

**GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH**

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
<i>Statements of Financial Position,</i> December 31, 2025 And 2024	3
<i>Statement of Activities And Changes In Net Assets,</i> Year Ended December 31, 2025	4
<i>Statement of Activities And Changes In Net Assets,</i> Year Ended December 31, 2024	5
<i>Statements of Cash Flows,</i> Years Ended December 31, 2025 And 2024	6
<i>Statement of Functional Expenses,</i> Year Ended December 31, 2025 With Summarized Information For 2024	7
<i>Notes To Financial Statements</i>	8-25

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of Greater New Jersey Annual Conference of the United Methodist Church (the “**Conference**”) (a nonprofit organization), which comprise the statement of financial position as of December 31, 2025, 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, 2025, 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 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 3, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Tait, Weller & Baker LLP

**Philadelphia, Pennsylvania
May 11, 2026**

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENTS OF FINANCIAL POSITION

December 31, 2025 And 2024

	<u>2025</u>	<u>2024</u>
ASSETS		
Cash and cash equivalents	\$ 2,503,497	\$ 3,147,554
Investments	37,336,351	31,145,135
Accounts receivable, net of allowance of \$1,866,751 and \$1,529,935 in 2025 and 2024, respectively	2,780,851	2,859,099
Loans receivable, net of allowance of \$846,179 in 2025 and 2024	309,868	380,857
Due from related entities	-	336,083
Interest receivable	1,468	1,468
Prepaid expenses	138,258	165,535
Property and equipment	5,715,423	6,047,281
Beneficial interest in perpetual trusts	<u>434,088</u>	<u>412,492</u>
Total assets	<u>\$49,219,804</u>	<u>\$ 44,495,504</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 847,480	\$ 1,482,357
Due to related entities	963,291	-
Deferred revenue	7,300	5,025
Post-retirement benefit obligation	<u>12,965,544</u>	<u>21,283,429</u>
Total liabilities	<u>14,783,615</u>	<u>22,770,811</u>
Net Assets		
Net assets without donor restrictions	30,926,592	18,135,678
Net assets with donor restrictions	<u>3,509,597</u>	<u>3,589,015</u>
Total net assets	<u>34,436,189</u>	<u>21,724,693</u>
Total liabilities and net assets	<u>\$49,219,804</u>	<u>\$ 44,495,504</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2025

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Shared ministry	\$ 7,326,862	\$ -	\$ 7,326,862
Benevolences	272,068	109,775	381,843
Missional giving	-	1,198	1,198
Program revenue	168,998	3,654	172,652
Change in value of perpetual trusts	-	21,596	21,596
Investment income designated for operations	768,453	-	768,453
Other investment income	-	199,616	199,616
Other revenue	1,120,554	56,710	1,177,264
Net congregational billings	1,159,711	-	1,159,711
Net assets released from restriction	<u>514,230</u>	<u>(514,230)</u>	<u>-</u>
Total support, gains, and other support	<u>11,330,876</u>	<u>(121,681)</u>	<u>11,209,195</u>
Expenses and Losses			
Ministerial resourcing	685,819	-	685,819
Benevolence giving	283,241	-	283,241
UMC apportionments	1,309,086	-	1,309,086
Other programs	3,574,041	-	3,574,041
Administrative expense	5,912,102	-	5,912,102
Post-retirement health costs, net	<u>927,761</u>	<u>-</u>	<u>927,761</u>
Total expenses and losses	<u>12,692,050</u>	<u>-</u>	<u>12,692,050</u>
Deficit of revenue over expenses	(1,361,174)	(121,681)	(1,482,855)
Other Changes – Non-Operating			
Change in actuarial value of post-retirement benefits	8,317,885	-	8,317,885
Investment income not designated for operations	3,224,686	-	3,224,686
Other revenue	1,829,742	-	1,829,742
Gain on sale of property	822,038	-	822,038
Transfer of net assets	<u>(42,263)</u>	<u>42,263</u>	<u>-</u>
Change in net assets	12,790,914	(79,418)	12,711,496
Net Assets			
Beginning of year	<u>18,135,678</u>	<u>3,589,015</u>	<u>21,724,693</u>
End of year	<u>\$ 30,926,592</u>	<u>\$ 3,509,597</u>	<u>\$ 34,436,189</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2024

	<u>Net Assets Without Donor Restrictions</u>	<u>Net Assets With Donor Restrictions</u>	<u>Total</u>
Revenues, Gains, and Other Support			
Shared ministry	\$ 8,123,455	\$ -	\$ 8,123,455
Benevolences	354,854	45,000	399,854
Missional giving	7,072	1,002	8,074
Program revenue	155,621	1,210,115	1,365,736
Change in value of perpetual trusts	-	24,783	24,783
Investment income designated for operations	452,643	-	452,643
Other investment income	-	90,678	90,678
Other revenue	1,713,604	56,749	1,770,353
Net congregational billings	1,821,119	-	1,821,119
Net assets released from restriction	<u>1,593,813</u>	<u>(1,593,813)</u>	<u>-</u>
Total support, gains, and other support	<u>14,222,181</u>	<u>(165,486)</u>	<u>14,056,695</u>
Expenses and Losses			
Ministerial resourcing	612,813	-	612,813
Benevolence giving	347,007	-	347,007
UMC apportionments	1,646,363	-	1,646,363
Other programs	4,787,210	-	4,787,210
Administrative expense	6,364,673	-	6,364,673
Post-retirement health costs, net	<u>1,108,289</u>	<u>-</u>	<u>1,108,289</u>
Total expenses and losses	<u>14,866,355</u>	<u>-</u>	<u>14,866,355</u>
Deficit of revenue over expenses	(644,174)	(165,486)	(809,660)
Other Changes – Non-Operating			
Change in actuarial value of post-retirement benefits	10,965,513	-	10,965,513
Investment income not designated for operations	1,787,105	-	1,787,105
Other revenue	808,309	-	808,309
Gain on sale of property	<u>4,188,251</u>	<u>-</u>	<u>4,188,251</u>
Change in net assets	17,105,004	(165,486)	16,939,518
Net Assets			
Beginning of year	<u>1,030,674</u>	<u>3,754,501</u>	<u>4,785,175</u>
End of year	<u>\$ 18,135,678</u>	<u>\$ 3,589,015</u>	<u>\$ 21,724,693</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

STATEMENTS OF CASH FLOWS

For The Years Ended December 31, 2025 And 2024

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
<i>Change in net assets</i>	\$ 12,711,496	\$ 16,939,518
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities</i>		
Decrease in post-retirement benefits obligation	(8,317,885)	(10,965,513)
Depreciation expense	338,248	310,379
Realized gain on investments	(1,739,951)	(1,015,167)
Change in unrealized gain on investments	(2,144,707)	(1,076,704)
Gain on disposal of fixed assets	-	(886,654)
Change in value of perpetual trusts	(21,596)	(24,783)
Change in allowance for doubtful accounts	336,816	497,103
(Increase) decrease in:		
Accounts receivable	(258,568)	(1,749,341)
Due from related entities	336,083	(3,021)
Prepaid expenses and other	27,277	(165,535)
Increase (decrease) in:		
Accounts payable and accrued expenses	(634,877)	583,862
Due to related parties	963,291	-
Deferred revenue	<u>2,275</u>	<u>(498,648)</u>
Net cash provided by operating activities	<u>1,597,902</u>	<u>1,945,496</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Repayments of loans receivable	70,989	31,776
Issuance of new loans	-	(3,000)
Purchase of investments	(27,108,439)	(25,417,445)
Proceeds from the sale of investments	24,921,186	21,050,516
Net change in money market funds	(119,305)	(924,303)
Proceeds on disposal of fixed assets	-	1,110,804
Purchase of fixed assets	<u>(6,390)</u>	<u>(593,005)</u>
Net cash used for investing activities	<u>(2,241,959)</u>	<u>(4,744,657)</u>
Net decrease in cash and cash equivalents	(644,057)	(2,799,161)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,147,554</u>	<u>5,946,715</u>
End of year	<u>\$ 2,503,497</u>	<u>\$ 3,147,554</u>

**GREATER NEW JERSEY ANNUAL CONFERENCE
OF THE UNITED METHODIST CHURCH**

STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended December 31, 2025 With Summarized Information For 2024

	2025						Totals Expense	2024
	Ministerial Resourcing	Benevolence Giving	UMC Apportionments	Other Programs	Total Program	Management And General		
Grants	\$ 380,905	\$ 210,088	\$ -	\$ 1,193,686	\$ 1,784,679	\$ -	\$ 1,784,679	\$ 1,894,810
UMC Apportionments	-	73,153	1,309,086	-	1,382,239	-	1,382,239	1,730,853
Other grant disbursements *	-	-	-	235,579	235,579	-	235,579	942,562
Salary	-	-	-	285,547	285,547	3,175,450	3,460,997	3,888,653
Payroll taxes	-	-	-	32,273	32,273	130,028	162,301	327,957
Pension expense	-	-	-	17,917	17,917	435,005	452,922	446,271
Other employee benefits	-	-	-	115,340	115,340	796,228	911,568	898,461
Professional fees	-	-	-	-	-	338,878	338,878	393,526
Office expense	5,721	-	-	22,166	27,887	149,778	177,665	208,923
Information technology	8,716	-	-	736	9,452	266,247	275,699	239,370
Occupancy	-	-	-	504,965	504,965	334,505	839,470	498,104
Travel	94,943	-	-	27,046	121,989	49,770	171,759	248,215
Conferences, conventions, and meetings	51,001	-	-	191,779	242,780	166,324	409,104	417,673
Depreciation	-	-	-	338,248	338,248	-	338,248	310,379
Insurance	-	-	-	2,212	2,212	26,399	28,611	22,396
Staff training	18,673	-	-	-	18,673	40,527	59,200	71,346
Bad debt	-	-	-	343,726	343,726	-	343,726	497,103
Miscellaneous	125,860	-	-	262,821	388,681	2,963	391,644	721,464
Post retirement health costs, net	-	-	-	-	-	927,761	927,761	1,108,289
Total expenses – 2025	\$ 685,819	\$ 283,241	\$ 1,309,086	\$ 3,574,041	\$ 5,852,187	\$ 6,839,863	\$ 12,692,050	
Total expenses – 2024	\$ 612,813	\$ 347,007	\$ 1,646,363	\$ 4,787,210	\$ 7,393,393	\$ 7,472,962		\$ 14,866,355

* - Amount includes UMCOR and Lilly grants

See notes to the financial statements.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025 And 2024

(1) ORGANIZATION

The Greater New Jersey (“*GNJ*”) Annual Conference of the United Methodist Church (the “*Conference*”) is a national leader in mission and ministry comprised of nearly 500 congregations in New Jersey and parts of New York and Pennsylvania.

The Conference is an integral part of the General Conference of the United Methodist Church (“*UMC*”); one of the largest Protestant denominations worldwide. The member churches in the Conference support the operating budget and make contributions to the Conference’s and the General Conference’s missions and programs. Investment revenue and program revenue also support the activities of the Conference.

The United Methodists of GNJ worship in more than nine (9) languages, and provides its mission through food distribution, affordable childcare, after-school programming, homeless housing, English as a second language classes, immigration programs, refugee settlement, racial justice, job development, elder care, community development and various other social services.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

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

INCOME TAXES

The Conference is a religious organization and, under the provisions of Section 501(c)(3) of the Internal Revenue Code, is exempt from federal income taxes as a result of its affiliation with the United Methodist Church

The Conference has reviewed its 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.

CONCENTRATION OF CREDIT RISK

The Conference occasionally maintains deposits in excess of federally insured limits. Accounting Standard Codification (“*ASC*”) 825, “*Financial Instruments*” identifies these items as a concentration of credit risk requiring disclosure regardless of the degree of risk. The risk is managed by monitoring the financial institutions in which deposits are made.

The Conference maintains cash balances at TD Bank in excess of the \$250,000 FDIC-insured limits. The Conference’s uninsured cash balances were \$2,253,497 and \$2,897,554 as of December 31, 2025 and 2024, respectively. Included in the cash balance was approximately \$849k and \$1.6 million in an interest-bearing sweep account at December 31, 2025 and 2024, respectively.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

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 Changes in Net Assets 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 discount rate(s) applied 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 on the date of acquisition or fair value on the 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 the 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, 2025 and 2024.

POST-RETIREMENT BENEFITS

The Conference has adopted FASB Accounting Standards Codification (ASC) Section 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.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

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 Conference has designated certain net assets without donor restrictions (see note 7).

Net Assets With Donor Restrictions – Contributions restricted by donors are recognized 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 and Changes in Net Assets as net assets released from restrictions.

REVENUE RECOGNITION

The Conference recognizes contributions when cash, securities or other assets or an unconditional promise to give is received. 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 Statements of Activities and Changes in Net Assets 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 as the performance obligation is met at the point in time when the customer attends the event or seminar.

USE OF ESTIMATES

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

FUNCTIONAL EXPENSES

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

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

RECLASSIFICATIONS

Certain reclassifications were made to the 2024 financial statements to conform to the 2025 presentation.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(3) INVESTMENTS

Investments at December 31, 2025 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposit	\$ 77,632	\$ 77,632
Money Markets	4,138,415	4,138,415
Wespath Short – Term Investment Fund (a)	455,780	460,183
Wespath Funds of Funds: (b)		
GNJ Moderate Fund	2,553,002	3,070,108
GNJ Growth Index Fund	10,955,462	12,612,793
SouthCol Fund of Funds: (b)		
Moderate Fund	<u>15,161,977</u>	<u>16,977,220</u>
Total	<u>\$ 33,342,268</u>	<u>\$ 37,336,351</u>

Investments at December 31, 2024 consisted of the following:

	<u>Cost</u>	<u>Fair Value</u>
Certificate of Deposit	\$ 77,632	\$ 77,632
Money Markets	4,019,110	4,019,110
Wespath Short – Term Investment Fund (a)	1,518,594	1,530,969
Wespath Funds of Funds: (b)		
Multiple Asset Fund	9,303,575	10,203,279
GNJ Moderate Fund	2,062,105	2,291,215
GNJ Growth Index Fund	<u>12,314,743</u>	<u>13,022,930</u>
Total	<u>\$ 29,295,759</u>	<u>\$ 31,145,135</u>

As of December 31, 2025 and 2024, accumulated net unrealized gains were \$3,994,083 and \$1,849,376, respectively.

- (a) 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 in a 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.

- (b) The Conference invests in funds of funds managed by Wespath and SouthCol Advisors. The funds’ objectives are to earn current income and preserve/gain capital by investing in a broad mix of investments based on different time horizons. The asset allocation is rebalanced periodically when holdings fall outside of a 3% tolerance of each funds targeted mix.

The investments in Wespath and SouthCol can be withdrawn on a daily basis, with no restrictions, at the prevailing net asset value. These investments require no future commitment as they operate as a typical mutual fund. The investments consist primarily of marketable securities, with alternative investments in private equity and real estate investments of less than three percent of the portfolio.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

The following summarizes the investment return for the years ended December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Dividends and interest, net of investment expenses	\$ 308,097	\$ 238,555
Realized gains	1,739,951	1,015,167
Unrealized gains	<u>2,144,707</u>	<u>1,076,704</u>
Total investment return	4,192,755	2,330,426
Less: investment return allocated to net assets with donor restrictions	<u>(199,616)</u>	<u>(90,678)</u>
Total investment return allocated to net assets without donor restrictions	<u>\$3,993,139</u>	<u>\$2,239,748</u>

Allocation to net assets without donor restrictions:

	<u>2025</u>	<u>2024</u>
Investment income designated for operations	\$ 768,453	\$ 452,643
Investment income not designated for operations	<u>3,224,686</u>	<u>1,787,105</u>
Total investment return allocated to net assets without donor restrictions	<u>\$3,993,139</u>	<u>\$2,239,748</u>

The Conference provides an annual spending rate, up to 5%, on investments held by certain designated and undesignated net assets for use in current operations.

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- Level 3 – Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, represent 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 input methodologies used for valuing financial instruments are not necessarily an indication of the risk associated with investing in those securities.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

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

	2025			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 77,632	\$ -	\$ 77,632	\$ -
Money Markets	<u>4,138,415</u>	<u>4,138,415</u>	<u>-</u>	<u>-</u>
	4,216,047	<u>4,138,415</u>	<u>77,632</u>	<u>-</u>
Wespath & SouthCol Funds of Funds reported at net asset value	<u>33,120,304</u>			
Total	<u>\$ 37,336,351</u>			
Beneficial interest in perpetual trusts	<u>\$ 434,088</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 434,088</u>

	2024			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Certificates of Deposit	\$ 77,632	\$ -	\$ 77,632	\$ -
Money Markets	<u>4,019,110</u>	<u>4,019,110</u>	<u>-</u>	<u>-</u>
	4,096,742	<u>4,019,110</u>	<u>77,632</u>	<u>-</u>
Wespath Funds of Funds reported at net asset value	<u>27,048,393</u>			
Total	<u>\$ 31,145,135</u>			
Beneficial interest in perpetual trusts	<u>\$ 412,492</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,492</u>

The beneficial interest in perpetual trusts are measured at the carrying value of the trustee, which involve unobservable inputs. As a result, the present value techniques would be Level 3 inputs.

The changes in the beneficial interest in perpetual trusts measured at fair value for the years ended December 31, 2025 and 2024, respectively, for which the Conference used Level 3 inputs to determine fair value were as follows:

	<u>2025</u>	<u>2024</u>
Balance, January 1	\$ 412,492	\$ 387,709
Change in value	<u>21,596</u>	<u>24,783</u>
Balance, December 31	<u>\$ 434,088</u>	<u>\$ 412,492</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(5) LOAN RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Loans are stated at their unpaid principal balances, less an allowance. The allowance for loan losses is maintained at a level that, in management's judgement, 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, trends in credit concentration risk, historical loss experience, specific impaired loans, economic conditions, collateral, and other risks inherent in the portfolio. The allowance is increased by a provision for loan losses, which is charged to bad debt expense, and reduced by any charge-offs, net of recoveries.

The following table provides information on the allowance for credit losses at December 31:

	<u>2025</u>	<u>2024</u>
Allowance for credit losses	<u>\$846,179</u>	<u>\$846,179</u>

There was no change in the allowance for credit losses for the years ended December 31, 2025 and 2024.

(6) PROPERTY AND EQUIPMENT

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

	<u>2025</u>	<u>2024</u>
Land	\$ 853,496	\$ 853,496
Buildings	7,597,584	7,597,583
Computer equipment and software	128,020	143,020
Furniture and fixtures	<u>214,496</u>	<u>208,106</u>
	8,793,596	8,802,205
Less accumulated depreciation	<u>(3,078,173)</u>	<u>(2,754,924)</u>
Total	<u>\$ 5,715,423</u>	<u>\$ 6,047,281</u>

Gains on sales of property and equipment at December 31, are as follows:

	<u>2025</u>	<u>2024</u>
Church properties from closed congregations	\$ 434,392	\$ 3,301,597
Parsonages	<u>387,646</u>	<u>886,654</u>
Total	<u>\$ 822,038</u>	<u>\$ 4,188,251</u>

Further, during the year ended December 31, 2024, the Conference, in partnership with the Eastern Pennsylvania Conference of the UMC, purchased a 50% share in an Episcopal Residence for the Bishop for \$593,005.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(7) NET ASSETS

Net assets without donor restrictions at December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Designated net assets:		
Benefits funds	\$ 15,164,498	\$ 12,686,321
Mission and ministry funds	6,505,356	4,522,340
Property funds	6,404,157	5,074,845
GNJ funds for other organizations	<u>4,272,367</u>	<u>2,827,977</u>
Total designated net assets	32,346,378	25,111,484
Undesignated net assets	<u>(1,419,786)</u>	<u>(6,975,806)</u>
Total net assets without donor restrictions	<u>\$ 30,926,592</u>	<u>\$ 18,135,678</u>

Net assets with donor restrictions at December 31, 2025 and 2024 are available for the following purposes:

	<u>2025</u>	<u>2024</u>
Subject to expenditure for specified purpose: *		
Education scholarships	\$ 325,826	\$ 303,925
Missional programs, church growth, and/or church construction	2,210,341	2,353,384
Retired clergy support	<u>199,795</u>	<u>179,667</u>
	<u>2,735,962</u>	<u>2,836,976</u>
Subject to the Conference's endowment spending policy and appropriation:		
Education scholarships	320,047	320,047
Methodist Episcopal senior women's support	10,000	10,000
Pension and retired clergy health benefits	5,000	5,000
Clergy assistance	<u>4,500</u>	<u>4,500</u>
	<u>339,547</u>	<u>339,547</u>
Not subject to spending policy or appropriation		
Beneficial interest in perpetual trusts	<u>434,088</u>	<u>412,492</u>
Total net assets with donor restrictions	<u>\$ 3,509,597</u>	<u>\$ 3,589,015</u>

* Included in the specified purpose net assets is the accumulated endowment income of \$209,890 and \$148,072 at 2025 and 2024, respectively.

In 2025, the Conference transferred net assets of \$42,263 that were previously included in net assets without donor restrictions to net assets with donor restrictions to properly classify commitments received in prior years.

Net assets were released from donor restriction by incurring expenditures satisfying the restricted purpose as follows at December 31, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Education scholarships	\$ 57,000	\$ 54,450
Missional programs, church growth, and/or church construction	<u>457,230</u>	<u>1,539,363</u>
Total net assets released from restrictions	<u>\$ 514,230</u>	<u>\$ 1,593,813</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

ENDOWMENT FUNDS

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

INTERPRETATION OF RELEVANT LAW

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

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

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

RETURN OBJECTIVES AND RISK PARAMETERS

The Conference has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment asset. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Council on Finance and Administration, the endowment assets are invested in a manner that is intended to produce targeted risk-adjusted net returns in excess of inflation over full market cycles that are in line with the performance of relevant benchmark indices, while assuming a prudent level of investment risk.

To satisfy its long-term rate-of-return objectives, the Conference relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Conference targets a broadly diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term growth and superior return objectives within prudent risk-adjusted constraints.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

SPENDING POLICY

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

As of December 31, 2025 and 2024, the Conference has the following endowment net asset composition by type of fund:

	2025	2024
	<u>With Donor Restriction</u>	<u>With Donor Restriction</u>
Donor-restricted endowment funds		
Original donor-restricted gift amount	\$ 339,547	\$ 339,547
Accumulated investment gains	<u>209,890</u>	<u>148,072</u>
	<u>\$ 549,437</u>	<u>\$ 487,619</u>

Change in endowment net assets for the years ended December 31, 2025 and 2024 were as follows:

	2025	2024
	<u>With Donor Restriction</u>	<u>With Donor Restriction</u>
Endowment net assets, beginning of year	\$ 487,619	\$ 448,991
Investment return, net	76,818	38,628
Appropriated for expenditure	<u>(15,000)</u>	<u>-</u>
Endowment net assets, end of year	<u>\$ 549,437</u>	<u>\$ 487,619</u>

(8) DEFINED CONTRIBUTION PLAN

The Conference has a contributory pension plan for lay employees, which covers all full-time employees who elected to participate in the plan. Under this plan the Conference will contribute 6% or 12% of an employee's salary based upon the employees' position within the Conference. Contributions were approximately \$168,000 and \$189,000 for the years ended December 31, 2025 and 2024, respectively.

(9) MULTIEMPLOYER DEFINED BENEFIT PENSION PLANS

The Conference contributes to three multiemployer defined benefit pension plans – the Pre-82 Plan, the Clergy Retirement Security Program (“**CRSP**”), and the Ministerial Pension Plan (“**MPP**”). The Conference does not directly manage these multiemployer plans, which are managed by Wespath. The clergy of the Conference participates in one of these multiemployer plans.

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

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

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; and (3) if an employer chooses to stop participating in a multiemployer plan, the Conference may be required to pay the plan an amount based on the unfunded status of the plan, which is 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 unfunded liabilities.

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

<u>Plan Funded Status As Of 12/31/2025*</u>				
<u>Plan</u>	<u>Plan Employer Identification And Plan No.</u>	<u>Plan Assets 1/1/2025</u>	<u>Accumulated Benefit Obligation 1/1/2025</u>	<u>Annual Conference Contributions For The Year Ended 12/31/2025*</u>
CRSP	336/335176/81	\$ 2,631,802,091	\$ 2,949,957,940	\$ 1,340,952
MPP	336/335176/81	4,319,544,633	4,052,570,651	-
PRE-82	336/335176/81	<u>1,564,956,823</u>	<u>1,272,381,601</u>	<u>142,858</u>
		<u>\$ 8,516,303,547</u>	<u>\$ 8,274,910,192</u>	<u>\$ 1,483,810</u>

<u>Plan Funded Status As Of 12/31/2024*</u>				
<u>Plan</u>	<u>Plan Employer Identification And Plan No.</u>	<u>Plan Assets 1/1/2024</u>	<u>Accumulated Benefit Obligation 1/1/2024</u>	<u>Annual Conference Contributions For The Year Ended 12/31/2024*</u>
CRSP	336/335176/81	\$ 3,021,093,853	\$ 2,592,069,593	\$ 1,442,889
MPP	336/335176/81	4,862,609,615	3,782,047,675	-
PRE-82	336/335176/81	<u>1,727,173,304</u>	<u>1,352,789,222</u>	<u>-</u>
		<u>\$ 9,610,876,772</u>	<u>\$ 7,726,906,490</u>	<u>\$ 1,442,889</u>

* 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, 2025 and 2024, the market value of assets total \$6,951,346,724 and \$7,127,237,088, respectively, and the market value of liabilities total \$7,002,528,591 and \$7,389,981,721, respectively.

The pension expense related to the Conference ministerial staff was approximately \$168,000 and \$189,000, for the years ended December 31, 2025 and 2024, respectively.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

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 6.0%, an expected rate of investment return of 6.0%, and an expected rate of salary increase of 2.0%. Significant actuarial assumptions utilized for the CRSP include a discount rate of 5.5%, 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 5.35%, an expected rate of investment return of 6.125%, and an annual cost of living benefit increase of 2.0%.

Plan assets for CRSP are invested at Wespath with a target mix of asset classes of 45% Duration Matching Fixed Income Fund, 25% Fixed Income Funds, 16% U.S. Equity Fund and 14% International Equity Fund.

Assets supporting MPP Annuities are invested at Wespath with an overall target of 68% fixed income, 17% equities and 15% alternative investment. The specific funds employed are the Fixed Income Fund, the Extended Term Fixed Income Fund, the Duration Matching 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: 18% U.S. Equity Funds, 15% International Equity Funds, 45% Fixed Income Funds, 2% Extended Term Fixed Income Funds and 20% Duration Matching Fixed Income Fund.

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

Effective January 1, 2026, a new defined contribution retirement plan for clergy will replace the current defined benefit plan (CRSP). All current active clergy will keep benefits earned previously under the defined benefit plans. Under the new plan, there will be certain minimum contributions required from the local churches as well as matching contributions on a participant's contribution.

(10) POST-RETIREMENT BENEFIT OBLIGATION

The Conference's post-retirement health care benefit plan provides health insurance coverage to employees with 20 years of service who retire directly from active service at or after the age of 62, including spouses. Prior to July 1, 2021, health insurance coverage provided to retirees was based on the years of full-time employment. The plan includes a deductible as well as co-pays for the participants.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

During the year ended December 31, 2025, the benefit obligation of the plan decreased by \$8,317,885 primarily as a result of the plans:

- Switching to an annual Health Reimbursement Account (HRA) contribution plan and eliminating the Medicare Advantage Plan, effective January 1, 2026. Offsetting this gain were the changes in the discount rate, the medical trend assumptions, and eligibility of part-time clergy.

	<u>2025</u>	<u>2024</u>
Change in Benefit Obligation		
Benefit obligations	\$ 21,283,429	\$ 32,248,942
Service cost	313,225	581,949
Interest cost	1,124,388	1,512,081
Plan amendments	335,569	(6,018,773)
Actuarial gain	(8,710,591)	(5,546,254)
Actual benefits paid	<u>(1,380,476)</u>	<u>(1,494,516)</u>
Benefit obligation, end of year	<u>\$ 12,965,544</u>	<u>\$ 21,283,429</u>
Change in Plan Assets		
Employer contributions	\$ 1,380,476	\$ 1,494,516
Actual benefits paid/surplus applied	<u>(1,380,476)</u>	<u>(1,494,516)</u>
Fair value of plan assets, end of year	<u>\$ -</u>	<u>\$ -</u>
Funded status of plan	<u>\$ (12,965,544)</u>	<u>\$ (21,283,429)</u>
Additional Amounts Recognized in the Statement of Financial Position		
Current liabilities	\$ (771,341)	\$ (1,344,265)
Noncurrent liabilities	<u>(12,194,203)</u>	<u>(19,939,164)</u>
Net asset/(liability) at end of year	<u>\$ (12,965,544)</u>	<u>\$ (21,283,429)</u>
Components of Net Periodic Benefit Cost		
Service cost	\$ 313,225	\$ 581,949
Interest cost	1,124,388	1,512,081
Actuarial (gain)/loss	(1,002,068)	(533,710)
Prior service cost/(credit)	<u>(2,084,841)</u>	<u>(1,555,793)</u>
Net periodic benefit cost/(income)	<u>\$ (1,649,296)</u>	<u>\$ 4,527</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

The following assumptions were used in accounting for the plan:

	<u>2025</u>	<u>2024</u>
Weighted average assumptions for balance sheet liability at end of year		
Discount rate	5.37%	5.46%
Expected long-term rate of return	N/A	N/A
Health care trend rates (pre-65/post-65)		
Trend for next year	7.50%	6.50%
Ultimate Trend	5.00%	5.00%
Year ultimate trend reached	2036	2031
Census data	1/1/2025	1/1/2025
 Weighted average assumptions for benefit cost at beginning of year		
Discount rate	5.46%	4.80%
Expected Long-term rate of return	N/A	N/A
Health care trend rates (pre-65/post-65)		
Trend for next year	6.50%	6.75%
Ultimate trend	5.00%	5.00%
Year ultimate trend reached	2031	2031

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

	<u>(In Thousands)</u>
2026	\$792
2027	833
2028	863
2029	889
2030	887
2031-2035	4,422

The expected fiscal year 2026 contribution is \$791,781.

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(11) NET CONGREGATIONAL BILLINGS

The Conference administers a pension and disability fund, a health insurance plan, and a comprehensive insurance plan (property/workers compensation) 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 by the Conference on behalf of the churches.

For the year ended December 31, 2025, the following amounts were collected and disbursed by the Conference for each respective benefit plan:

	<u>Pension And Disability Plan</u>	<u>Health Insurance</u>	<u>Comprehensive Insurance Plan</u>	<u>Total</u>
Billed to congregations	\$ 2,774,127	\$ 5,277,513	\$ 6,487,541	\$ 14,539,181
Benefits paid on behalf of congregations	<u>(2,289,749)</u>	<u>(4,916,096)</u>	<u>(6,173,625)</u>	<u>(13,379,470)</u>
Net congregational billings	<u>\$ 484,378</u>	<u>\$ 361,417</u>	<u>\$ 313,916</u>	1,159,711
Equitable reduction grants - Journey of Hope				(541,245)
Allowance for uncollectible amounts				(336,816)
CRSP – defined benefit surplus returned to local churches				<u>(213,955)</u>
Net activity				<u>\$ 67,265</u>

For the year ended December 31, 2024, the following amounts were collected and disbursed by the Conference for each respective benefit plan:

	<u>Pension And Disability Plan</u>	<u>Health Insurance</u>	<u>Comprehensive Insurance Plan</u>	<u>Total</u>
Billed to congregations	\$ 3,069,926	\$ 5,487,844	\$ 6,150,039	\$ 14,707,809
Benefits paid on behalf of congregations	<u>(2,259,226)</u>	<u>(5,032,376)</u>	<u>(5,595,088)</u>	<u>(12,886,690)</u>
Net congregational billings	<u>\$ 810,700</u>	<u>\$ 455,468</u>	<u>\$ 554,951</u>	1,821,119
Equitable reduction grants - Journey of Hope				(506,356)
Allowance for uncollectible amounts				<u>(497,103)</u>
Net activity				<u>\$ 817,660</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(12) 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, 2025 and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
United Methodist Foundation	<u>\$ 258,595</u>	<u>\$ 217,995</u>

The Centenary Fund provides annual support to a Conference’s program which serves the needs of retired clergy, widows and dependent children of deceased clergy. The amounts received from The Centenary Fund in 2025 and 2024 were \$647,000 and \$300,000, respectively.

The Conference collects contributions from local churches and individuals which are designated for related organizations. Amounts for these collections for the years ended December 31, 2025, and 2024 were as follows:

	<u>2025</u>	<u>2024</u>
Centenary Fund	<u>\$ 3,324</u>	<u>\$ 2,679</u>

(13) BENEFICIAL INTEREST IN TRUSTS

Under the terms of the perpetual trusts, the Conference has the irrevocable right to receive the income earned on the trusts’ assets in perpetuity, but the Conference does not have the right to receive the assets held in the trusts. The Conference has recorded the trusts’ assets at the estimated fair value of the Conference’s share of the beneficial interest in the trusts’ assets. Distributions from the trusts’ assets are recognized as unrestricted investment income in the Statements of Activities and Changes in Net Assets unless restricted by the donor. Changes in the value of the beneficial interest in the trusts’ assets are recognized as unrealized gains or losses in net assets with donor restrictions.

A summary of the change in the beneficial interest in the perpetual trusts during the years ended December 31, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 412,492	\$ 387,709
Change in value	<u>21,596</u>	<u>24,783</u>
Balance, end of year	<u>\$ 434,088</u>	<u>\$ 412,492</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(14) CONTINGENCIES

The UMC was a party to the settlement of lawsuits with plaintiffs, alleging sexual abuse including claims for compensatory and punitive damages in connection with the National Council, Boy Scouts of America (“BSA”) and its local chapters and others as defendants. On September 8, 2022, the U.S. bankruptcy judge assigned to the case issued her ruling approving the BSA restructuring plan. In this ruling, the judge indicated that the United Methodist settlement met the tests of bankruptcy law. The settlement (which is still subject to higher court approval and potential appeals) includes the UMC (all US Conferences) making a \$30 million contribution to an approximately \$2.5 billion Survivor Trust Fund, of which, the Conference was allocated \$910,420 with \$682,815 being allocated to the Conference’s congregations. The UMC maintains their support of the Boy Scouts and leadership from both sides completed a revised agreement that provides more protection to the local churches. Beginning in 2023, the UMC began offering two options to the Boy Scouts, an Affiliation Agreement, or a Facilities Use Agreement. Both options provide insurance, indemnification, and legal separation. The Affiliation Agreement enables local churches to keep all physical assets and insures all assets on the church’s property insurance. The Affiliation Agreement also requires the BSA to perform background checks, to be renewed every two years. The Facilities Use Agreement legally separates the church from the Boy Scouts community, with no church or UMC obligation beyond sharing space. Insurance coverage was not an option, as the alleged abuse occurred decades ago. As of April 2026, the settlement is effectively final following a U.S. Supreme Court rejection of remaining appeals.

In February 2024, the Conference became party to a lawsuit involving seven United Methodist churches in Greater New Jersey who seek to leave the denomination. The disaffiliation provision of paragraph 2553 in the United Methodists Book of Law entitled *The Book of Discipline of the United Methodist Church* (“BOD”), which provided a process to disaffiliate from the UMC, expired on December 31, 2023. The General Conference of UMC held in April/May 2024 defeated attempts to expand the disaffiliation timeline beyond December 31, 2023, and thereby removed the paragraph from the BOD. The Conference filed a motion for summary judgement. On May 6, 2026, the court granted summary judgement in favor of the Conference. The matter remains subject to appeal.

(15) LIQUIDITY AND AVAILABILITY

The Conference strives to maintain liquid financial assets that are available to meet its general expenditures, liabilities and other obligations as they 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, are comprised of the following as of December 31:

	<u>2025</u>	<u>2024</u>
Cash and cash equivalents	\$ 2,503,497	\$ 3,147,554
Investments	37,336,351	31,145,135
Accounts receivable	2,780,851	2,859,099
Due from related entities	-	336,083
Interest receivable	<u>1,468</u>	<u>1,468</u>
Subtotal	<u>42,622,167</u>	<u>37,489,339</u>
Less:		
Board designated investments-health reserves	11,296,819	9,738,004
Net assets with donor restrictions	<u>3,509,597</u>	<u>3,589,015</u>
Subtotal	<u>14,806,416</u>	<u>13,327,019</u>
Financial assets available to meet general obligations within one year	<u>\$27,815,751</u>	<u>\$24,162,320</u>

GREATER NEW JERSEY ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH

NOTES TO THE FINANCIAL STATEMENTS – (Continued)

December 31, 2025 And 2024

(16) SUBSEQUENT EVENTS

Subsequent events after the balance sheet date through the date that the financial statements were available for issuance, May 11, 2026, have been evaluated in the preparation of the financial statements. The Conference has determined that there were no subsequent events that need to be disclosed in the financial statements.