



**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

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CRAWLEY, LEE & COMPANY, P.A.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Foundation for Evangelism
Post Office Box 985
Lake Junaluska, NC 28745

We have reviewed the accompanying financial statements of The Foundation for Evangelism (a non-profit organization) which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Managements' Responsibility for the Financial Statements

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

Accountants' Responsibility

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

Accountants' Conclusion

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

Prior Period Financial Statements

The financial statements for the year ended December 31, 2021 were audited by us, and we expressed an unmodified opinion on them in our report dated April 18, 2022, but we have not performed any auditing procedures since that date.

Crawley, Lee & Company, P.A.

Asheville, North Carolina
April 10, 2023

THE FOUNDATION FOR EVANGELISM
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

ASSETS	(Reviewed) 2022	(Audited) 2021
Current assets:		
Cash and cash equivalents	\$ 124,763	\$ 189,058
Restricted cash	-	8,436
Investments, current portion	6,003,665	7,182,632
Receivables:		
Bequest receivable	1,050,000	816,321
Sales tax receivable	1,683	3,231
Promises to give, current portion	24,521	21,353
Total current assets	7,204,632	8,221,031
Property and equipment:		
Property and equipment, net	1,890,002	1,826,446
Total property and equipment	1,890,002	1,826,446
Other assets:		
Investments	26,719,927	32,806,258
Promises to give, net	79,133	12,228
Cash surrender value of life insurance	7,672	35,981
Total other assets	26,806,732	32,854,467
 Total assets	 \$ 35,901,366	 \$ 42,901,944
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable	\$ 8,198	\$ 9,699
Payroll tax liabilities	286	275
Annuity payable, current portion	28,110	28,110
Total current liabilities	36,594	38,084
Other liabilities:		
Annuity payable, net of current portion	112,845	119,456
Total other liabilities	112,845	119,456
 Total liabilities	 149,439	 157,540
Net assets:		
Without donor restrictions:		
Undesignated	3,409,988	4,429,606
Designated for endowment	1,846,460	1,029,891
Designated for plant	1,890,002	1,826,446
Total without donor restrictions	7,146,450	7,285,943
With donor restrictions:		
Time and Purpose	5,903,243	12,688,128
Perpetual	22,702,234	22,770,333
Total with donor restrictions	28,605,477	35,458,461
Total net assets	35,751,927	42,744,404
 Total liabilities and net assets	 \$ 35,901,366	 \$ 42,901,944

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR EVANGELISM
STATEMENTS OF ACTIVITIES
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	(Reviewed) 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:			
Art and book sales	\$ 6,200	\$ -	\$ 6,200
Facilities revenue	95,343	-	95,343
Investment income, net of investment fees	(878,017)	(5,816,367)	(6,694,384)
Other income	96,892	-	96,892
Change in value of life insurance	(287)	(24)	(311)
Change in value of split-interest agreements	(16,983)	(4,515)	(21,498)
	<u>(696,852)</u>	<u>(5,820,906)</u>	<u>(6,517,758)</u>
Public support:			
Contributions	1,208,325	92,486	1,300,811
In kind contributions	7,065	-	7,065
Total public support	<u>1,215,390</u>	<u>92,486</u>	<u>1,307,876</u>
Net assets released from restriction	<u>1,124,564</u>	<u>(1,124,564)</u>	<u>-</u>
Total revenues, gains and other support	<u>1,643,102</u>	<u>(6,852,984)</u>	<u>(5,209,882)</u>
Expenses:			
Program services expenses:			
Professorship grants	657,657	-	657,657
Other grants	228,000	-	228,000
General grant services	214,776	-	214,776
Total program expenses	<u>1,100,433</u>	<u>-</u>	<u>1,100,433</u>
Supporting services expenses:			
Administrative	360,354	-	360,354
Fundraising	321,808	-	321,808
Total supporting services expenses	<u>682,162</u>	<u>-</u>	<u>682,162</u>
Total expenses	<u>1,782,595</u>	<u>-</u>	<u>1,782,595</u>
Decrease in net assets	(139,493)	(6,852,984)	(6,992,477)
Net assets at beginning of year	<u>7,285,943</u>	<u>35,458,461</u>	<u>42,744,404</u>
Net assets at end of year	<u>\$ 7,146,450</u>	<u>\$ 28,605,477</u>	<u>\$ 35,751,927</u>

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR EVANGELISM
STATEMENTS OF ACTIVITIES - CONTINUED
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	(Audited) 2021		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues:			
Art and book sales	\$ 120	\$ -	\$ 120
Facilities rental income	50,106	-	50,106
Investment income, net of investment fees	456,886	2,468,059	2,924,945
Other income	307	-	307
Gain on extinguishment of debt-PPP loan	51,908	-	51,908
Change in value of life insurance	(220)	674	454
Change in value of split-interest agreements	(16,795)	(4,535)	(21,330)
	<u>542,312</u>	<u>2,464,198</u>	<u>3,006,510</u>
Public support:			
Contributions	1,478,849	60,806	1,539,655
In kind contributions	7,682	-	7,682
Total public support	<u>1,486,531</u>	<u>60,806</u>	<u>1,547,337</u>
Net assets released from restriction	<u>998,155</u>	<u>(998,155)</u>	<u>-</u>
Total revenues, gains and other support	<u>3,026,998</u>	<u>1,526,849</u>	<u>4,553,847</u>
Expenses:			
Program services expenses:			
Professorship grants	658,405	-	658,405
Other grants	24,330	-	24,330
General grant services	215,147	-	215,147
Total program expenses	<u>897,882</u>	<u>-</u>	<u>897,882</u>
Supporting services expenses:			
Administrative	240,647	-	240,647
Fundraising	224,597	-	224,597
Total supporting services expenses	<u>465,244</u>	<u>-</u>	<u>465,244</u>
Total expenses	<u>1,363,126</u>	<u>-</u>	<u>1,363,126</u>
Increase in net assets	1,663,872	1,526,849	3,190,721
Net assets at beginning of year	<u>5,622,071</u>	<u>33,931,612</u>	<u>39,553,683</u>
Net assets at end of year	<u>\$ 7,285,943</u>	<u>\$ 35,458,461</u>	<u>\$ 42,744,404</u>

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR EVANGELISM
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	Program Services			(Reviewed) 2022
	Professorship Grants	Other Grants	General Grant Services	Total Program Services
Salaries and benefits	\$ -	\$ -	\$ 175,961	\$ 175,961
Payroll taxes	-	-	6,231	6,231
Total salaries and related expenses	-	-	182,192	182,192
Bank fees	-	-	225	225
Contract labor	-	-	15,000	15,000
Grants:				
Denman fellowships	144	-	-	144
Discretionary	-	228,000	-	228,000
Professorship grants	657,513	-	-	657,513
Insurance	-	-	-	-
Postage and printing	-	-	275	275
Professional development	-	-	-	-
Professional fees	-	-	100	100
Promotion	-	-	-	-
Property tax	-	-	-	-
Supplies	-	-	-	-
Technology services	-	-	11,562	11,562
Travel	-	-	5,066	5,066
Trustees	-	-	356	356
Utilities and maintenance	-	-	-	-
Total expenses before depreciation	657,657	228,000	214,776	1,100,433
Depreciation	-	-	-	-
Total expenses	\$ 657,657	\$ 228,000	\$ 214,776	\$ 1,100,433

<u>Supporting Services</u>			
<u>Administration</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ 106,034	\$ 246,186	\$ 352,220	\$ 528,181
7,242	15,860	23,102	29,333
<u>113,276</u>	<u>262,046</u>	<u>375,322</u>	<u>557,514</u>
1,726	1,189	2,915	3,140
12,256	-	12,256	27,256
-	-	-	144
-	-	-	228,000
-	-	-	657,513
16,075	-	16,075	16,075
3,749	11,389	15,138	15,413
675	-	675	675
35,967	-	35,967	36,067
-	16,992	16,992	16,992
6,652	-	6,652	6,652
3,996	390	4,386	4,386
20,834	8,620	29,454	41,016
11,628	21,182	32,810	37,876
17,870	-	17,870	18,226
59,365	-	59,365	59,365
<u>304,069</u>	<u>321,808</u>	<u>625,877</u>	<u>1,726,310</u>
56,285	-	56,285	56,285
<u>\$ 360,354</u>	<u>\$ 321,808</u>	<u>\$ 682,162</u>	<u>\$ 1,782,595</u>

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR EVANGELISM
STATEMENTS OF FUNCTIONAL EXPENSES - CONTINUED
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

	Program Services			(Audited) 2021
	Professorship Grants	Other Grants	General Grant Services	Total Program Services
Salaries and benefits	\$ -	\$ -	\$ 162,988	\$ 162,988
Payroll taxes	-	-	6,102	6,102
Total salaries and related expenses	-	-	169,090	169,090
Bank fees	-	-	45	45
Contract labor	-	-	15,000	15,000
Equipment lease	-	-	600	600
Grants:				
Denman fellowships	466	-	-	466
Professorship grants	657,939	-	-	657,939
Impacting younger generations	-	24,330	-	24,330
Insurance	-	-	5,128	5,128
Postage and printing	-	-	107	107
Professional development	-	-	-	-
Professional fees	-	-	-	-
Promotion	-	-	-	-
Supplies	-	-	-	-
Technology services	-	-	1,233	1,233
Travel	-	-	2,512	2,512
Trustees	-	-	-	-
Utilities and maintenance	-	-	6,497	6,497
Total expenses before depreciation	658,405	24,330	200,212	882,947
Depreciation	-	-	14,935	14,935
Total expenses	\$ 658,405	\$ 24,330	\$ 215,147	\$ 897,882

<u>Supporting Services</u>			
<u>Administration</u>	<u>Fundraising</u>	<u>Total Supporting Services</u>	<u>Total</u>
\$ 106,615	\$ 134,371	\$ 240,986	\$ 403,974
7,151	8,396	15,547	21,649
<u>113,766</u>	<u>142,767</u>	<u>256,533</u>	<u>425,623</u>
2,057	1,143	3,200	3,245
10,549	20,000	30,549	45,549
657	619	1,276	1,876
-	-	-	466
-	-	-	657,939
-	-	-	24,330
5,608	5,288	10,896	16,024
556	8,143	8,699	8,806
2,322	2,631	4,953	4,953
18,263	-	18,263	18,263
8	1,165	1,173	1,173
4,932	298	5,230	5,230
23,473	13,622	37,095	38,328
7,987	6,819	14,806	17,318
18,732	-	18,732	18,732
15,401	6,700	22,101	28,598
<u>224,311</u>	<u>209,195</u>	<u>433,506</u>	<u>1,316,453</u>
<u>16,336</u>	<u>15,402</u>	<u>31,738</u>	<u>46,673</u>
<u>\$ 240,647</u>	<u>\$ 224,597</u>	<u>\$ 465,244</u>	<u>\$ 1,363,126</u>

The accompanying notes are an integral part of these financial statements.

**THE FOUNDATION FOR EVANGELISM
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)**

	<u>(Reviewed)</u> 2022	<u>(Audited)</u> 2021
Cash flows from operating activities:		
Change in net assets	\$ (6,992,477)	\$ 3,190,721
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	56,285	46,673
Realized and unrealized (gains) losses on investments	6,697,055	(2,924,945)
Increase in cash surrender value of life insurance	311	(453)
Present value and allowance adjustment on unconditional promises to give	16,618	(533)
Bad debt on promises to give	9,873	-
Gain on extinguishment of debt - PPP loan	-	(51,908)
(Increase) decrease in operating assets:		
Bequest receivable	(233,679)	(816,321)
Promises to give	(136,554)	125
Sales tax and other receivables	1,548	(2,317)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,501)	8,352
Annuity payable and payroll tax liabilities	(6,600)	(6,781)
Contributions restricted for long-term purpose	(89,659)	(71,773)
Net cash used by operating activities	<u>(678,780)</u>	<u>(629,160)</u>
Cash flows from investing activities:		
Proceeds from cash surrender value of life insurance	27,998	-
Purchase of property and equipment	(119,841)	(356,805)
Purchase of investments	(716,757)	(25,000)
Proceeds from sale of investments	1,285,000	1,001,999
Net cash provided by investing activities	<u>476,400</u>	<u>620,194</u>
Cash flows from financing activities:		
Collection of contributions restricted for:		
Investment in permanent endowment	129,649	74,283
Net cash provided by financing activities	<u>129,649</u>	<u>74,283</u>
Increase (decrease) in cash	(72,731)	65,317
Cash and cash equivalents and restricted cash at beginning of year	197,494	132,177
Cash and cash equivalents and restricted cash at end of year	<u>\$ 124,763</u>	<u>\$ 197,494</u>

The accompanying notes are an integral part of these financial statements.

THE FOUNDATION FOR EVANGELISM
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 (REVIEWED) AND 2021 (AUDITED)

Note A - Organization and summary of significant accounting policies:

Organization:

The Foundation for Evangelism (The Foundation), (Incorporated in Tennessee), was organized in 1949 to promote, encourage, and provide resources for Wesleyan evangelism, inviting all people into a life-transforming relationship with Jesus Christ. The Foundation is an independent, Wesleyan-focused foundation that invests resources to support grants and promote evangelism.

Basis of accounting:

The financial statements of the Foundation have been prepared utilizing the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America.

Cash and cash equivalents:

For the purpose of the Statement of Cash Flows, the Foundation considers all cash accounts with an initial maturity of three months or less to be cash equivalents, except those that are part of the investment portfolio of endowment assets. Cash and cash equivalents received with donor-imposed restrictions limiting their use to long-term purposes are not considered cash and cash equivalents for purposes of the Statement of Cash Flows.

Investments:

Investments in marketable securities that have readily determinable fair values and all investments in debt securities are stated at fair market value. Donated investments are reflected as contributions at their fair values at date of receipt.

Fair value measurements:

Fair value represents the price that would be received upon the sale of an asset or paid upon the transfer of a liability in an orderly transaction between market participants as of the measurement date. Generally accepted accounting principles (GAAP) establishes a fair value hierarchy that prioritizes inputs used to measure fair value into three levels.

Level 1 – quoted prices (unadjusted) in active markets that are accessible at the measurement date for assets or liabilities;

Level 2 – observable prices that are based on inputs not quoted in active markets, but corroborated by market data; and

Level 3 – unobservable inputs that are used when little or no market data is available.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. In determining fair value, the Foundation utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Levels are determined based on the aforementioned hierarchy.

Split interest agreements:

The Foundation administers various charitable gift annuities which provide for payment of a prescribed amount to the grantor or other designated beneficiaries over the annuity's term, usually the beneficiary's lifetime. At the end of the annuity's term, the remaining assets are available for use by the Foundation in the manner designated by the grantor or in the absence of any such restrictions, to net assets without donor restrictions. The Foundation revalues the liability to the beneficiary annually based on actuarial assumptions and the present value of the estimated future payments. The change in the liability is combined with annuity payments to determine the change in value of the split-interest agreement.

Contributions:

Contributions received are either recorded as support with donor restrictions or without donor restrictions, depending on the existence and/or nature of any specifications for use of the contributed asset. Support restricted by the donor may stipulate the resources must be used by a specified date, or for a specific purpose. Other restrictions may be perpetual in nature. When a restriction expires (that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished), restricted net assets are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions.

Note A - Organization and summary of significant accounting policies - continued:

Promises to give:

Unconditional promises to give are recorded in the period the promise is received subject to an allowance, as necessary, and discounted to present value using an assumed rate of 6%. Contribution revenue is recognized and classified as net assets with donor restrictions as to time, purpose, or perpetuity depending on any donor-imposed restrictions, as appropriate.

Property and equipment:

Land, buildings and improvements are valued at cost. Property and equipment is valued at cost or at the assets' estimated fair value at the date of donation. Expenditures for capital assets having a unit cost of \$1,000 or more are capitalized. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Land improvements	10-15	years
Buildings and improvements	7-50	years
Automobiles	5	years
Furniture and equipment	3-10	years

Net asset classifications:

FASB ASC 958-205 provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA). FASB ASC 958-205 also improves disclosures about an organization's endowment fund (both donor restricted endowment funds and board designated endowment funds) whether or not the organization is subject to UPMIFA.

The State of Tennessee adopted UPMIFA effective July 1, 2007. The Foundation has adopted UPMIFA and FASB ASC 958-205. The Board of Trustees, on the advice of legal counsel, has determined that the majority of the Foundation's net assets meet the definition of endowment funds under UPMIFA. The Foundation is governed subject to the policies of the Foundation and most contributions received are subject to the terms of the Gift Acceptance Policy.

Under the terms of the Gift Acceptance Policy, the Board of Trustees has the ability to distribute so much of the corpus of any trust or separate gift, devise, bequest, or fund as the Board in its sole discretion shall determine. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the Foundation 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 Foundation
- 7) The investment policies of the Foundation

If the Foundation has the ability to distribute corpus, the Board of Trustees has determined that all contributions received are classified as donor restricted for time or purpose until appropriated, at which time the appropriation is reclassified to net assets without donor restrictions. Contributions given subject to the Gift Acceptance Policy and UPMIFA or subject to other gift instruments, may be recorded as net assets with donor restrictions or without donor restrictions, depending on the specific terms of the agreement.

Generally, if the corpus of a contribution will at some future time become available for spending, it is recorded as net assets with donor restrictions for time or purpose. If the corpus never becomes available for spending it will be reported as net assets with donor restrictions that are perpetual. In addition, contributions that are promised to be given in a future period are presented as net assets with donor restrictions until the payments are due.

Endowment investment and spending policies:

The Foundation 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 these endowment assets over the long-term.

Note A - Organization and summary of significant accounting policies - continued:

The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes. The current long-term returns objective is to return 5%, net of investment fees. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on equity-based instruments to achieve its long-term return objectives within prudent risk parameters.

The spending policy, as noted in the Policies for Endowment Funds, calculates the amount of money annually distributed from the Foundation's various endowed funds, for grant making and administration. The current spending policy is to distribute an amount equal to 4% of a twelve quarter average. Accordingly, over the long-term, the Foundation expects current spending policy to allow its endowment assets to grow between 4-5% annually. This is consistent with the Foundations' objective to maintain the purchasing power of endowment assets as well as to provide additional real growth through new gifts and investment return. The Foundation has a policy that permits spending from underwater funds depending on the degree to which the fund is underwater, unless specifically prohibited by the donor or relevant laws and regulations. The policy is to not allow spending of 15% or greater on funds that are underwater.

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2022, and 2021, there were no underwater funds.

Income tax status:

The Internal Revenue Service has determined that the Foundation is a tax-exempt organization under Internal Revenue Code Section 501(c)(3), organized and operated exclusively for religious purposes and, accordingly, no provision for income taxes has been made in the accompanying financial statements. Information tax returns are not filed due to the Foundation's status as a religious organization. It is the Foundation's policy to evaluate all tax positions to identify any that may be considered uncertain. All identified material tax positions are assessed and measured by a "more-likely-than-not" threshold to determine if the tax position is uncertain, and what, if any, effect the uncertain tax position may have on the financial statements. No material uncertain tax positions were identified for the 2022, 2021, and 2020 tax years. Currently, no examinations are in process or anticipated. Any changes in the amount of a tax position will be recognized in the period the change occurs.

Functional expenses:

The Foundation allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program or support service are allocated directly according to their nature and expenditure classification. Other expenses that are common to two or more functions are allocated based on management's estimate of the program activities benefited. Administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation.

Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported disclosures. Accordingly, actual results could differ from those estimates.

Subsequent events:

Subsequent events have been evaluated through April 10, 2023, the date the financial statements were available to be issued.

Note B - Investments:

The Foundation's investments and unrealized gains (losses) on investments at December 31 are as follows:

	2022		
	Cost	Fair Value	Unrealized Gains (Losses)
Marketable securities:			
Cash and cash equivalents	\$ 429,520	\$ 429,520	\$ -
United Methodist Development Fund	225,436	225,436	-
Marketable equity securities	16,206,251	20,799,537	4,593,286
Marketable debt securities	8,726,443	11,269,099	2,542,656
	<u>\$ 25,587,650</u>	<u>\$ 32,723,592</u>	<u>\$ 7,135,942</u>
	2021		
	Cost	Fair Value	Unrealized Gains (Losses)
Marketable securities:			
Cash and cash equivalents	\$ 1,812,318	\$ 1,812,318	\$ -
United Methodist Development Fund	25,000	25,000	-
Marketable equity securities	16,128,860	25,273,223	9,144,363
Marketable debt securities	8,461,565	13,258,722	4,797,157
	<u>\$ 26,047,370</u>	<u>\$ 39,988,890</u>	<u>\$ 13,941,520</u>

The following schedule summarizes the investment return and its classification in the Statement of Activities for the year ended December 31:

	2022	2021
Investment income, net of investment fees and realized and unrealized gains (losses)	\$ (6,694,384)	\$ 2,924,945
	<u>\$ (6,694,384)</u>	<u>\$ 2,924,945</u>

Note C - Promises to give:

Donors make promises to give to The Foundation for various purposes, including conferences, professors of evangelism and endowments. Promises to give to be received in more than one year are estimated based on future cash flows discounted at 6% for 2022 and 2021.

The promises to give at December 31 are as follows:

	2022	2021
Receivable in less than one year	\$ 28,880	\$ 25,150
Receivable in one to five years	107,874	15,280
Total uncollected promises to give	136,754	40,430
Allowance for uncollectible promises	(13,675)	(4,043)
	123,078	36,387
Unamortized discounts to net present value	(19,424)	(2,806)
	<u>\$ 103,654</u>	<u>\$ 33,581</u>

Note D - Property and equipment:

Property and equipment at December 31 are as follows:

	2022	2021
Land	\$ 100,000	\$ 100,000
Land improvements	26,177	26,177
Buildings and improvements	2,459,063	2,343,742
Equipment, furniture, and fixtures	173,669	169,150
	2,758,909	2,639,069
Accumulated depreciation	(868,907)	(812,623)
	<u>\$ 1,890,002</u>	<u>\$ 1,826,446</u>

Depreciation expense was \$56,285 and \$46,673 for 2022 and 2021, respectively.

Note E - Net assets:

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

2022				
Purpose	Restricted by Time or Purpose	Perpetual Donor Restrictions	Underwater Endowments	Total Net Assets with Donor Restrictions
Professorships	\$ 3,298,140	\$ 17,494,177	\$ –	\$ 20,792,317
General programs	994,982	2,936,548	–	3,931,530
Operations	134,996	1,245,239	–	1,380,234
Development	1,093,608	800,000	–	1,893,608
Other restrictions	381,516	–	–	381,516
Split-interest agreements restricted for operations	–	226,271	–	226,271
	<u>\$ 5,903,243</u>	<u>\$ 22,702,234</u>	<u>\$ –</u>	<u>\$ 28,605,477</u>

The endowment net assets composition by type of fund for the year ended December 31 are as follows:

2022					
Purpose	Without Donor Restrictions	With Donor Restrictions		Total with Donor Restrictions	Total
		Time or Purpose Restrictions	Perpetual Restrictions		
Donor endowment funds	\$ –	\$ 4,531,752	\$ 22,702,234	\$ 27,233,986	\$ 27,233,986
Board designated endowment funds	1,846,460	–	–	–	1,846,460
Total endowment funds	<u>\$ 1,846,460</u>	<u>\$ 4,531,752</u>	<u>\$ 22,702,234</u>	<u>\$ 27,233,986</u>	<u>\$ 29,080,446</u>

The changes in endowment net assets for the year ended December 31 were as follows:

2022					
Purpose	Without Donor Restrictions	With Donor Restrictions		Total with Donor Restrictions	Total
		Time or Purpose Restrictions	Perpetual Restrictions		
Endowment net assets, beginning of year	\$ 1,086,855	\$ 10,706,209	\$ 22,770,333	\$ 33,476,542	\$ 34,563,397
Net investment returns	(348,641)	(5,377,791)	(153,219)	(5,531,010)	(5,879,651)
Contributions	705,225	1,000	89,659	90,659	795,884
Amounts appropriated for expenditure	(66,800)	(797,666)	–	(797,666)	(864,466)
Transfer of operating funds	469,821				469,821
Changes in cash surrender value of life insurance	–	–	(24)	(24)	(24)
Changes in split-interest agreements	–	–	(4,515)	(4,515)	(4,515)
Changes in endowment net assets	759,605	(6,174,457)	(68,099)	(6,242,556)	(5,482,951)
Endowment net assets, end of year	<u>\$ 1,846,460</u>	<u>\$ 4,531,752</u>	<u>\$ 22,702,234</u>	<u>\$ 27,233,986</u>	<u>\$ 29,080,446</u>

Note E - Net assets - continued:

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

2021				
Purpose	Restricted by Time or Purpose	Perpetual Donor Restrictions	Underwater Endowments	Total Net Assets with Donor Restrictions
Professorships	\$ 8,075,764	\$ 17,494,176	\$ –	\$ 25,569,940
General programs	1,914,605	2,855,321	–	4,769,926
Operations	339,262	1,332,833	–	1,672,095
Development	1,650,478	800,000	–	2,450,478
Other restrictions	708,019	–	–	708,019
Split-interest agreements restricted for operations	–	288,003	–	288,003
	<u>\$ 12,688,128</u>	<u>\$ 22,770,333</u>	<u>\$ –</u>	<u>\$ 33,458,461</u>

The endowment net assets composition by type of fund for the year ended December 31 are as follows:

2021					
Purpose	Without Donor Restrictions	With Donor Restrictions		Total with Donor Restrictions	Total
		Time or Purpose Restrictions	Perpetual Restrictions		
Donor endowment funds	\$ 56,964	\$ 10,706,209	\$ 22,770,333	\$ 33,476,542	\$ 33,533,506
Board designated endowment funds	1,029,891	–	–	–	1,029,891
Total endowment funds	<u>\$ 1,086,855</u>	<u>\$ 10,706,209</u>	<u>\$ 22,770,333</u>	<u>\$ 33,476,542</u>	<u>\$ 34,563,397</u>

The changes in endowment net assets for the year ended December 31 were as follows:

2021					
Purpose	Without Donor Restrictions	With Donor Restrictions		Total with Donor Restrictions	Total
		Time or Purpose Restrictions	Perpetual Restrictions		
Endowment net assets, beginning of year	\$ 196,099	\$ 9,201,699	\$ 22,656,101	\$ 31,857,800	\$ 32,053,899
Net investment returns	112,742	2,277,565	60,821	2,338,386	2,451,128
Contributions	–	1,500	57,273	58,773	58,773
Restricted funds moved to endowment	–	145,943	–	145,943	145,943
Amount appropriated by Board	806,126	–	–	–	806,126
Amounts appropriated for expenditure	(28,232)	(920,498)	–	(920,498)	(948,730)
Transfer of operating funds	120	–	–	–	120
Changes in cash surrender value of life insurance	–	–	673	673	673
Changes in split-interest agreements	–	–	(4,535)	(4,535)	(4,535)
Changes in endowment net assets	<u>890,756</u>	<u>1,504,510</u>	<u>114,232</u>	<u>1,618,742</u>	<u>2,509,498</u>
Endowment net assets, end of year	<u>\$ 1,086,855</u>	<u>\$ 10,706,209</u>	<u>\$ 22,770,333</u>	<u>\$ 33,476,542</u>	<u>\$ 34,563,397</u>

Note F - Split-interest agreements:

The Foundation participates in numerous charitable gift annuity agreements as described in Note A. Split-interest agreement activity for the year ended December 31 was as follows:

2022			
Purpose	Assets Held	Liabilities Under Split- Interest Agreements	Net Assets
Balance, beginning of year	\$ 652,211	\$ 147,566	\$ 504,645
Investment income	(108,936)	-	(108,936)
Required annuity payments	(28,110)	(28,110)	-
Change in actuarial values	-	21,499	(21,499)
Current year activity	(137,046)	(6,611)	(130,435)
Balance, end of year	<u>\$ 515,165</u>	<u>\$ 140,955</u>	<u>\$ 374,210</u>
2021			
Purpose	Assets Held	Liabilities Under Split- Interest Agreements	Net Assets
Balance, beginning of year	\$ 630,826	\$ 154,347	\$ 476,479
Investment income	49,496	-	49,496
Required annuity payments	(28,111)	(28,111)	-
Change in actuarial values	-	21,330	(21,330)
Current year activity	21,385	(6,781)	28,166
Balance, end of year	<u>\$ 652,211</u>	<u>\$ 147,566</u>	<u>\$ 504,645</u>

Note G - Retirement program:

The Foundation is a participant in the defined contribution retirement plan of the General Board of Pensions of the United Methodist Church. The plan covers substantially all full-time employees meeting certain eligibility requirements as outlined in the Plan document. The Foundation makes contributions to the Plan equal to 6% of each covered employee's salary, and employees are required to make contributions of at least 3% of their salary. Different rates apply for clergy based on a conference contribution base. The Foundation's liability for the contribution is the Foundation's only obligation. Total pension expense for the year ended December 31, 2022 and 2021, was \$20,660, and \$16,518, respectively.

Note H - Fair value measurements:

Fair values of assets and liabilities measured on a recurring basis at December 31 are as follows:

2022				
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Assets:				
Investments:				
Cash and cash equivalents	\$ 429,520	\$ 429,520	\$ -	\$ -
United Methodist Development Fund	225,436	-	225,436	-
Marketable equity securities	20,799,537	20,799,537	-	-
Marketable debt securities	11,269,099	-	11,269,099	-
	<u>\$ 32,723,591</u>	<u>\$ 21,229,056</u>	<u>\$ 11,494,535</u>	<u>\$ -</u>
Liabilities:				
Split-interest agreements	\$ 140,955	\$ -	\$ -	\$ 140,955
	<u>\$ 140,955</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 140,955</u>

Note H - Fair value measurements - continued:

	Fair Value	2021		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable (Level 3)
Assets:				
Investments:				
Cash and cash equivalents	\$ 1,431,945	\$ 1,431,945	\$ -	\$ -
United Methodist				
Development Fund	25,000	-	25,000	-
Marketable equity securities	25,273,223	25,273,223	-	-
Marketable debt securities	13,258,722	-	13,258,722	-
	<u>\$ 39,988,890</u>	<u>\$ 26,705,168</u>	<u>\$ 13,283,722</u>	<u>\$ -</u>
Liabilities:				
Split-interest agreements	\$ 147,566	\$ -	\$ -	\$ 147,566
	<u>\$ 147,566</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 147,566</u>

For the summary of changes in fair value of Level 3 liabilities for the year ended December 31, 2022 and 2021, see Note F.

Note I - Donated services:

The Foundation may receive services, property and equipment, rental space, and materials without payment or compensation. When the value of such services meets recognition criteria, it is reflected in the accompanying financial statements as revenues and expenditures in accordance with FASB ASC 958-605. Property and equipment and other noncash donations are recorded as contributions at cost or estimated fair value determined at the date of the donations. For the years ended December 31, 2022 and 2021, the Board of Trustees members have donated approximately 559 and 452 hours to the Foundation. The donated hours have an estimated value of \$16,727 and \$12,886, respectively. These contributions in-kind are not reflected in the financial statements since these services do not meet the criteria for recognition.

Note J - Commitments:

The Foundation for Evangelism has an agreement with A Foundation for Theological Education (AFTE) to administer the Harry Denman Fellowship program. Commitments began in 2014 and continue through January 31, 2023, when the program will be discontinued. In order to allow those fellows already “in the pipeline” to complete their fellowships, the Foundation funded one fellow in 2022 through January 2023. Fellowship funding and administrative commitment is as follows:

2022	\$ 9,000
2023	<u>5,250</u>
Total funding	<u>\$ 14,250</u>

Note K - Related party transactions:

The Foundation receives significant contributions and pledges from members of the Board of Trustees and employees. The total amount of contributions received from the board and employees for the years ended December 31, 2022 and 2021 was \$68,261 and \$64,280, respectively. This amount represents 5% and 4% of total contributions received during 2022 and 2021, respectively.

Note L – Liquidity and availability:

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, comprise the following:

	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 124,763	\$ 189,058
Sales tax receivable	1,683	3,231
Promises to give due in one year or less	24,521	21,353
Short-term investments	6,003,665	7,182,632
Total financial assets	6,154,634	7,396,274
Less: Investments with donor-imposed restrictions	(1,462,296)	(1,723,135)
Less: Promises to give with donor-imposed restrictions	–	(21,353)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,692,338</u>	<u>\$ 5,651,786</u>

The Foundation regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Foundation considers all expenditures related to its ongoing mission-related activities as well as the conduct of services undertaken to support those activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next 12 months, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents, and marketable debt and equity securities.

Note M - Operating lease commitments:

The Foundation leases office space to tenants under an operating lease ending December 31, 2024. The following is a schedule by years of future rental income under the lease terms including a 3% increase per year:

Year Ended December 31:	
2023	\$ 81,462
2024	68,406
	<u>\$ 149,868</u>