local chapters and others. On September 8, 2022, the U.S. bankruptcy judge assigned to the case issued her ruling approving the BSA restructuring plan. In this ruling, the judge indicated that the United Methodist settlement met the tests of bankruptcy law. The settlement (which is still subject to higher court approval and potential appeals) includes the UMC (all US Conferences) making a $30 million contribution to an approximately $2.5 billion Survivor Trust Fund, of which, the Conference was allocated $910,420. The Conference intends to cover their contribution as follows: 75% ($682,815) will be billed proportionately to each congregation over a three-year period; 25% ($227,605) will be covered by the Conference. The Conference made the full settlement payment in September 2023. The UMC maintains their support of the Boy Scouts and leadership from both sides completed a revised agreement that provides more protection to the local churches. Beginning in 2023, the UMC began offering two options to the Boy Scouts, an Affiliation Agreement, or a Facilities Use Agreement. Both options provide insurance, indemnification, and legal separation. The Affiliation Agreement enables local churches to keep all physical assets and insures all assets on the church's property insurance. The Affiliation Agreement also requires the BSA to perform background checks, to be renewed every two years. The Facilities Use Agreement legally separates the church from the Boy Scouts community, with no church or UMC obligation beyond sharing space.

At December 31, 2023, the Conference has two open cases involving alleged clerical sexual abuse, one of which is currently pending a determination as to a motion for summary judgment, and the other is currently stayed pending a resolution of the Boy Scout bankruptcy. There is no insurance coverage for these cases. While any litigation has an element of uncertainty, after reviewing these actions with legal counsel, management is of the opinion that the liability, if any, resulting from these actions is unknown at this time as they continue through the legal process.

(17) LIQUIDITY AND AVAILABILITY

The Conference strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in Wespath's Multiple Asset Fund which may be redeemed on a daily basis.

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

	2023	2022
Cash and cash equivalents	$ 5,946,715	$ 1,842,773
Investments	23,762,032	16,291,863
Accounts receivable	1,606,861	1,656,310
Due from related entities	333,062	173,996
Interest receivable	1,468	1,468
Subtotal	31,650,138	19,966,410
Less:		
Board designated investments-health reserves	8,559,458	3,889,822
Net assets with donor restrictions	3,754,501	2,780,891
Subtotal	12,313,959	6,670,713

Financial assets available to meet general obligations within one year	$19,336,179	$ 13,295,697

(18) DISAFFILIATION

The UMC has gone through several challenging years related to concerns of congregations and/or pastors disaffiliating from the UMC related to differencing views, understanding and attitudes regarding human sexuality. The Conference recognizes there will be different beliefs, traditions, understandings, and attitudes relating to Christian faith and our understanding of human sexuality and will work with congregations recognizing their different beliefs and understandings and remain united in our common mission. While some congregations and/or pastors may choose to disaffiliate from UMC, the Conference is committed to its mission and strategic priorities, goals, and resourcing strategies to recruit and equip transformational leaders that make disciples and grow vital congregations for the transformation of the world. At the Conference May 2022 Annual Conference, legislation entitled “A Call to Discernment and Renewal” was passed. This legislation lays out the process by which congregations can disaffiliate. Also presented at the conference, for informational purposes, were the term sheet (required due diligence and payments) and Connectional Covenant. At the May 2023 Annual Conference, eight churches of the Conference were approved for disaffiliation. These disaffiliations began in June 2023 and were completed by December 31, 2023. The Conference received a total of $5,841,280 from the eight churches approved for disaffiliation. The amounts were applied as follows: $44,542 was charged against outstanding billings owed by the churches; $415,927 was recognized as part of shared ministry revenue for 2023; $491,678 was included as deferred revenue for 2024 shared ministry revenue; and the remaining portion of $4,889,133 was recognized as disaffiliation revenue in the Statement of Activities.

(19) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 15, 2024, have been evaluated in the preparation of the financial statements.

In February 2024, the Conference became party to a recent lawsuit involving seven United Methodist churches in Greater New Jersey who see to disaffiliate from the UMC. The disaffiliation provision of paragraph 2553 in The Book of Discipline of The United Methodist Church (2016 updated in 2019 (“Book of Discipline”)) expired on December 31, 2023. The General Conference of UMC held in April/May 2024 defeated attempts to expand the disaffiliation timeline. The case is continuing through the legal process.

The Conference has determined that there were no other subsequent events that would need to be disclosed in the financial statements.