GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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, 2022, 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, 2022, 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 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
November 29, 2023

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENTS OF FINANCIAL POSITION

December 31, 2022 And 2021

	2022	2021
ASSETS		
Cash and cash equivalents	$ 1,842,773	$ 7,103,628
Investments	16,291,863	13,242,240
Accounts receivable, net of allowance of $146,350 and $172,350 in 2022 and 2021, respectively	1,656,310	2,069,724
Loans receivable, net of allowance of $580,694 in 2022 and 2021	733,935	781,319
Due from related entities	173,996	304,233
Interest receivable	1,468	1,962
Prepaid expenses	-	265,395
Property and equipment	6,293,700	6,600,813
Beneficial interest in perpetual trust	351,188	446,294
Total assets	$ 27,345,233	$ 30,815,608

	2022	2021
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	$ 1,442,213	$ 2,747,039
Deferred revenue	7,310	-
Refundable advance	-	954,747
Post-retirement employee benefit obligation	31,542,834	41,295,460
Total liabilities	32,992,357	44,997,246
Net Assets		
Net Assets without donor restrictions	(8,428,015)	(16,696,768)
Net Assets with donor restrictions	2,780,891	2,515,130
Total net assets	(5,647,124)	(14,181,638)
Total liabilities and net assets	$ 27,345,233	$ 30,815,608

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
Net assets released from restriction	481,460	(481,460)	-
Total support, gains, and other support	12,603,650	265,761	12,869,411
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
Reimbursed congregational benefits, net	(484,611)	-	(484,611)
Total expenses and losses	14,087,523	-	14,087,523
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

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2021

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Disciplinary obligations	$ 7,397,889	$ -	$ 7,397,889
World service benevolences	1,599,668	-	1,599,668
Other apportioned	50,495	-	50,495
Non apportioned	312,767	568,122	880,889
Program revenue	8,154	-	8,154
Change in value of perpetual trusts	-	33,143	33,143
Investment income	786,038	55,889	841,927
Other revenue	2,128,291	1,224	2,129,515
Gain on sale of property	5,141,462	-	5,141,462
Net assets released from restriction	426,577	(426,577)	-
Total support, gains, and other support	17,851,341	231,801	18,083,142
Expenses and Losses			
Clergy support	1,471,556	-	1,471,556
World service programs	3,483,969	-	3,483,969
Other apportioned funds	19,404	-	19,404
Other disbursements	2,563,050	-	2,563,050
Administrative expense	4,525,451	-	4,525,451
Unreimbursed congregational benefits, net	2,470,875	-	2,470,875
Total expenses and losses	14,534,305	-	14,534,305
Excess of revenue over expenses	3,317,036	231,801	3,548,837
Other Changes			
Change in actuarial value of post-retirement benefits	19,796,001	-	19,796,001
Change in net assets	23,113,037	231,801	23,344,838
Net Assets			
Beginning of year	(39,809,805)	2,283,329	(37,526,476)
End of year	$ (16,696,768)	$ 2,515,130	$ (14,181,638)

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2022 And 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 8,534,514	$ 23,344,838
Adjustments to reconcile change in net assets to net cash used for operating activities		
Decrease in pension liability	(9,752,626)	(19,796,001)
Depreciation expense	315,740	338,189
Realized gain on investments	(1,599,722)	(223,425)
Change in unrealized gain (loss) on investments	3,871,367	(737,480)
Gain on disposal of fixed assets	(585,817)	(246,920)
Change in value of perpetual trusts	95,106	(33,143)
Change in allowance for doubtful accounts	(26,000)	(207,984)
(Increase) decrease in		
Accounts receivable	439,414	771,120
Allowance		
Pledges receivable	-	53,705
Due from related entities	130,237	105,394
Prepaid expenses and other	265,889	12,354
Increase (decrease) in		
Accounts payable and accrued expenses	(1,304,826)	1,443,565
Refundable advance	(954,747)	(24,705)
Deferred revenue	7,310	-
Net cash provided by (used for) operating activities	(564,161)	4,799,507
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayments of loans receivable	47,384	202,773
Loans written off	-	22,714
Purchase of investments	(19,529,153)	(6,034,642)
Proceeds from the sale of investments	18,433,907	4,558,068
Net change in short-term investments	(4,226,022)	5,918
Proceeds on disposal of fixed assets	645,647	1,690,920
Purchase of fixed assets	(68,457)	(37,811)
Net cash provided by(used for) investing activities	(4,696,694)	407,940
Net increase (decrease) in cash and cash equivalents	(5,260,855)	5,207,447
CASH AND CASH EQUIVALENTS		
Beginning of year	7,103,628	1,896,181
End of year	$ 1,842,773	$ 7,103,628

GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2022

	2022							
	Program Services							
	Ministerial Resourcing	Benevolence Giving	UMC Apportionments	Other Programs	Total Program	Management And General	Totals Expense	2021
Grants	$ 353,732	$ 381,374	$ -	$ 1,321,056	$ 2,056,162	$ -	$ 2,056,162	$ 2,307,183
UMC Apportionments	-	71,823	1,506,255	-	1,578,078	-	1,578,078	1,652,965
Salary	-	-	-	364,573	364,573	3,489,549	3,854,122	3,513,618
Payroll taxes	-	-	-	18,985	18,985	188,474	207,459	167,668
Pension expense	-	-	-	30,883	30,883	385,487	416,370	391,102
Other employee benefits	-	-	-	70,442	70,442	558,299	628,741	605,445
Professional fees	-	-	-	-	-	197,643	197,643	305,422
Office expense	9,105	-	-	6,451	15,556	213,391	228,947	170,466
Information technology	12,416	-	-	3,314	15,730	182,802	198,532	213,804
Occupancy	-	-	-	200,386	200,386	199,621	400,007	213,829
Travel	59,140	-	-	7,307	66,447	14,516	80,963	22,440
Conferences, conventions, and meetings	37,265	-	-	168,828	206,093	28,102	234,195	22,031
Payments to affiliates	-	-	-	-	-	-	-	301,877
Depreciation	-	-	-	315,740	315,740	-	315,740	338,189
Insurance	-	-	-	17,595	17,595	33,681	51,276	40,619
Staff training	22,877	-	-	49	22,926	76,541	99,467	5,436
Bad debt	-	-	-	1,023,675	1,023,675	-	1,023,675	907,149
Miscellaneous	63,430	9,015	31,702	1,399,144	1,503,291	104,063	1,607,354	884,187
Post retirement costs	-	-	-	-	-	1,393,403	1,393,403	1,323,375
(Reimbursed) unreimbursed congregational benefits, net	-	-	-	-	-	(484,611)	(484,611)	1,147,500
Total expenses	$ 557,965	$ 462,212	$ 1,537,957	$ 4,948,428	$ 7,506,562	$ 6,580,961	$ 14,087,523	$ 14,534,305

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 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, 2021.

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 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, 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. Expenses related to more than one function are charged to programs and supporting services on the basis of periodic time and expense studies.

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 2021 financial statements to conform to the 2022 presentation. In 2022, to simplify the Conference chart of accounts, certain income and expense accounts were re-categorized from the prior year.

(3) INVESTMENTS

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) (b)	187,557	189,342
Total	$ 17,199,400	$ 16,291,863

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

Investments at December 31, 2021 consisted of the following:

	Cost	Fair Value
Certificate of deposit	$ 77,632	$ 77,632
Wespath mutual fund (fund of funds) (a)	10,175,270	13,139,115
Wespath mutual fund (short term investments) (b)	25,508	25,493
Total	$ 10,278,410	$ 13,242,240

As of December 31, 2021, accumulated net unrealized gains were $2,963,830.

(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 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 on 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:

	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

	2021			
	Total	**Level 1**	**Level 2**	**Level 3**
Certificates of deposit	$ 77,632	$ -	$ 77,632	$ -
	77,632	-	77,632	-
Wespath mutual funds reported at net asset value	13,164,608			
Total	$ 13,242,240			
Beneficial Interest in Perpetual Trusts	$ 446,294	$ -	$ -	$ 446,294

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:

	2022	**2021**
Balance, January 1	$ 446,294	$ 413,151
Change in value	(95,106)	33,143
Balance, December 31	$ 351,188	$ 446,294

(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, 2022 and 2021:

	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	$ 852,055	$ 852,055

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, 2022 and 2021.

(6) PROPERTY AND EQUIPMENT

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

	2022	2021
Land	$ 942,968	$ 942,968
Buildings	7,545,827	7,520,468
Leasehold improvements	-	149,577
Computer equipment and software	143,020	162,804
Furniture and fixtures	208,106	214,939
	8,839,921	8,990,756
Less accumulated depreciation	(2,546,221)	(2,389,943)
	$ 6,293,700	$ 6,600,813

(7) NET ASSETS

Net assets with donor restrictions at December 31, 2022 and 2021 are available for the following purposes:

	2022	2021
Subject to expenditure for specified purpose:		
Various scholarships for education	$ 225,445	$ 322,860
Missional programs, church growth, and/or church construction	1,678,618	1,192,686
Retired preachers, ill or in need	143,460	166,176
Bright Spots	7,394	7,394
	2,054,917	1,689,116
Subject to the Conferences endowment spending policy and appropriation		
Scholarships for education	355,286	360,220
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
	374,786	379,720
Not subject to spending policy or appropriation		
Perpetual trusts held by a third party	351,188	446,294
Total net assets with donor restrictions	$ 2,780,891	$ 2,515,130

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose as follows at December 31, 2022 and 2021:

	2022	2021
Scholarships	$ 110,940	$ 31,700
Missional programs, church growth, and/or church construction	370,520	394,877
Total net assets released from restrictions	$ 481,460	$ 426,577

ENDOWMENT FUNDS

The Conference's endowment fund consists of donor-restricted endowment funds. As required by GAAP in the United States, 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 OBJECTIES 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 price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Conference expects its endowment funds, over time, to provide an average rate of return of approximately 6.5 percent annually. Actual returns in any given year may vary from this amount.

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 5% of the average fair value of each respective endowment. The Conference expects the current spending policy to allow its endowment funds to grow at a minimal average rate of 5% annually. This is consistent with the Conference's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts and investment return.

As of December 31, 2022 and 2021, the Conference has the following endowment net asset composition by type of fund:

	2022 With Donor Restriction	2021 With Donor Restriction
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ 604,811	$ 604,811
Accumulated investment gains	123,695	223,735
	$ 728,506	$ 828,546

Change in endowment net assets for the years ended December 31, 2022 and 2021 are as follows:

	2022 With Donor Restriction	2021 With Donor Restriction
Endowment net assets, beginning of year	$ 828,546	$ 786,724
Investment return, net	(4,934)	8,679
Contributions	-	-
Change in value of beneficial interest in trusts	(95,106)	33,143
Endowment net assets, end of year	$ 728,506	$ 828,546

(8) CONFERENCE BOARD OF PENSIONS

Effective January 1, 2007, the Conference adopted the Clergy Retirement Security Program which had been established by the General Conference of the United Methodist Church. This plan supersedes and replaces the provisions of the prior plans. The church contribution rate under the Clergy Retirement Security Program is 12.50% of the active participant's plan compensation for a plan year. The church contribution rate under the Comprehensive Protection Plan is 3% for full-time clergy and three-quarter time clergy.

Under the provisions of the plans, the Conference is required to maintain an amount in its Deposit Account sufficient to provide for the monthly transfer of the church contributions on behalf of its active participants.

(9) 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 $175,000 and $150,000 for the years ended December 31, 2022 and 2021, respectively.

(10) 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. A majority of the Conference's employees are participants in one of these multiemployer plans as of December 31, 2020, subject to eligibility requirements.

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 company 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:

		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

Plan Funded Status As Of 12/31/2021*

Plan	Plan Employer Identification And Plan No.	Plan Assets 1/1/2021	Accumulated Benefit Obligation 1/1/2021	Annual Conference Contributions For The Year Ended 12/31/2021*
CRSP	336/335176/81	$ 2,520,654,197	$ 2,134,736,431	$ 1,836,878
MPP	336/335176/81	4,439,554,422	3,630,817,808	-
PRE-82	336/335176/81	1,977,157,868	1,718,075,500	538,223
		$ 8,937,366,487	$ 7,483,629,739	$ 2,375,101

* 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, 2022 and 2021, market value of assets total $8,067,187,950 and $7,576,235,218, respectively, and the market liabilities total $9,313,145,658 and $9,551,877,515, 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 6.625%, an expected rate of investment return of 6.625%, and an expected rate of salary increase of 1.68%. Significant actuarial assumptions utilized for the CRSP 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%. Significant actuarial assumptions utilized for the MPP include a discount rate of 7.00%, an expected rate of investment return of 7.00%, and an annual cost of living benefit increase of 2.0%.

Plan assets for CRSP are invested in 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 55% fixed income, 35% equities and 10% 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: 22% U.S. Equity Funds, 19% International Equity Funds, 42% Fixed Income Fund and 17% Inflation Projection Fund. Actual allocation may vary slightly.

(11) 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.

	2022	2021
Change in Benefit Obligation		
Benefit obligations	$ 41,295,460	$ 61,091,461
Service cost	1,200,612	1,468,778
Interest cost	1,220,672	1,642,441
Plan amendments	-	(20,212,768)
Actuarial (gain)/loss	(10,422,179)	(483,746)
Actual benefits paid	(1,751,731)	(2,210,706)
Benefit obligation, end of year	$ 31,542,834	$ 41,295,460
Change in Plan Assets		
Employer contributions	$ 1,751,731	$ 2,210,706
Actual benefits paid	(1,751,731)	(2,210,706)
Fair value of plan assets, end of year	$ -	$ -
Funded status of plan	$ (31,542,834)	$ (41,295,460)
Additional Amounts Recognized in the Statement of Financial Position		
Current liabilities	$ 1,751,834	$ 2,210,706
Noncurrent liabilities	29,791,000	39,084,754
Net asset/(liability) at end of year	$ (31,542,834)	$ (41,295,460)

	2022	2021
Items Not Yet Recognized as a Component of Net Periodic Pension Cost		
Prior service cost/(credit)	$ (18,535,706)	$ (20,091,499)
Net Actuarial (gain)/loss	(10,443,144)	(20,965)
Total	$ (28,978,850)	$ (20,112,464)
Components of Net Periodic Benefit Cost		
Service cost	$ 1,200,612	$ 1,468,778
Interest cost	1,220,672	1,642,441
Prior service cost/(credit)	(1,555,793)	(121,269)
Preliminary net periodic benefit cost/(income)	$ 865,491	$ 2,989,950

The transition obligation and net actual loss for the post-retirement benefit plan that will be amortized from changes in net assets without donor restrictions into net periodic benefit cost over the next fiscal year are (in thousands) $0 and $0 respectively.

The following assumptions were used in accounting for the plan:

	2022	2021
Weighted average assumptions for balance sheet liability at end 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
Measurement date	January 1, 2023	December 31, 2021
Weighted average assumptions for benefit cost at beginning of year		
Discount rate	3.02%	2.72%
Expected Long-term rate of return	N/A	N/A
Health care trend rates (pre-65/post-65)		
Trend for next year	6.50% / 8.00%	6.00% / 7.50%
Ultimate trend	4.50% / 4.50%	4.50% / 4.50%
Year ultimate trend reached	2033 / 2033	2031 / 2032

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

	(In Thousands)
2023	1,409
2024	1,471
2025	1,514
2027	1,569
2028-2032	10,807

The expected fiscal year 2023 contribution is $1,408,820.

(12) CONCENTRATION OF CREDIT RISK

The Conference maintains cash balance at TD Bank in excess of the $250,000 FDIC insured limits. The Conference's uninsured cash balances totaled $1,592,773 and $6,853,628 as of December 31, 2022 and 2021, respectively.

(13) 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, 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

For the year ended December 31, 2021, 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	$ 3,517,374	$ 6,057,543	$ 4,600,825	$ 14,175,742
Disbursed	(3,433,550)	(8,817,786)	(4,395,281)	(16,646,617)
Net Activity	$ 83,824	$(2,760,243)	$ 205,544	$ (2,470,875)

(14) REFUNDABLE ADVANCE

On May 4, 2020, the Conference received a $979,452 loan under the Small Business Administration's (***"SBA"***) Payment Protection Program (the ***"PPP Loan"***). The Conference considered this to be a conditional contribution as it expected to meet the criteria for loan forgiveness upon incurring eligible expenditures and when its application for forgiveness was accepted by the SBA. The Conference considered the incurrence of eligible expenses and the acceptance of its application for forgiveness to be barriers in the PPP Loan agreement and as such, recognized contribution income when these conditions were substantially met. As of December 31, 2020, the Conference had recorded $979,452 as a refundable advance. During the year ended December 31, 2021, the Conference met all conditions of the program and the loan was forgiven on October 21, 2021. As such, the loan was recognized in the Statement of Activities and Changes in Net Assets as other revenue in 2021.

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 are eligible for forgiveness if the Conference incurs qualifying expenses over a period of time not to exceed 24 weeks. The period of time in which qualifying expenses may be incurred commences upon receipt of the loan. Any portion of the loan not forgiven is payable over a 5-year period at an interest rate of 1%. The Conference considers 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 are substantially met. As of December 31, 2021, the Conference had recorded $954,747 as a refundable advance. On October 21, 2022, the Organization was notified that the loan was forgiven by the SBA. As such, the loan is recognized in the Statement of Activities and Changes in Net Assets as other revenue in 2022.

(15) 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, 2022 and 2021 are as follows:

	2022	2021
A Future With Hope	$ 50,000	$ 50,408
Next Generation	-	119,931
United Methodist Foundation	274,023	125,000
Total administrative fees	$ 324,023	$ 295,339

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 amount received in 2022 and 2021 was $592,150 and $770,000, respectively.

The Conference collects contributions from local churches and individuals which are designated for A Future with Hope, The Centenary Fund and Next Generation Ministries. The amounts remitted to related organization in 2022 were $11,814 to A Future With Hope, $2,701 to the Centenary Fund and $13,620 to Next Generation Ministries, and for 2021, $65,172 to A Future With Hope and $5,587 to The Centenary Fund.

At December 31, 2022 and 2021, the Conference had the following related party receivable:

	2022	2021
United Methodist Foundation	$ 101,560	$ 181,797
A Future With Hope	-	50,000
Next Generation	72,436	72,436
	$ 173,996	$ 304,233

The Conference subsidized a part of The Episcopal Office's administrative expenses. In 2021, the Episcopal Office received an allotment from the Conference of $160,611.

(16) 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. The Conference did not receive any distributions in 2020 from the trusts. 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:

	2022	2021
Balance, beginning of year	$ 446,294	$ 413,151
Change in value	(95,106)	33,143
Balance, end of year	$ 351,188	$ 446,294

(17) 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, 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 $30M 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 agreements 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 Scout community, with no church or UMC obligation beyond sharing space.

At December 31, 2022, the Conference is a party to other lawsuits involving alleged clerical sexual abuse (five cases). Three of the cases are primarily in the discovery stage and two cases are inactive. There is no insurance coverage of the alleged clerical sexual abuse claims. 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.

(18) 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:

	2022	2021
Cash and cash equivalents	$ 1,842,773	$ 7,103,628
Investments	16,291,863	13,242,240
Accounts receivable	1,656,310	2,069,724
Due from related entities	173,996	304,233
Interest receivable	1,468	1,962
Subtotal	19,966,410	22,721,787
Less:		
Board designated investments-health reserves	3,889,822	3,441,613
Net assets with donor restrictions	2,780,891	2,515,130
Subtotal	6,670,713	5,956,743
Financial assets available to meet general obligations within one year	$13,295,697	$ 16,765,044

(19) SUBSEQUENT EVENTS

The United Methodist denomination (***"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 must be completed by December 31, 2023. The estimated impact on the Conference's operating budget is approximately $700,000 in reduced shared ministry collections and $150,000 in General Church apportionments. The impact of this lost revenue will begin in 2023, with the full impact occurring in 2024. As of October 31, 2023, five churches have completed the disaffiliation process, with the remaining three churches expected to be completed by December 1, 2023.

The Conference evaluated its December 31, 2022 financial statements for subsequent events through November 29, 2023 the date that the financial statements were available for issuance. The Conference is not aware of any subsequent events, other than the events described above, which would require recognition or disclosure in the financial statements.