



**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Years Ended December 31, 2024 and 2023

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**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
The United Methodist Foundation of Northern Illinois Conference, Inc.
D/B/A Midwest Methodist Foundation
Chicago, Illinois

Opinion

We have audited the accompanying financial statements of the United Methodist Foundation of Northern Illinois Conference, Inc. d/b/a Midwest Methodist Foundation (the Foundation), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements 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 United Methodist Foundation of Northern Illinois Conference, Inc. d/b/a Midwest Methodist Foundation (the Foundation) as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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 Foundation 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Foundation'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 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.

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 Foundation'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 Foundation'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 audit.

Sikich CPA LLC

Naperville, Illinois
July 17, 2025

FINANCIAL STATEMENTS

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 and 2023

	2024	2023
ASSETS		
Cash and cash equivalents	\$ 284,032	\$ 265,158
Investments - operating	483,495	468,096
Investments - board-designated	3,988,662	3,481,563
Amounts held on behalf of others	95,104,175	87,599,395
Operating lease right-of-use assets	38,181	-
Split-interest investments	1,608,412	1,616,292
Investments restricted to endowment	867,561	793,864
TOTAL ASSETS	\$ 102,374,518	\$ 94,224,368
LIABILITIES AND NET ASSETS		
LIABILITIES		
Amounts held on behalf of others	\$ 95,104,175	\$ 87,599,395
Operating lease liabilities	38,235	-
Split-interest obligations	1,268,846	1,435,773
Total liabilities	96,411,256	89,035,168
NET ASSETS		
Without donor restrictions		
Undesignated	498,323	485,266
Board-designated for operations reserve	3,988,662	3,481,563
Total without donor restrictions	4,486,985	3,966,829
With donor restrictions		
Restricted by perpetuity	577,706	577,706
Restricted by purpose and time	898,571	644,665
Total with donor restrictions	1,476,277	1,222,371
Total net assets	5,963,262	5,189,200
TOTAL LIABILITIES AND NET ASSETS	\$ 102,374,518	\$ 94,224,368

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Investment return, net	\$ 460,353	\$ 308,560	\$ 768,913
Contributions, gifts, and bequests	59,288	2,000	61,288
Management fees	560,402	-	560,402
Other income	19,888	-	19,888
Change in value of split-interest agreements	-	170,648	170,648
Net assets released from restrictions	227,302	(227,302)	-
Total revenues	1,327,233	253,906	1,581,139
EXPENSES			
Program expenses	429,677	-	429,677
Management and general expenses	362,892	-	362,892
Fundraising expenses	14,508	-	14,508
Total expenses	807,077	-	807,077
CHANGE IN NET ASSETS	520,156	253,906	774,062
NET ASSETS, BEGINNING OF THE YEAR	3,966,829	1,222,371	5,189,200
NET ASSETS, END OF YEAR	\$ 4,486,985	\$ 1,476,277	\$ 5,963,262

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Investment return, net	\$ 549,869	\$ 722,390	\$ 1,272,259
Contributions, gifts, and bequests	85,257	3,238	88,495
Management fees	518,310	-	518,310
Other income	21,616	-	21,616
Change in value of split-interest agreements	-	241,629	241,629
Net assets released from restrictions	732,631	(732,631)	-
Total revenues	1,907,683	234,626	2,142,309
EXPENSES			
Program expenses	1,077,706	-	1,077,706
Management and general expenses	172,573	-	172,573
Fundraising expenses	11,438	-	11,438
Total expenses	1,261,717	-	1,261,717
CHANGE IN NET ASSETS	645,966	234,626	880,592
NET ASSETS, BEGINNING OF THE YEAR	3,320,863	987,745	4,308,608
NET ASSETS, END OF YEAR	\$ 3,966,829	\$ 1,222,371	\$ 5,189,200

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Total
Administrative fees	\$ -	\$ 48,016	\$ -	\$ 48,016
Advertising and promotions	-	5,335	-	5,335
Conferences and meetings	540	790	-	1,330
Distributions	143,821	-	-	143,821
Dues	-	1,715	-	1,715
Employee benefits	47,203	7,601	740	55,544
Facilities	20,490	2,277	-	22,767
Information technology	50,143	469	1,744	52,356
Insurance	-	13,114	-	13,114
Office expenses	476	476	-	952
Payroll taxes	4,318	480	-	4,798
Printing and postage	236	234	25	495
Professional services	9,838	256,683	9,838	276,359
Salaries and wages	148,538	20,346	2,161	171,045
Service fee	-	1,282	-	1,282
Travel	4,074	4,074	-	8,148
TOTAL	\$ 429,677	\$ 362,892	\$ 14,508	\$ 807,077

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Total
Administrative fees	\$ -	\$ 59,450	\$ -	\$ 59,450
Advertising and promotions	-	5,363	-	5,363
Conferences and meetings	-	4,928	-	4,928
Distributions	807,372	-	-	807,372
Dues	-	1,286	-	1,286
Employee benefits	43,663	4,919	700	49,282
Facilities	17,225	1,914	-	19,139
Information technology	51,123	643	-	51,766
Insurance	-	8,817	-	8,817
Office expenses	318	318	-	636
Payroll taxes	4,111	457	-	4,568
Printing and postage	835	835	80	1,750
Professional services	8,600	61,272	8,600	78,472
Salaries and wages	141,465	19,377	2,058	162,900
Travel	2,994	2,994	-	5,988
TOTAL	\$ 1,077,706	\$ 172,573	\$ 11,438	\$ 1,261,717

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 774,062	\$ 880,592
Adjustments to reconcile change in net assets to net cash from operating activities		
Net realized and unrealized gain on investments	(624,695)	(1,104,976)
Change in fair value of split-interest agreements	(170,648)	(241,629)
Donated investments	(331,098)	-
Noncash operating lease expenses	54	-
Net cash from operating activities	<u>(352,325)</u>	<u>(466,013)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(15,231,093)	(17,398,886)
Proceeds from sale of investments	<u>15,598,571</u>	<u>17,923,405</u>
Net cash from investing activities	<u>367,478</u>	<u>524,519</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of split-interest obligations	185,519	418,934
Payment of split-interest obligations	<u>(181,798)</u>	<u>(368,379)</u>
Net cash from financing activities	<u>3,721</u>	<u>50,555</u>
NET INCREASE		
CASH AND CASH EQUIVALENTS	18,874	109,061
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>265,158</u>	<u>156,097</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 284,032</u></u>	<u><u>\$ 265,158</u></u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Right-of-use assets exchanged for lease liabilities	\$ 41,510	\$ -
Investments acquired through donation	<u><u>\$ 331,098</u></u>	<u><u>\$ -</u></u>

See accompanying notes to financial statements.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 and 2023

1. NATURE OF ORGANIZATION

The United Methodist Foundation of Northern Illinois Conference, Inc. d/b/a Midwest Methodist Foundation (the Foundation) is a not-for-profit organization providing stewardship opportunities for United Methodist churches and members through various programs which support the ministries of the Northern Illinois Conference of the United Methodist Church, Inc. (the Conference). Services are also available to assist donors in making cash gifts, bequests, annuities, and trust agreements with the Conference and its agencies as beneficiaries. The Foundation also acts as a custodian of funds subject to market fluctuations for account holders which are distributable at fair market value upon demand.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Foundation have been prepared on the accrual basis of accounting, whereby revenues are recognized when earned and expenses are recognized when incurred. The significant accounting policies followed are described below.

Financial Statement Presentation

The accompanying financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions. The Board of Directors (the Board) has designated, from net assets without donor restrictions, net assets for an operating reserve and other uses.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Foundation considers all investments purchased with an original maturity date less than three months to be cash equivalents, except amounts classified as investments due to pooling arrangements. The Foundation maintains its cash balance in financial institutions, which at times may exceed federally insured limits. As of December 31, 2024 and 2023, there was \$146,131 and \$38,054, respectively, in uninsured cash. The Foundation has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

Investments, Restricted Investments, and Investment Return

Investments are stated at fair value. Investment return is reported net in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Investment return is reflected in the statements of activities as income without donor restrictions, or income with donor restrictions based upon the existence and nature of any donor restrictions.

Amounts Held on Behalf of Others

Amounts held on behalf of others include pooled investments and cash held temporarily while awaiting investment. The statements of activities do not include revenues and expenses related to funds placed with the Foundation by various churches and agencies, except for management fees received on these funds. Earnings and distributions of investment income on these funds are similarly not shown since the Foundation acts only as fiscal agent for these account holders. The funds are distributable at fair value upon demand.

Leases

The Foundation determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and the Foundation has the right to control the asset.

Right-of-use (ROU) assets represent the Foundation's right-to-use an underlying asset for the lease term and lease liabilities represent the Foundation's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases (Continued)

As the Foundation's leases do not provide the lessors' implicit rate, the Foundation uses the risk-free U.S. Treasury rate at the commencement date in determining the present value of lease payments. Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Leases with an initial term of 12 months or less are not recorded on the statements of financial position, and lease expense under short-term leases is recognized on a straight-line basis over the lease term.

As a practical expedient, the Foundation has elected to include both lease and non-lease components in the calculation of operating lease ROU assets and liabilities.

The Foundation's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Management Fees

The Foundation charges a management fee of 65 basis points (0.65%) for balances from \$0 to \$500,000, 60 basis points (0.60%) from \$500,000 to \$1,000,000, and 50 basis points (0.50%) for values above \$1,000,000. The performance obligation is managing the investments. These fees are charged on a monthly basis once the performance obligation is met. Revenue is recognized monthly over time using the time elapsed method.

There are no opening balances for contract assets or contract liabilities with customers.

No significant judgments are involved in the recognition of revenue.

The key economic factor that affects the recognition of revenues and cash flows is the investment market.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of supporting the various programs and supporting services have been summarized on a functional basis in the statements of activities and statements of functional expenses. Accordingly, conferences and meetings, information technology, office, printing and postage, professional services, and travel expenses have been allocated among the program and supporting services benefited based on time and effort. Facilities are allocated on a square footage basis, while the salaries and wages, payroll taxes, and employee benefits expenses have been allocated based on the job responsibilities of the Foundation employees.

Income Taxes

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Contributions to the Foundation are deductible for income tax purposes within the limitations of the law. The Foundation is not classified as a private foundation. The Foundation's 2023, 2022, and 2021 tax years are open and subject to examination by the taxing authorities.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (USGAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. It is reasonably possible that the significant estimates used will change within the next year. Accordingly, actual results could differ from those estimates.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY

The Foundation strives to maintain liquid financial assets sufficient to cover 90 days of general expenditures.

The following table reflects the Foundation's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statements of financial position date due to external donor restrictions and internal board designations. Amounts not available include board-designated endowments that have been set aside for various purposes. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution, and these funds would become available for operational needs.

The Foundation's financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, are as follows:

	2024	2023
Cash and cash equivalents	\$ 284,032	\$ 265,158
Investments - operating	483,495	468,096
Investments - board-designated	3,988,662	3,481,563
Split-interest investments	1,608,412	1,616,292
Investments restricted to endowment	867,561	793,864
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Total financial assets	7,232,162	6,624,973
Less amounts not available to be used for general expenditures within one year		
Split-interest obligations	(1,268,846)	(1,435,773)
Donor-imposed restrictions	(1,476,277)	(1,222,371)
Internal designations	(3,988,662)	(3,481,563)
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FINANCIAL ASSETS AND LIQUIDITY		
RESOURCES AVAILABLE WITHIN ONE YEAR	<u>\$ 498,377</u>	<u>\$ 485,266</u>

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Foundation to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3: Significant unobservable inputs.

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Valuation Techniques

The following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the years ended December 31, 2024 and 2023.

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

Mutual funds: Valued at the NAV of shares on the last trading day of the fiscal year.

Equity securities: Valued at the closing quoted price in an active market.

Preferred stocks: Valued at the closing quoted price in an active market.

Corporate bonds: The investment grade corporate bonds held by the Foundation generally do not trade in active markets on the measurement date. Therefore, corporate debt securities are valued using inputs including yields currently available on comparable securities of issuers with similar credit ratings, recent market price quotations (where observable), bond spreads, and fundamental data relating to the issuer.

U.S. government securities: U.S. Treasury bonds and notes in which the Foundation invests are usually “off the run” on the measurement date. Thus, they are valued by a pricing service using a model that incorporates market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data. U.S. Treasury bonds and notes that are “on the run” are measured at quoted prices in active markets for the same security.

Amount held on behalf of others: Charitable remainder trusts are based on the quoted fair values of the underlying securities as of the measurement date.

The following table presents information about the Foundation’s assets and liabilities measured at fair value on a recurring basis as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
ASSETS				
Mutual funds	\$ 14,324,137	\$ -	\$ -	\$ 14,324,137
Equity securities	63,281,205	-	-	63,281,205
Preferred stocks	62,511	-	-	62,511
Corporate bonds	-	13,083,674	-	13,083,674
U.S. government securities	-	9,394,154	-	9,394,154
Subtotal	<u>\$ 77,667,853</u>	<u>\$ 22,477,828</u>	<u>\$ -</u>	<u>100,145,681</u>
Cash and cash equivalents*				<u>1,792,818</u>
TOTAL ASSETS				<u>\$ 101,938,499</u>
LIABILITIES				
Amount held on behalf of others				<u>2,312,657</u>
TOTAL LIABILITIES				<u>\$ 2,312,657</u>

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

4. FAIR VALUE MEASUREMENTS (Continued)

The following table presents information about the Foundation's assets and liabilities measured at fair value on a recurring basis as of December 31, 2023:

	Level 1	Level 2	Level 3	Total
ASSETS				
Mutual funds	\$ 12,697,340	\$ -	\$ -	\$ 12,697,340
Equity securities	59,385,007	-	-	59,385,007
Equity securities	54,534	-	-	54,534
Corporate bonds	-	7,305,022	-	7,305,022
U.S. government securities	-	13,130,293	-	13,130,293
Subtotal	<u>\$ 72,136,881</u>	<u>\$ 20,435,315</u>	<u>\$ -</u>	<u>92,572,196</u>
Cash and cash equivalents*				<u>1,369,608</u>
TOTAL ASSETS				<u>\$ 93,941,804</u>
LIABILITIES				
Amount held on behalf of others				<u>2,232,494</u>
TOTAL LIABILITIES				<u>\$ 2,232,494</u>

* Measured at cost

Total assets measured at fair value were presented on the statements of financial position as follows for the years ended December 31, 2024 and 2023:

	2024	2023
Investments	\$ 5,339,718	\$ 4,743,523
Amounts held on behalf of others	95,104,175	87,599,395
Less cash held on behalf of others	(113,806)	(17,406)
Split-interest investments	<u>1,608,412</u>	<u>1,616,292</u>
TOTAL ASSETS	<u>\$ 101,938,499</u>	<u>\$ 93,941,804</u>

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION
NOTES TO FINANCIAL STATEMENTS (Continued)**

5. SPLIT-INTEREST AGREEMENTS

The Foundation administers various charitable gift annuities, which provide for the payment of distributions to designated beneficiaries over the instrument's term (usually the designated beneficiary's lifetime). Assets are invested and payments are made to designated beneficiaries in accordance with the respective agreements. At the end of the instrument's term, the remaining assets are distributed to designated beneficiaries, including the Foundation. Assets held under split-interest agreements totaled \$1,608,412 and \$1,616,292 at December 31, 2024 and 2023, respectively. On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The present values of the estimated future payments of \$1,268,846 and \$1,435,773 at December 31, 2024 and 2023, respectively, are calculated using multiple discount rate and applicable mortality tables. At December 31, 2024 and 2023, the assets under split-interest agreements exceed the obligation held for that purpose. For charitable gift annuities, the obligations to make payments to designated beneficiaries are general obligations of the Foundation.

6. NET ASSETS

Undesignated and board-designated net assets are for the following purposes as of December 31, 2024 and 2023, respectively:

	2024	2023
Undesignated (donor advised funds and other)	\$ 498,323	\$ 485,266
Board-designated		
Operations reserve	3,988,662	3,481,563
TOTAL NET ASSETS WITHOUT RESTRICTIONS	\$ 4,486,985	\$ 3,966,829

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

6. NET ASSETS (Continued)

Net assets with donor restrictions are restricted for the following purposes:

	2024	2023
Time and Purpose restricted		
Contributions from split interest agreements	\$ 361,304	\$ 180,519
Subject to expenditure for specified beneficiaries and churches	247,412	247,988
Subtotal	608,716	428,507
Endowments		
Accumulated earnings on endowment	289,855	216,158
Amounts held in perpetuity whose earnings are to be used for the following		
General operations	577,706	577,706
Subtotal	867,561	793,864
TOTAL NET ASSETS WITH RESTRICTIONS	\$ 1,476,277	\$ 1,222,371

7. ENDOWMENT FUND

The endowment includes donor-restricted endowment funds. As required by USGAAP, net assets associated with endowment fund are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors has interpreted the Illinois Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At December 31, 2024 and 2023, there were no such donor stipulations. As a result of this interpretation, the Foundation retains in perpetuity (a) the original value of the initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful account) donated to the endowment and (b) any accumulations of the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

**THE UNITED METHODIST FOUNDATION OF
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NOTES TO FINANCIAL STATEMENTS (Continued)

7. ENDOWMENT FUND (Continued)

The Foundation has adopted investment and spending policies, approved by the Board, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. However, it is noted that there may be unexpected circumstances when the annual distribution exceeds investment income and capital appreciation. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution, while growing the funds if possible. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Foundation has a general policy of appropriating for distribution each year an amount up to its accumulated earnings. The income available for distribution during any one year will be a prudent percentage of the market value of the funds, based on a 3-year rolling average of the market values of the funds with measures taken at the end of each of the preceding 12 quarters. The maximum distributable percentage shall be the “real return” of the funds, i.e., the previous 3-year annualized return of the funds (at the investment pool level, net of fees) minus the previous 3-year annualized rate of inflation. When establishing the distributable percentage, the Foundation shall never increase or decrease the percentage more than 0.50% year-to-year, and the distributable percentage shall never be less than 3%. However, it is noted that there may be circumstances when the annual distribution exceeds investment income and capital appreciation. In establishing this policy, the Foundation considered the long-term expected return on its investment assets, the nature and duration of the individual endowment funds, many of which must be maintained in perpetuity because of donor-restrictions, and the possible effects of inflation.

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or Illinois UPMIFA. Such endowments are often referred to as “underwater” endowments. In accordance with USGAAP, deficiencies of this nature are reported in net assets with donor restrictions. As of December 31, 2024 and 2023, there were no such deficiencies. The Foundation has interpreted Illinois UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law.

**THE UNITED METHODIST FOUNDATION OF
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D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

7. ENDOWMENT FUND (Continued)

Endowment net asset composition by type of fund as of December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds for grant ministry	\$ -	\$ 867,561	\$ 867,561
TOTAL ENDOWMENTS	\$ -	\$ 867,561	\$ 867,561

Changes in endowment net assets for the year ended December 31, 2024 were:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	\$ -	\$ 793,864	\$ 793,864
Contributions	-	2,000	2,000
Investment return, net	-	107,737	107,737
Amount appropriated for expenditure	-	(36,040)	(36,040)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 867,561	\$ 867,561

Endowment net asset composition by type of fund as of December 31, 2023 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds for grant ministry	\$ -	\$ 793,864	\$ 793,864
TOTAL ENDOWMENTS	\$ -	\$ 793,864	\$ 793,864

**THE UNITED METHODIST FOUNDATION OF
NORTHERN ILLINOIS CONFERENCE, INC.
D/B/A MIDWEST METHODIST FOUNDATION**
NOTES TO FINANCIAL STATEMENTS (Continued)

7. ENDOWMENT FUND (Continued)

Changes in endowment net assets for the year ended December 31, 2023 were:

	Without Donor Restrictions	With Donor Restrictions	Total
ENDOWMENT NET ASSETS, BEGINNING OF YEAR	\$ -	\$ 709,034	\$ 709,034
Contributions	-	1,000	1,000
Investment return, net	-	126,530	126,530
Amount appropriated for expenditure	-	(42,700)	(42,700)
ENDOWMENT NET ASSETS, END OF YEAR	\$ -	\$ 793,864	\$ 793,864

8. REVENUES FROM CONTRACT WITH CUSTOMERS

The Foundation recognizes revenue from contracts with customers through one primary revenue stream, management fees. The following table provides disaggregation of revenue from contracts with customers based on the timing of revenue recognition for the years ended December 31, 2024 and 2023:

	2024	2023
Revenue recognized over time	\$ 560,402	\$ 518,310
TOTAL	\$ 560,402	\$ 518,310

9. OPERATING LEASE

The Foundation leases office space in Chicago. The lease commenced on November 1, 2024 and expires on October 31, 2026. Monthly payments under the office lease were \$1,780 for the year ended December 31, 2024.

The following table summarizes the components of lease expense at December 31, 2024:

Operating lease cost	\$ 3,614
TOTAL LEASE COST	\$ 3,614

The following tables summarize supplemental cash flow information at December 31, 2024:

Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	\$ 3,560

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NOTES TO FINANCIAL STATEMENTS (Continued)

9. OPERATING LEASE (Continued)

Other information related to operating leases was as follows:

Weighted-average remaining lease term (years)	1.8
Weighted-average discount rate	4.21%

The aggregate future maturities of the lease liabilities at December 31 are as follows:

	Operating Leases
2025	\$ 21,468
2026	18,340
Total future undiscounted lease payments	39,808
Less interest	(1,573)
PRESENT VALUE OF LEASE LIABILITIES	<u>\$ 38,235</u>

10. RELATED PARTY TRANSACTIONS

The Conference charged the Foundation approximately \$13,421 and \$11,074 for the years ended December 31, 2024 and 2023, respectively, for operating expenses incurred by the Conference on behalf of the Foundation.

11. CONTRIBUTED RESOURCES AND SERVICES

Unpaid volunteers have made significant contributions of their time on behalf of the Foundation. The value of this contributed time and other contributed resources is not reflected in these financial statements since they do not meet the criteria established for recording contributions in the financial statements.

12. RETIREMENT PLAN

The Foundation contributes to a retirement plan. Contributions are based on a percentage of an employee's salary. The plan provides benefits to employees who meet minimum age and service requirements. The Foundation's contribution to the plan is \$18,635 and \$17,748 for the years ended December 31, 2024 and 2023, respectively.

13. SUBSEQUENT EVENTS

In preparing these financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through July 17, 2025, the date the financial statements were available to be issued and noted nothing additional to disclose.