

UNITED METHODIST FOUNDATION

FOR THE TENNESSEE-WESTERN KY CONFERENCE

UNITED METHODIST DEVELOPMENT FUND

OF TENNESSEE/KENTUCKY, INC.

2023 ANNUAL REPORT



PRESIDENT'S STATEMENT

I CORINTHIANS 2:1-5

"When I came to you, brothers and sisters, I did not come proclaiming the mystery of God to you in lofty words or wisdom. For I decided to know nothing among you except Jesus Christ, and him crucified. And I came to you in weakness and in fear and in much trembling. My speech and my proclamation were not with plausible words of wisdom, but with a demonstration of the Spirit and of power, so that your faith might rest not on human wisdom but on the power of God."

Dear Friends of the Tennessee/Western Kentucky Annual Conference, It is with pleasure that I offer this brief update regarding the year of 2023 for the Foundation and Development Fund. I am very happy to say that both sides of our ministry had excellent years in 2023. As probably you already know, 2022 was a very difficult time for the markets. Our returns reflected that 2023 reversed those losses and the Foundation grew by 13.5% net of all fees. The Development Fund's strong year has enabled us to reopen the grant program. In the last few years, we have been blessed to share with the churches and other Annual Conference ministries nearly \$700,000 in Development Fund grants. Again, we are very thankful for your trust in us and our ability to be of service.

As perhaps you have heard, I will be leaving the Foundation after eleven years of service. I am very grateful for the hospitality you have shown me and welcoming me into the Annual Conference. I have been blessed with a wonderful staff and the good news is that they will continue to be a blessing to you. Finally, there has been a scripture rattling around my head: "When I came to you, brothers and sisters, I did not come proclaiming the mystery of God to you in lofty words or wisdom. For I decided to know nothing among you except Jesus Christ, and him crucified. And I came to you in weakness and in fear and in much trembling. My speech and my proclamation were not with plausible words of wisdom, but with a demonstration of the Spirit and of power, so that your faith might rest not on human wisdom but on the power of God." (I Corinthians 2:1-5) Those verses are somewhat descriptive of the opportunity that I have had to serve you. Most of all, I am very thankful that this position offered me the opportunity to be of service to you and our Lord, and to (in a slightly unusual way!) share with you the good news of the Gospel.



DR. PHILIP JAMIESON

President

ABOUT US

Foundation Development Fund



The United Methodist Foundation is a service ministry of the Tennessee-Western KY Conference of The United Methodist Church specializing in endowments, institutional accounts, stewardship, estate planning, and planned giving. The Foundation specializes in a more long-term investment approach.



The United Methodist Development Fund of TN/KY, Inc. accepts investments from individuals, churches and organizations and offers loans to churches in the Tennessee, Memphis, and Kentucky Conferences. The participation accounts offered operate similarly to a savings account and experience an annual percentage rate that is set by our board and reviewed quarterly.

STAFF



Pictured left to right: Phil Jamieson, President; Sara Finger, Director of Finance & Administration; Tiffany Ford, UMDF Administrator, and David Comperry, Field Staff Representative.

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Foundation

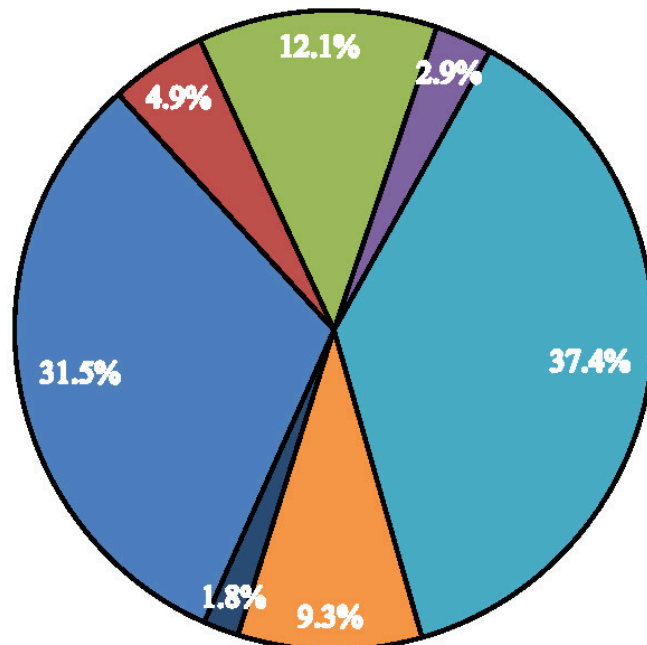
- At year end, there were 300 client accounts amounting to \$92,281,158.38.
- Over \$5,021,301 was distributed from client accounts in 2023.
- Since 2014, 52 churches in both conferences have applied and received stewardship grants from the UM Foundation.



Development Fund

- At year end, there were 18 active loans amounting to \$9,211,098.
- Participation accounts totaled \$25,635,947.94.
- \$802,487.07 in interest was paid to account holders in 2023.

UMFTWK Total Fund



**UMFTWK Index Target = 35% Russell 3000, 11% MSCI EAFE, 4% MSCI Emerging Markets, 35% Bloomberg Aggregate, 5% NCREIF Property Index, 5% MSCI ACWI + 2.5%, and 5% HFRI FoF Composite Index

OVERVIEW

	% of Portfolio	Market Value 12/31/23 (\$)
UMFTWK Total Fund	100	85,250,201
<i>UMFTWK Index Target</i>		
Domestic Equity	36.5	31,076,505
Large Cap Equity	31.5	26,861,095
Brown Advisory Large Sust. Growth SRI	8.7	7,414,864
Parametric Large Growth SRI	7.4	6,338,972
<i>Russell 1000 Growth</i>		
Parametric Large Value SRI	15.4	13,107,259
<i>Russell 1000 Value</i>		
Small Cap Equity	4.9	4,215,410
DFA US Small Cap Fund	2.6	2,198,453
<i>Russell 2000</i>		
Vanguard Russell 2000 Index Fund ETF	2.4	2,016,957
<i>Russell 2000</i>		
International Equity	15	12,809,724
Developed Markets	12.1	10,311,705
ARGA International Value Fund	3.7	3,119,429
<i>MSCI AC World Index (Net)</i>		
Dodge & Cox International Stock Fund	3.3	2,799,777
<i>MSCI EAFE (Net)</i>		
William Blair International Growth Fund	5.2	4,392,499
<i>MSCI EAFE (Net)</i>		
Emerging Markets	2.9	2,498,019
DFA Emerging Markets Fund	2.9	2,498,019
<i>MSCI Emerging Markets (Net)</i>		
Fixed Income	37.4	31,902,117
Vanguard Short-Term Bond Index Fund	7.1	6,090,520
<i>Blmbg. U.S. Aggregate</i>		
Breckinridge Capital Advisors	13.2	11,229,197
<i>Blmbg. Intermed. US Government/Credit</i>		
Richmond Capital Management	14.6	12,438,080
<i>Blmbg. US Aggregate</i>		
iShares iBonds 12/2025 Term Tres'y ETI	2.5	2,144,321
<i>ICE BofA 0-3 Y U.S. Treasury Index</i>		
Alternatives	9.3	7,939,281
Versus Capital Multi-Mgr Real Estate Fu	3.5	2,970,047
<i>NCREIF Property Index</i>		
Lazard Global Listed Infrastructure	3.1	2,615,269
<i>MSCI World Core Infrastructure (Net)</i>		
Variant Alternative Income Fund	2.8	2,353,966
<i>HFRX Global Hedge Fund Index</i>		
Cash & Equivalents	1.8	1,522,573
Cash	0.6	479,534
NETA Cash	0	475
Wespath Short Term Investment Fund	1.2	1,042,564

Congrats!

COVINGTON FIRST UMC

UMDF Loan Assisted With Renovation Project



"When we learned that our partnership with a local church that housed a joint preschool was going to dissolve, our church leadership unanimously decided to take in the preschool by hosting it within our aging facility. That meant that we would have to undertake a major renovation plan so that our facility would be able to meet the safety codes for housing a preschool. This project has turned into a \$2 million project, requiring us to borrow half of that total.

Our leadership did their homework, researching interest rates with several local banks. When David Comperry discovered our impending project, he asked if the UM Foundation and Development fund could be of service to us. Our church has been investing with them for years, so we listened to their proposal. They were able to significantly beat all the rates we had been quoted. David worked with us through the entire process and we are nearing completion of our project. Thanks to the help of the UM Foundation/Development Fund, we are going to be able to continue providing the most affordable preschool option to our community. The fact that it also happens to be a Christ-centered preschool is the biggest blessing of all.

MICHAEL PENCE, LEAD PASTOR
COVINGTON FIRST UMC

**United Methodist Foundation for the
Tennessee-Western Kentucky Conference and Affiliate**
Consolidated Statements of Financial Position
December 31, 2023 and 2022

	Unconsolidated		Consolidated	Consolidated
	Development Fund	Foundation	2023 Total	2022 Total
Assets				
Cash and cash equivalents	\$ 1,042,320	\$ 261,381	\$ 1,303,701	\$ 2,062,862
Investments	16,357,234	92,281,159	107,090,931	88,253,145
Interest receivable	81,815	-	81,815	143,529
Loans receivable	9,211,098	-	9,211,098	8,908,149
Fixed assets, net	-	24,072	24,072	28,897
Other assets	-	-	-	65,477
Total assets	<u>\$ 26,692,467</u>	<u>\$ 92,566,612</u>	<u>\$ 117,711,617</u>	<u>\$ 99,462,059</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ -	\$ 43,724	\$ 43,724	\$ 42,587
Accrued liability	-	32,993	32,993	32,993
Investments payable	-	83,145,261	81,597,799	53,623,281
Participation accounts	25,635,948	-	25,635,948	37,448,198
Total liabilities	<u>25,635,948</u>	<u>83,221,978</u>	<u>107,310,464</u>	<u>91,147,059</u>
Net assets				
Without donor restrictions	1,056,519	2,881,533	3,938,052	2,331,697
With donor restrictions	-	6,463,101	6,463,101	5,983,303
Total net assets	<u>1,056,519</u>	<u>9,344,634</u>	<u>10,401,153</u>	<u>8,315,000</u>
Total liabilities and net assets	<u>\$ 26,692,467</u>	<u>\$ 92,566,612</u>	<u>\$ 117,711,617</u>	<u>\$ 99,462,059</u>