

ReVive · ReNew · ReInvigorate · ReImagine

Texas Annual Conference
2023

Pre-Conference Journal

Addendum II



Rev. Kip Gilts
Assistant to the Bishop
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May 16, 2023

Dear Lay and Clergy Members of the Texas Annual Conference,

TAC 2023 is rapidly approaching and I am looking forward to the time of revival, renewal, reinvigoration, and reimagining that we will together experience. The Center for Connectional Resources has benefitted for years from the Certified Public Accounting services of Ratliff & Associates who perform annual audits for us. These have been included in an addendum to The Pre-Conference Journal of The Texas Annual Conference in previous years as they are typically not completed prior to our distribution of the Pre-Conference Journal. This is the case for the 2022 Audits.

Therefore, please find in this addendum, Addendum II, the following materials:

- The 2022 Audit and Conclusions for the Pension Fund
- The 2022 Audit and Conclusions for the Group Health Benefits Fund
- The 2022 Audit and Conclusions for the Fiscal Office Fund
- The 2022 Audit and Conclusions for the Episcopal Office
- The 2022 Audit and Conclusions for 2022 Disaffiliation Income
- A one-page addendum to the Board of Trustees report (The Board of Trustees Report can be found on PCJ 121-126)

Please include TAC2023 in your daily prayers as we invite God's Spirit to be revealed to us and lead us.

God's peace,

Kip R. Gilts
Assistant to the Bishop

**Texas Annual Conference of the
United Methodist Church
Board of Pensions**
Houston, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Texas Annual Conference of the United Methodist Church
Board of Pensions
Financial Statements
December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Net Assets for Plan Benefits	3
Statements of Changes in Net Assets Available for Plan Benefits	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Note Disclosures to the Financial Statements	7 - 15



Independent Auditor's Report

To the Board of Pensions,
Texas Annual Conference of the United Methodist Church

Qualified Opinion

We have audited the accompanying financial statements of the Board of Pensions (“the Plan”), an agency of the Texas Annual Conference of the United Methodist Church (“the Conference”), a Texas not-for-profit corporation, which comprise the statements of net assets available for plan benefits as of December 31, 2022 and 2021, and the related statements of changes in net assets available for plan benefits, statements of cash flows and statements of functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Board of Pensions of the Texas Annual Conference of the United Methodist Church as of December 31, 2022 and 2021, and the changes in net assets available for plan benefits and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Qualified Opinion

We were unable to obtain sufficient appropriate audit evidence with respect to the information summarized in the note disclosures to the financial statements “Plan Funding Requirements” and “Plan Funded Status,” except for reconciling the information to the actuarial report provided by Wespath Benefits and Investments (“Wespath”) and comparing such information with the related information included in the financial statements. According to the Plan’s management, the information was certified by Wespath, which is the trustee and reporting entity for employee retirement benefit plans of the Texas Annual Conference. Individual participant accounts, the related investments and other benefit plan assets, and the related pension funding obligations are maintained by Wespath. However, an audit of Wespath and its benefit plans are outside the scope of this audit. Consequently, we were unable to determine whether any adjustments to the amounts or other modifications to the disclosures were necessary.

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 Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Disaffiliation of Certain Member Churches

As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference’s assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

Independent Auditor's Report (continued)

Page 2

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 Plan'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.

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 Plan'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 Plan'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.

Razliff & Associates, P.C.

May 10, 2023

Texas Annual Conference of the United Methodist Church
Board of Pensions

Statements of Net Assets Available for Plan Benefits
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 1,120,016	\$ 895,210
Investments		
Deposit account	376,471	180,130
Superannuate endowment	134,095	160,844
Corpus-retirement endowment trust	8,400,154	12,122,500
Pension reserve	29,422,534	36,274,882
Total investments	38,333,254	48,738,356
 Total Assets	 \$ 39,453,270	 \$ 49,633,566
 Liabilities & Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 190,787	\$ 164,382
Net assets without donor restrictions		
General reserves	30,728,234	37,185,840
Permanent endowment funds	8,534,249	12,283,344
Total net assets	39,262,483	49,469,184
 Total Liabilities & Net Assets	 \$ 39,453,270	 \$ 49,633,566

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Statements of Changes in Net Assets Available for Plan Benefits
For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues		
Revenues without donor restrictions		
CRSP receipts	\$ 6,046,883	\$ 5,747,204
Other receipts and service charges	48,407	67,196
Royalties received	11,983	7,525
Subtotal	6,107,273	5,821,925
Investment income (loss)		
Investment income (loss) on reserves	(6,261,655)	3,280,085
Investment income (loss) on permanent endowment	(2,249,096)	1,606,627
Total investment income (loss)	(8,510,751)	4,886,712
Total revenues (losses) without donor restrictions	(2,403,478)	10,708,637
Expenses		
Programs		
Retirement benefits funded	6,671,065	6,692,134
Retiree life insurance UNUM	38,475	39,481
Program expenses	29,563	8,347
Sustentation funding	322,942	313,322
Total program expenses	7,062,045	7,053,284
Support services		
Administrative expenses	741,178	656,889
Other services		
Transfers to (from) Group Health Benefits	-	(250,000)
Total expenses	7,803,223	7,460,173
Change in net assets without donor restrictions	(10,206,701)	3,248,464
Net assets at beginning of year	49,469,184	46,220,720
Net assets at end of year	\$ 39,262,483	\$ 49,469,184

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Statements of Functional Expenses
For the Years Ended December 31, 2022 and 2021

	2022	2021	2022	2021	2022	2021	2022	2021
	Program activities		Support Services		Other Services		Total	
Retirement benefits funded	\$ 6,671,065	\$ 6,692,134	\$ -	\$ -	\$ -	\$ -	\$ 6,671,065	\$ 6,692,134
Retiree life insurance UNUM	38,475	39,481	-	-	-	-	38,475	39,481
Distributions to affiliates:								
Sustentation funding	322,942	313,322	-	-	-	-	322,942	313,322
Group Health Benefits	-	-	-	-	-	(250,000)	-	(250,000)
Program & Administrative:								
Salaries and benefits	-	-	628,283	569,097	-	-	628,283	569,097
Professional fees	-	-	103,783	29,907	-	-	103,783	29,907
Other	29,563	8,347	9,112	57,885	-	-	38,675	66,232
Total expenses	<u>\$ 7,062,045</u>	<u>\$ 7,053,284</u>	<u>\$ 741,178</u>	<u>\$ 656,889</u>	<u>\$ -</u>	<u>\$ (250,000)</u>	<u>\$ 7,803,223</u>	<u>\$ 7,460,173</u>

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church

Board of Pensions

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received	\$ 6,107,273	\$ 5,951,019
Cash paid for programs and support services	(7,776,818)	(7,690,352)
Cash transferred from (to) Group Health Benefits	-	250,000
Net cash provided (used) by operating activities	(1,669,545)	(1,489,333)
Cash flows from investing activities		
Purchases of investments	(7,095,803)	(7,415,000)
Proceeds from sale of investments	8,990,154	9,191,037
Net cash provided (used) by investing activities	1,894,351	1,776,037
Net increase (decrease) in cash and cash equivalents	224,806	286,704
Cash and cash equivalents at beginning of year	895,210	608,506
Cash and cash equivalents at end of year	\$ 1,120,016	\$ 895,210
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (10,206,701)	\$ 3,248,464
Adjustments		
Investment (appreciation) depreciation	8,510,751	(4,886,712)
Change in apportionments receivable	-	129,094
Change in accounts payable	26,405	19,821
Total adjustments	8,537,156	(4,737,797)
Net cash provided (used) by operating activities	\$ (1,669,545)	\$ (1,489,333)

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 1, Nature of the Organization

The Texas Annual Conference of the United Methodist Church (the “Conference”) administers pension and health insurance benefits through agencies of the Conference. The Board of Pensions (the “Plan”) is an agency that assists in the administration of pension and retirement benefits to clergy and their dependents who work for the Conference. The Texas Annual Conference Group Health Benefits Plan (“Benefits”) is also an agency of the Conference and a related party to the Plan that provides group health benefits to clergy, laypersons and their dependents who work for the Conference. The Plan and Benefits are within the scope of church benefit plans, and therefore are not subject to regulation by the Employee Retirement Income Security Act of 1974 (ERISA) or the Department of Labor.

The Plan is responsible for receiving apportionments from churches and Conference agencies through the Council on Finance and Administration. Benefit plan collections from churches and other salary paying units are collected by the plan via Electronic Funds Transfer (EFT) on a monthly basis. Funds are then disbursed to Wespath Benefits and Investments (“Wespath”), formerly known as the General Board of Pensions of the United Methodist Church. Wespath is the trustee and reporting entity for employee retirement benefit plans of the Texas Annual Conference. Individual participant accounts, the related investments and other benefit plan assets, and the related pension funding obligations are maintained by Wespath.

The Plan administers pension benefits through the Clergy Retirement Security Plan (“CRSP”) which consists of three elements: the Pre-82 plan, MPP, and CRSP. Prior to 1982, the Pre-82 plan was a defined benefit pension plan. The plan service rate is paid annually to participants for each year of service. In 2022 and 2021, the past service rate (PSR) was \$903 and \$894 respectively, which reflects a 1% increase. At January 1, 2022 and 2021, respectively, the participant demographic data was as follows for the Pre-82 plan: 15 and 21 Actives; 9 and 9 Others; 273 and 287 Retirees; 150 and 161 Contingent Annuitants.

In 1982 the Conference adopted a defined contribution plan, the Ministerial Pension Plan (MPP), whereby contributions made on behalf of participants are invested and accumulated for distribution at retirement.

CRSP was adopted in 2007 replacing MPP. Effective January 1, 2014, the components of the church contribution rate were modified to have an aggregated billing rate of 13.8%, which consists of these six elements:

- A) Defined Benefit Plan: 6.8% of eligible compensation;
- B) Defined Contribution Plan: 2% of eligible compensation;
- C) Comprehensive Protection Plan: 3% of eligible compensation;
- D) Reserved Fund: .25% of eligible compensation;
- E) Sustentation Fund: .75% of eligible compensation;
- F) United Methodist Personal Investment Plan (“UMPIP”): 1% of eligible compensation.

Texas Annual Conference of the United Methodist Church Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 1, Nature of the Organization (continued)

The Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Plan's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues of the Plan are primarily derived from retirement plan receipts for clergy appointed by the Conference, and apportionments from participating churches. Apportionments are collected by the Conference and disbursed to the Plan in the subsequent month. See apportionment receivable disclosure below. A portion of the Plan's revenues is tied to the local economy. All revenues are considered available for the Plan's general programs unless they are contributions specifically restricted by the donor. For the years ended December 31, 2022 and 2021, the Plan has not received restricted contributions.

Net assets without donor restrictions: The Plan further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Plan's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Plan to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Programs: The Plan pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Plan:

- Program activities: Collecting and distributing retirement funds for the Board of Pensions. Also, providing fund reserves for the Group Health Benefits Plan.
- General and administrative: Providing administrative support to the program activities.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Total past service funding liability is the most significant estimate which is disclosed in Notes 3 and 4 below.

Liquidity: Assets, excluding endowments and other long-term investments, represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Cash and cash equivalents: For purposes of the statement of cash flows, the Plan considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Financial instruments that potentially subject the Plan to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Apportionment receivable: As applicable, December apportionment receipts that are received by the Plan in January of the following year are recorded as apportionment receivable. See Related Party Transactions note disclosure below.

Investments: All investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of changes in net assets for plan benefits and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Income tax status: The Conference is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. The Plan has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Plan believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Going concern considerations: The Conference analyzes the effect that current and future events, both internal and external, may have on operations so that Conference may continue as a going concern (i.e., a viable organization). See Note 1 for disclosure of the impact of the disaffiliation of certain member churches. As of the date of this report, management believes this matter does not threaten the ongoing operations of the Conference or the Plan for at least one year from the date of the report on page two. However, if conditions change during the following year, the Plan may adjust certain activities or the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 3, Plan Funding Requirements

Wespath Benefits and Investments has actuarially determined annual funding liability of the Clergy Retirement Security Plan attributable to the Texas Annual Conference as of January 1, 2022 and 2021, respectively, to be as follows:

	2022 for 2024	2021 for 2023
Pre-82 Defined Benefit	\$ -	\$ -
Clergy Retirement Security Program (CRSP-DB)	2,476,245	2,412,082
Total	\$ 2,476,245	\$ 2,412,082

Total contribution due by plan sponsors depend on the funded status of the plans. In 2012, the General Conference approved a modification to the CRSP that lowers the future funding liability. Effective January 1, 2014, only full-time and $\frac{3}{4}$ -time clergy, under Episcopal appointment and receiving compensation in the Texas Annual Conference, are eligible to participate in CRSP.

CRSP plan provisions are as follows:

Provision	2022	2021
Defined benefit formula	1% of DAC per year of service	1% of DAC per year of service
Defined Contribution (DC) non-matching contribution	2% of participant compensation	2% of participant compensation
DC matching contribution	100% of participant UMPIP contributions up to a maximum 1% of participant compensation	100% of participant UMPIP contributions up to a maximum 1% of participant compensation
UMPIP contribution	3% of participant compensation	3% of participant compensation

The Texas Annual Conference is responsible for minimum annual funding requirements. For the years ended December 31, 2022 and 2021, the Plan met the funding requirements as follows:

	2022	2021
Pre-82 amortized contributions	\$ 202,298	\$ 169,624
Pre-82 advanced contributions	-	-
Clergy Retirement Security Program (CRSP-DB)	2,703,360	2,832,593
Total	\$ 2,905,658	\$ 3,002,217

**Texas Annual Conference of the United Methodist Church
Board of Pensions**

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 3, Plan Funding Requirements (continued)

The future funded status of these plans is affected by actual investment performance, mortality rates, and changes in past service rates and any other actuarial assumption changes.

Assets available for plan funding as of December 31, 2022 and 2021, are as follows:

	2022	2021
Investments:		
Deposit account	\$ 376,471	\$ 180,131
Pensions reserve	29,422,534	36,274,882
Plan receivables	-	-
Cash and other investments	1,120,016	895,210
Total	\$ 30,919,021	\$ 37,350,223

Note 4, Plan Funded Status

Pre-82 Defined Benefit: Wespath has actuarially determined the funding liability of the Pre-82 Plan of the Clergy Retirement Security Plan attributable to the Texas Annual Conference as of January 1, 2022 for 2024 and as of January 1, 2021 for 2023 to be \$34,924,575 and \$38,866,111, respectively. That liability is determined on the following assumptions, for each year respectively: 5.50% and 5.50% interest rate per year; mortality table PRI12TQ Adj (MP20) for both years; past service rate per year of \$912 for 2023 and \$912 for 2022 (a 0% average increase in the past service rate).

Assets deposited and segregated with Wespath (the Pre-82 account) amount to \$41,903,305 and \$42,690,088, respectively, as of January 1, 2022, for 2024 and as of January 1, 2021, for 2023. Other Defined Benefit Service Money on deposit at those dates amount to \$2,443,894 for 2024 and \$3,312,755 for 2023, respectively. Total Pre-82 assets are \$44,347,199 and \$46,002,843, respectively. The funded status at those dates is a surplus of \$9,422,627 (127% funded) and a surplus of \$7,136,732 (118% funded), respectively.

On a denominational wide basis, based on minimum contribution results, the funding liability as of January 1, 2022 for 2024 (preliminary) and as of January 1, 2021 for 2023 (final) is \$1.595 billion and \$1.718 billion, respectively. The actuarial value of assets deposited with Wespath amounted to \$1.987 billion and \$1.977 billion, respectively. The funded status is a surplus of \$392 million (125% funded) and \$259 million (115% funded), respectively.

Ministerial Pension Plan (MPP): Wespath has actuarially determined the funding liability of the MPP attributable to the Texas Annual Conference as of January 1, 2022 for 2024 and as of January 1, 2021 for 2023 to be \$91,776,538 and \$91,331,232, respectively.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 4, Plan Funded Status (continued)

On a denominational-wide basis, the funding liability (based on current annuities) as of January 1, 2022 for 2024 and as of January 1, 2021 for 2023 was \$3.665 billion and \$3.631 billion, respectively. The actuarial value of assets deposited with Wespeth amounted to \$4.759 billion and \$4.440 billion, respectively. The funded status was a surplus of \$1.095 billion (130% funded) and \$809 million (122% funded), respectively.

Clergy Retirement Security Program (CRSP): Wespeth has actuarially determined the funding accrued liability of the CRSP attributable to the Texas Annual Conference as of January 1, 2022 for 2024 and as of January 1, 2021 for 2023 to be \$60,163,399 and \$56,010,339, respectively.

On a denominational-wide basis, the funding liability as of January 1, 2022 for 2024 and as of January 1, 2021 for 2023 was \$2.285 billion and \$2.135 billion, respectively. The actuarial value of assets deposited with Wespeth amounted to \$2.829 billion and \$2.521 billion, respectively. The funded status was a surplus of \$544 million (124%) funded and \$386 million (118% funded), respectively.

Note 5, Endowment Investments

As of December 31, the permanent endowment funds (a quasi-endowment of the Plan) consisted of the following endowment investments:

	2022	2021
Superannuate Endowment	\$ 134,095	\$ 160,844
Corpus - Retirement Endowment Trust	8,400,154	12,122,500
Total	\$ 8,534,249	\$ 12,283,344

Changes in endowment net assets for the years ended December 31 were as follows:

	2022	2021
Board-designated endowment net assets, beginning of year	\$ 12,283,344	\$ 12,676,717
Net appreciation (depreciation)	(2,249,095)	1,606,627
Transfers	(1,500,000)	(2,000,000)
Board-designated endowment net assets, end of year	\$ 8,534,249	\$ 12,283,344

The Plan has designated the Corpus-Retirement Endowment Trust assets as permanent endowment funds to support the overall mission of the Plan. The Superannuate Endowment is a fund set aside for retiree benefit payments. Since the permanent endowment funds resulted from an internal designation and is not donor-restricted, it is classified and reported as unrestricted net assets.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 5, Endowment Investments (continued)

The Plan has a spending policy of appropriating for distribution each year up to 95% of its board-designated endowment fund's net income. In establishing this policy, the Plan considered the long-term expected investment return on its endowment. Accordingly, over the long term, the Plan expects the current spending policy to allow its general endowment fund to grow at an average of 5% annually. This is consistent with the Plan's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return.

To achieve that objective, the Plan has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. 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 of up to 95%, while growing the fund if possible. At least 5% of the fund's net annual income shall be added to the endowment at the close of each year. Accordingly, the Plan expects its endowment assets, over time, to produce an average rate of return of at least 5% annually. Actual returns in any given year may vary from this amount. 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.

Note 6, Investments

The Plan invests in high grade US government securities, corporate equity securities and bonds through funds managed by Wespeth and other professional investment managers. The Plan's objective is to preserve principal while obtaining maximum earnings with investments that are appropriate under the United Methodist Social Principles. The expected long-term rate of return is from 5% to 7%. Overall, the Plan's investments are allocated using a 75/25 strategy: approximately 75% of the investment portfolio is invested in equity positions and 25% is invested in fixed income positions.

Investment income and losses from these investments for the years ended December 31, 2022 and 2021 consist of realized and unrealized gains and losses. Investment fees and other investment activities expenses are netted within the investment income. These expenses are not material to these financial statements.

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. Stable value, fixed income and equity funds that are Level 1 inputs are based upon quoted prices in active markets for identical assets. Fixed income and equity funds that are level 2 inputs are based upon significant other observable inputs for similar assets in active markets.

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 6, Investments (continued)

Wespath funds represent 82% of the Plan's assets, and they are the majority of the Plan's level 2 investments. Wespath funds are measured using net asset value ("NAV") per share, or its equivalent, based upon an active market with daily fund pricing, that may be redeemed at the NAV at the date of the yearend financial statement or in the near term, which is generally considered to be within 90 days.

Investments and their activities for the years ended December 31 were as follows:

	2022	2022	2021	2021
	<u>Invested</u>	<u>Income (Loss)</u>	<u>Invested</u>	<u>Income (Loss)</u>
Investments:				
Deposit account	\$ 376,471	\$ 11,495	\$ 180,130	\$ (804)
Pension reserve	<u>29,422,534</u>	<u>(6,273,150)</u>	<u>36,274,882</u>	<u>3,280,889</u>
Subtotal	<u>29,799,005</u>	<u>(6,261,655)</u>	<u>36,455,012</u>	<u>3,280,085</u>
Endowment investments:				
Retirement Trust:				
Corpus account	8,400,154	(2,222,347)	12,122,500	1,593,680
Superannuate	<u>134,095</u>	<u>(26,749)</u>	<u>160,844</u>	<u>12,947</u>
Subtotal	<u>8,534,249</u>	<u>(2,249,096)</u>	<u>12,283,344</u>	<u>1,606,627</u>
Total	<u>\$ 38,333,254</u>	<u>\$ (8,510,751)</u>	<u>\$ 48,738,356</u>	<u>\$ 4,886,712</u>

Investments by type for the years ended December 31, 2021 and 2020 were as follows:

	2022	2022	2021	2021
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 1</u>	<u>Level 2</u>
Stable value funds	\$ 376,471	\$ -	\$ 180,130	\$ -
Fixed income funds	4,032,447	6,316,488	4,506,225	7,017,831
Equity funds	<u>2,124,352</u>	<u>25,483,496</u>	<u>2,596,924</u>	<u>34,437,246</u>
Subtotal	<u>6,533,270</u>	<u>31,799,984</u>	<u>7,283,279</u>	<u>41,455,077</u>
Total all levels	<u>\$ 38,333,254</u>		<u>\$ 48,738,356</u>	

Texas Annual Conference of the United Methodist Church
Board of Pensions

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 7, Related Party Transactions

As separate agencies of the Conference, the Plan and Group Health Benefits Plan (“Benefits”) occupy office space owned by the Conference. Facility expenses, which are not material to these financial statements, are paid by the Council on Finance and Administration (the “Council”), which is also an agency of the Conference. For the years ended December 31, 2022 and 2021, expenses paid by the Plan to the Council for both the Plan’s and Benefit’s employee wages and related benefits amounted to \$628,283 and \$569,097, respectively, of which \$190,787 and \$164,382, respectively, is included in accounts payable. In 2020, the Plan provided temporary funding of \$250,000 to Benefits to assist with yearend benefit claims. In 2021, Benefits transferred \$250,000 back to the Plan.

Note 8, Subsequent Events

The Plan has evaluated subsequent events through the date of the independent auditor’s report on page two, which is the date the financial statements were available to be issued. See Note 1 for disclosure of the impact of the disaffiliation of certain member churches.

Note 9, Liquidity and Availability of Financial Assets

The Plan’s financial assets are assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: assets less board-designated cash and investments, and other similar current assets, as applicable.

As part of the Plan’s liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Plan maintains general reserves in its unrestricted general net assets which consists of prior years’ net excess revenues (net operating surplus).
- The Plan invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- The Plan maintains board-designated funds, including a quasi-endowment and pension reserve fund, that may be redirected and drawn upon in the event of an unanticipated need.

At December 31, the Plan’s financial assets are quantified as follows:

	2022	2021
Assets	\$ 39,453,270	\$ 49,633,566
Less: those unavailable for general expenditures within one year		
Board-designated endowment funds	(8,534,249)	(12,283,344)
Board-designated Pension reserve fund	(29,422,534)	(36,274,882)
Financial assets available for general expenditures within one year	\$ 1,496,487	\$ 1,075,340



May 10, 2023

To the Chair of the Board of Pensions,
Texas Annual Conference of the United Methodist Church

We have audited the financial statements of the Board of Pensions of the Texas Annual Conference (the “Organization”) for the year ended December 31, 2022, and have issued our report thereon dated May 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 11, 2023. Professional standards also require that we communicate to you the following significant findings and conclusions related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the Note 2 disclosure to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. In our opinion, there is no sensitive estimate affecting the financial statements. We evaluated the key factors and assumptions used to develop estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential

\$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

Other sensitive disclosures are the Plan Funding Requirements and Plan Funded Status which are disclosed in Notes 3 and 4, respectively. These disclosures led us to an expected modified opinion. As explained in our auditor's report, we were unable to obtain sufficient appropriate audit evidence with respect to the information summarized in Notes 3 and 4 except for reconciling the information to the actuarial report provided by Wespath Benefits and Investments ("Wespath"), formerly known as the General Board of Pensions of the United Methodist Church, and comparing such information with the related information included in the financial statements. According to the Organization's management, the information was certified by the Wespath, which is the trustee and reporting entity for employee retirement benefit plans of the Texas Annual Conference. Individual participant accounts, the related investments and other benefit plan assets, and the related pension funding obligations are maintained by the Wespath. However, an audit of Wespath and its benefit plans are outside the scope of this audit. Consequently, we were unable to determine whether any adjustments to the amounts or other modifications to the disclosures were necessary.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was no misstatement detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the separate management representation letter dated May 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the individuals and body charged with governance and management of the Board of Pensions and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ratliff & Associates, P.C.

Ratliff & Associates, P.C.

**Texas Annual Conference of the
United Methodist Church
Group Health Benefits Plan**
Houston, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
Financial Statements
December 31, 2022 and 2021

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Net Assets Available for Plan Benefits	3
Statements of Changes in Net Assets Available for Plan Benefits	4 - 5
Statements of Functional Expenses	6
Statements of Cash Flows	7
Note Disclosures to the Financial Statements	8 - 18



Independent Auditor's Report

To the Group Health Benefits Committee,
Texas Annual Conference of the United Methodist Church

Opinion

We have audited the accompanying financial statements of the Group Health Benefits Plan (“the Plan”), an agency of the Texas Annual Conference of the United Methodist Church, a Texas not-for-profit organization, which comprise the statements of net assets available for plan benefits as of December 31, 2022 and 2021, and the related statements of changes in net assets available for plan benefits, statements of cash flows, and statements of functional expenses 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 Group Health Benefits Plan as of December 31, 2022 and 2021, 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 Plan and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Disaffiliation of Certain Member Churches

As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

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.

Independent Auditor's Report (continued)

Page 2

Responsibilities of Management for the Financial Statements (continued)

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 Plan'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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Plan'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 Plan'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.

Ratliff & Associates, P.C.

May 10, 2023

Texas Annual Conference Group Health Benefits Plan

Statements of Net Assets Available for Plan Benefits

December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	\$ 697,589	\$ 414,126
Apportionments receivable from affiliates	122,612	268,215
Group health reserve	9,336,728	9,754,905
Rate stabilization reserve	-	5,127,229
Retiree medical fund	22,881,406	28,918,967
	<u>\$ 33,038,335</u>	<u>\$ 44,483,442</u>
Total Assets		
Liabilities & Net Assets		
Liabilities		
Incurred but not reported reserve	\$ 1,358,560	\$ 1,384,086
Postretirement benefit obligation	14,090,000	20,104,500
	<u>15,448,560</u>	<u>21,488,586</u>
Total liabilities		
Net assets without donor restrictions		
General reserve	8,798,369	9,053,160
Rate stabilization reserve	-	5,127,229
Retiree medical fund, net	8,791,406	8,814,467
	<u>17,589,775</u>	<u>22,994,856</u>
Total net assets		
	<u>\$ 33,038,335</u>	<u>\$ 44,483,442</u>
Total Liabilities & Net Assets		

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference Group Health Benefits Plan

Statements of Changes in Net Assets Available for Plan Benefits

For the Years Ended December 31, 2022 and 2021

	2022	2021
Changes in net assets without donor restrictions		
Revenues without donor restrictions		
Receipts		
Apportionments	\$ 1,037,054	\$ 1,339,814
PPO church	4,046,803	4,005,582
PPO clergy	3,637,499	3,613,054
PPO extension ministries	373,788	349,897
PPO laity	195,425	223,101
PPO retiree	117,675	140,365
Dependent of Via Benefits retiree	134,450	139,895
Stop loss receipts	197,072	407
Prescription rebates	909,496	290,955
Other	492,256	492,409
Subtotal	11,141,518	10,595,479
Investment income (loss)		
Group health reserve income (loss)	(1,809,077)	1,204,721
Rate stabilization reserve income (loss)	(886,329)	337,858
Retiree medical fund income (loss)	(5,037,561)	3,931,892
Permanent endowment income (loss)	-	-
Subtotal	(7,732,967)	5,474,471
Other		
Transfers (to) from Board of Pensions	-	(250,000)
Total revenues without donor restrictions	3,408,551	15,819,950
Expenses		
Programs		
Payment of claims	9,057,067	9,227,239
Prescription drug claims	2,941,653	2,272,082
Retiree HRA contributions	1,064,690	1,040,445
Dental and vision premiums	307,954	267,156
Wellness and disease management	152,889	187,680
Stop loss premiums	531,553	505,646
Change in IBNR reserve	(25,526)	(71,220)
Other	57,404	22,116
Total program expenses	14,087,684	13,451,144
Support services		
Administration fees	740,448	784,330
Total expenses	14,828,132	14,235,474

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference Group Health Benefits Plan
 Statements of Changes in Net Assets Available for Plan Benefits (continued)
 For the Years Ended December 31, 2022 and 2021

Changes in net assets without donor restrictions (continued)	2022	2021
Change in net assets without donor restrictions before other changes	(11,419,581)	1,584,476
Other changes		
Decrease (increase) in postretirement benefits paid and net periodic benefits costs	1,900,600	1,788,500
Decrease (increase) in postretirement benefits obligation other than net periodic benefits costs	4,113,900	414,600
Total other changes	6,014,500	2,203,100
Change in net assets without donor restrictions	(5,405,081)	3,787,576
Net assets at beginning of year	22,994,856	19,207,280
Net assets at end of year	\$ 17,589,775	\$ 22,994,856

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference Group Health Benefits Plan

Statements of Functional Expenses

For the Years Ended December 31, 2022 and 2021

	2022	2021	2022	2021	2022	2021
	Programs		Support Services		Total	
Payment of claims	\$ 9,057,067	\$ 9,227,239	\$ -	\$ -	\$ 9,057,067	\$ 9,227,239
Prescription drug claims	2,941,653	2,272,082	-	-	2,941,653	2,272,082
Retiree HRA contributions	1,064,690	1,040,445	-	-	1,064,690	1,040,445
Dental and vision premiums	307,954	267,156	-	-	307,954	267,156
Wellness payments	152,889	187,680	-	-	152,889	187,680
Stop loss premiums	531,553	505,646	-	-	531,553	505,646
Change in IBNR reserve	(25,526)	(71,220)	-	-	(25,526)	(71,220)
Other	57,404	22,116	-	-	57,404	22,116
Administrative fees:						
Claims fees	-	-	582,777	632,739	582,777	632,739
Professional fees	-	-	157,671	151,591	157,671	151,591
Total expenses	\$ 14,087,684	\$ 13,451,144	\$ 740,448	\$ 784,330	\$ 14,828,132	\$ 14,235,474

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference Group Health Benefits Plan

Statements of Cash Flows

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Cash received	\$ 11,287,121	\$ 10,797,147
Cash paid for operating expenses	(14,853,658)	(14,489,934)
Cash transferred (to) from Board of Pensions	-	(250,000)
Net cash provided (used) by operating activities	(3,566,537)	(3,942,787)
Cash flows from investing activities		
Purchases of investments	(500,000)	(1,000,000)
Proceeds from sale of investments	4,350,000	5,050,000
Net cash provided (used) by investing activities	3,850,000	4,050,000
Net increase (decrease) in cash and cash equivalents	283,463	107,213
Cash and cash equivalents at beginning of year	414,126	306,913
Cash and cash equivalents at end of year	\$ 697,589	\$ 414,126
 Reconciliation of change in total net assets to net cash provided (used) by operating activities		
Change in total net assets	\$ (5,405,081)	\$ 3,787,576
Adjustments		
Investment (appreciation) depreciation	7,732,967	(5,474,471)
Change in receivables	145,603	201,668
Change in accounts payable	-	(183,240)
Change in IBNR accrual	(25,526)	(71,220)
Change in postretirement benefits obligation	(6,014,500)	(2,203,100)
Total adjustments	1,838,544	(7,730,363)
Net cash provided (used) by operating activities	\$ (3,566,537)	\$ (3,942,787)

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 1, Nature of the Organization

The Texas Annual Conference of the United Methodist Church (the “Conference”) administers pension and health insurance benefits through agencies of the Conference. The Texas Annual Conference Group Health Benefits Plan (“the Plan”) is an agency that provides group health benefits insurance to clergy, laity and their dependents who work for the Conference. The Texas Annual Conference Board of Pensions (“Pensions”) is also an agency of the Conference and a related party to the Plan that assists in the administration of pension and retirement benefits to clergy and their dependents who work for the Conference. The Plan and Pensions are within the scope of church benefit plans, and therefore are not subject to regulation by the Employee Retirement Income Security Act of 1974 (ERISA) or the Department of Labor.

In 1985, the Plan became a self-funded plan managed by the Conference Group Health Benefits Committee. Claims are administered by a third-party administrator, who is contracted to process claims, make benefit payments and provide other services as needed. For the years ended December 31, 2022 and 2021, the Plan is insured by individual and aggregate stop loss coverage for eligible claim benefits in excess of \$375,000 and \$375,000, respectively.

Effective January 1, 2012, Medicare Eligible Retirees/Surviving Spouses were moved from the self-insured plan to group coverage. During the period January 1, 2012 through December 31, 2017, participants had the following three options available for selecting health plan coverage in retirement:

1. Medicare Choice plan (Humana Group Medicare PPO plan) - this Medicare Advantage plan replaced the benefits that would be paid with a combination of Original Medicare, a Medicare supplement plan and Medicare Part D.
2. Medicare Supplemental plan (UnitedHealthcare Senior Supplement plan and UnitedHealthcare Medicare Rx for Groups [PDP] plan) - this plan covered most benefits after a \$500 deductible was met. This was a fully insured retiree plan which was used with any provider to help cover costs that Medicare did not cover.
3. TAC Stipend Program - the Conference provided funds (\$190 per month for participant, or \$380 per month for family coverage) that retirees used to purchase medical coverage.

Effective January 1, 2018, the over 65 retiree group plans were replaced with individual insurance plans offered through Via Benefits (formerly OneExchange). Via Benefits is an on-line exchange offering retirees options for supplemental Medicare coverage or Medicare Advantage Plans. The Conference will make an annual contribution of \$2,280 (based on former subsidy of \$190 per month) into a tax-free Health Reimbursement Account “HRA” for each participant administered by Via Benefits. The \$2,280 contribution is available to each eligible participant as of January 1 each year. An additional pre-1992 retiree monthly subsidy of \$75/retiree and \$55/surviving spouse exists for those eligible. Retirees use their HRA funds to help pay monthly premiums or to assist with other qualified out-of-pocket medical expenses.

As an agency of the Conference, the Plan is exempt from state and federal income taxes. The Conference bears the burden of unfunded reserve liabilities should there be a cash shortfall in claims payment. The Conference reserves the right to amend or terminate the benefit plan.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 1, Nature of the Organization (continued)

The Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Plan's significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Plan have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. Revenues are recognized when earned, and expenses are recorded when incurred.

Revenue recognition: Revenues and support for the Plan are primarily derived from benefit contributions for clergy and laypersons who work for the Conference, and apportionments from participating churches. Apportionments are collected by the Conference and disbursed to the Plan in the subsequent month. See apportionment receivable disclosure below. A portion of the Plan's revenues is tied to the local economy. All revenues are considered available for the Plan's general programs unless they are contributions specifically restricted by the donor. For the years ended December 31, 2022 and 2021, the Plan has not received restricted contributions.

Net assets without donor restrictions: The Plan further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Plan's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Plan to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Programs: The Plan pursues its mission through the execution of the following major programs that are also the reported functional expenses of the Plan:

- Program activities: Collecting and distributing retirement funds for the Board of Pensions. Also, providing fund reserves for the Group Health Benefits Plan.
- General and administrative: Providing administrative support to the program activities.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Accrued postretirement benefits and incurred but not reported claims reserve are the most significant estimates contained in these financial statements. See note disclosure below.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of activities and on both a functional and a natural bases in the statement of functional expenses. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Liquidity: Assets, excluding endowments and other long-term investments, represent financial assets available for general expenditure within one year of the statement date. Disclosures are presented for both the quantitative and qualitative aspects of liquidity and the availability of financial assets.

Cash and cash equivalents: For purposes of the statement of cash flows, the Plan considers highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments: All investments are measured at fair value based upon the exit price model, which is the price that would be received to sell the investment.

Concentrations of credit risk: The Plan is an integral part of the Texas Annual Conference. Financial instruments that potential subject the Plan to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000.

Receivables: December apportionment receipts that are received by the Plan in January of the following year are recorded as apportionments receivable. See Related Party Transactions note disclosure below. Other accounts receivable are stop loss claims received in January of the following year.

Income tax status: The Conference is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. The Plan has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Plan believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 2, Summary of Significant Accounting Policies (continued)

Going concern considerations: The Conference analyzes the effect that current and future events, both internal and external, may have on operations so that Conference may continue as a going concern (i.e., a viable organization). See Note 1 for disclosure of the impact of the disaffiliation of certain member churches. As of the date of this report, management believes this matter does not threaten the ongoing operations of the Conference or the Plan for at least one year from the date of the report on page two. However, if conditions change during the following year, the Plan may adjust certain activities or the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Note 3, Reserve Funds

The Plan recognizes a postretirement benefit obligation of \$14,090,000 and \$20,104,500 for the years ended December 31, 2022 and 2021, respectively (see Accrued Postretirement Benefits note below). In addition, the third-party administrator reports estimated incurred but not reported claims reserve (“IBNR”) requirements of \$1,358,560 and \$1,384,086 at December 31, 2022 and 2021, respectively.

The IBNR is based on a calculation of 15% of medical claims for the respective year. The estimated reserve balances comprehend the following assumptions: (1) a three-month lag time in claims outstanding, (2) there is full payment of premiums and (3) no plan termination is anticipated. The estimated reserve amounts are statistical estimates and actual claims could vary from these amounts.

Retiree medical fund: In order to establish a funding mechanism for the accrued postretirement benefit obligation, the Plan utilized surplus funds from Pensions to create the Retiree Medical Fund. The related investment account was transferred from Pensions to the Plan in 2012. For the years ended December 31, 2022 and 2021, the fund’s assets are \$22,881,406 and \$28,918,967, respectively.

Note 4, Accrued Postretirement Benefits Obligation

The Plan provides health insurance benefits to clergy, laypersons and their dependents who work for the Conference. Generally accepted accounting principles require the cost of retirees’ health care costs to be recognized over the employees’ respective service periods and a liability to be recognized. The accrued postretirement benefits obligation is measured at yearend subject to an actuarial valuation on an annual basis. This will coincide with the beginning of each plan year which most closely approximates the obligation as of the previous yearend as presented in the financial statements.

The numbers of active/inactive participants for the years ended 2022 and 2021 are 68/359 and 118/366, respectively. The average remaining service to retirement is 2.39 and 2.92 years, respectively.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 4, Accrued Postretirement Benefits (continued)

In order to establish a funding mechanism, the Plan created the Retiree Medical Fund. Other Changes in the value of the plan assets are the result of investment gains or losses.

The amortization of any prior service costs is determined using a straight-line amortization of the costs over the average remaining service period of employees expected to receive benefits under the plan.

A summary of the benefit obligation by participant is as follows:

	2022	2021
Active participants fully eligible for benefits	\$ 1,282,400	\$ 2,015,700
Active participants not yet fully eligible	1,284,300	3,741,000
Inactive participants	11,523,300	14,347,800
Total	\$ 14,090,000	\$ 20,104,500

Changes to the postretirement benefits obligation and other related amounts presented in the financial statements as well as additional disclosures for the years ended December 31 are as follows (all Note 4 amounts are rounded to the hundreds):

	2022	2021
Change in postretirement benefit obligation		
Benefit obligation, beginning of year	\$ 20,104,500	\$ 22,307,600
Service costs	235,000	293,800
Interest costs	499,100	468,200
Plan amendments	-	-
Actuarial (gain) loss	(4,816,700)	(1,301,100)
Plan participant contributions	252,100	140,400
Actual benefits paid	(2,184,000)	(1,804,400)
Benefit obligation, end of year	\$ 14,090,000	\$ 20,104,500
Additional amounts recognized in the statement of net assets available for plan benefits		
Current portion	\$ 1,442,800	\$ 1,530,400
Noncurrent portion	12,647,200	18,574,100
Total benefit obligation, end of year	\$ 14,090,000	\$ 20,104,500

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 4, Accrued Postretirement Benefits (continued)

	2022	2021
Change in plan assets		
Employer contributions	1,931,900	1,664,000
Plan participant contributions	252,100	140,400
Actual benefits paid	(2,184,000)	(1,804,400)
	-	-
Dedicated Plan Assets		
Plan assets - Retiree medical fund	22,881,406	28,918,967
Amounts recognized in change in net assets - general reserves, arising from postretirement benefits plan but not yet included in net periodic benefits costs (i.e., accumulated other comprehensive income)		
Prior service cost (credit)	179,000	(872,900)
Net actuarial (gain) loss	(2,135,800)	3,030,000
	(1,956,800)	2,157,100
Asset (Liability) recognized in net assets	\$ 6,834,606	\$ 10,971,567
Estimated future benefit payments		
2022 (2023) payouts	\$ 1,443,000	\$ 1,530,000
2023 (2024) payouts	\$ 1,340,000	\$ 1,458,000
2024 (2025) payouts	\$ 1,324,000	\$ 1,453,000
2025 (2026) payouts	\$ 1,331,000	\$ 1,483,000
2026 (2027) payouts	\$ 1,285,000	\$ 1,502,000
2027 (2028) payouts to 2032 (2033)	\$ 5,386,000	\$ 6,527,000
Expected fiscal year 2022 (2023) contributions	\$ 1,442,800	\$ 1,530,400

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 4, Accrued Postretirement Benefits (continued)

	<u>2022</u>	<u>2021</u>
Components of net periodic benefit costs and postretirement benefits paid		
Service costs	\$ 235,000	\$ 293,800
Interest costs	499,100	468,200
Amortization of:		
Prior service cost (credit)	(1,051,900)	(1,761,600)
Net loss (gain)	<u>349,100</u>	<u>875,100</u>
 Total expenses (income)	 <u>31,300</u>	 <u>(124,500)</u>
 Actual benefits paid	 (2,184,000)	 (1,804,400)
Plan participant contributions	<u>252,100</u>	<u>140,400</u>
 Net contributions	 <u>(1,931,900)</u>	 <u>(1,664,000)</u>
 Total expenses (income) reported	 <u>\$ (1,900,600)</u>	 <u>\$ (1,788,500)</u>
 Other changes in plan assets and benefit obligations recognized in other changes in net assets without donor restrictions (i.e., other comprehensive income)		
Net actuarial loss (gain)	\$ (4,816,700)	\$ (1,301,100)
Prior service cost (credit)	-	-
Amortization of:		
Prior service (cost) credit	1,051,900	1,761,600
Actuarial (loss) gain	<u>(349,100)</u>	<u>(875,100)</u>
 Total other net (gain) loss	 <u>\$ (4,113,900)</u>	 <u>\$ (414,600)</u>
 Weighted average assumptions for benefit obligation at end of year		
Discount rate	4.94%	2.58%
Health care trend rates		
Trend for next year	7.29%	7.00%
Ultimate trend	4.50%	4.50%
Year ultimate trend reached	2032	2031
Measurement date	January 1, 2023	January 1, 2022
 Weighted average assumptions for benefit costs at beginning of year		
Discount rate	2.58%	2.18%
Health care trend rates		
Trend for next year	7.00%	7.11%
Ultimate trend	4.50%	4.50%
Year ultimate trend reached	2031	2028

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan

Note Disclosures to the Financial Statements
December 31, 2022 and 2021

Note 5, Investments

The Plan invests in high grade US government securities, corporate equity securities and bonds through funds traded by United Methodist organizations and other professional investment managers. The Plan's objective is to preserve principal while obtaining maximum earnings with investments that are appropriate under the United Methodist Social Principles. The expected long-term rate of return is from 5% to 7%. Overall, the Plan's investments are allocated using a 70/30 strategy. Approximately 70% of the investment portfolio is invested in equity positions and 30% is invested in fixed income positions. These positions are rebalanced on a quarterly basis. The nature of these investments is subject to market risk.

Investment income or losses from these investments for the years ended December 31, 2022 and 2021 consist of realized and unrealized gains or losses. Investment fees and other investment activities expenses are netted within the investment income. These expenses are not material to these financial statements.

Investments and their activities for the year ended December 31, 2022, are as follows:

	<u>Invested</u>	<u>Appreciation (Depreciation)</u>
Investment accounts		
Group health reserve	\$ 9,336,728	\$ (1,809,077)
Retiree medical fund	22,881,406	(5,037,561)
Rate stabilization reserve	-	(886,329)
	<u> </u>	<u> </u>
Total	<u>\$ 32,218,134</u>	<u>\$ (7,732,967)</u>

Investments and their activities for the year ended December 31, 2021, are as follows:

	<u>Invested</u>	<u>Appreciation (Depreciation)</u>
Investment accounts		
Group health reserve	\$ 9,754,905	\$ 1,204,721
Retiree medical fund	28,918,967	3,931,892
Rate stabilization reserve	5,127,229	337,858
	<u> </u>	<u> </u>
Total	<u>\$ 43,801,101</u>	<u>\$ 5,474,471</u>

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 5, Investments (continued)

The composition and fair value hierarchy of investments at December 31, 2022 are as follows:

	<u>Level 1</u>	<u>Level 2</u>
Stable value funds	\$ -	\$ -
Fixed income funds	-	8,200,536
Equity funds	<u>1,824,146</u>	<u>22,193,452</u>
Total	<u>\$ 1,824,146</u>	<u>\$ 30,393,988</u>

The composition and fair value hierarchy of investments at December 31, 2021 are as follows:

	<u>Level 1</u>	<u>Level 2</u>
Stable value funds	\$ -	\$ -
Fixed income funds	-	11,573,147
Equity funds	<u>2,230,317</u>	<u>29,997,637</u>
Total	<u>\$ 2,230,317</u>	<u>\$ 41,570,784</u>

Fair value hierarchy is used to disclose the inputs to fair value measurement. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Transfers between levels in the fair value hierarchy are recognized at the end of the reporting period. Stable value, fixed income and equity funds that are Level 1 inputs are based upon quoted prices in active markets for identical assets. Fixed income and equity funds that are level 2 inputs are based upon significant other observable inputs for similar assets in active markets.

Wespath Benefits and Investments, formerly known as the General Board of Pensions of the United Methodist Church funds, represent 95% of the Plan's assets, and they are the majority of the Plan's level 2 investments. Wespath funds are measured using net asset value ("NAV") per share, or its equivalent, which is based upon an active market with daily pricing for these funds, that may be redeemed at the NAV at the date of the yearend financial statement or in the near term, which is generally considered to be within 90 days.

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 6, Related Party Transactions

As separate agencies of the Conference, the Plan and the Board of Pensions (“Pensions”) occupy office space owned by the Conference. Facility expenses, which are not material to these financial statements, are paid by the Council on Finance and Administration (the “Council”), which is also an agency of the Conference. For the years ended December 31, 2022 and 2021, expenses paid by Pensions to the Council for both the Plan’s and Pensions’ employee wages and related benefits amounted to \$628,283 and \$569,097, respectively.

The Plan is responsible for receiving the apportionments and benefit plan collections from churches and Conference agencies. The Council administers these funds to the Plan one month in arrears. Apportionments receivable at December 31, 2022 and 2021, include amounts due from the Council totaling \$122,612 and \$268,215, respectively.

Effective January 1, 2018, a new funding contribution for post retiree medical plans is mandatory for all UMC conferences. As a result, the retiree medical plan is in a fully funded status for the years 2021 and 2022.

In 2020, Pensions provided temporary funding of \$250,000 to the Plan to assist with yearend benefit claims. In 2021, the Plan transferred \$250,000 back to Pensions.

Note 7, Liquidity and Availability of Financial Assets

The Plan’s financial assets are assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: assets less board-designated cash and investments, and other similar current assets, as applicable.

As part of the Plan’s liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Plan maintains general reserves in its unrestricted general net assets which consists of prior years’ net excess revenues (net operating surplus).
- The Plan maintains other board-designated funds that may be redirected and drawn upon in the event of an unanticipated need.

At December 31, the Plan’s financial assets are quantified as follows:

	2022	2021
Assets	\$ 33,038,335	\$ 44,483,442
Less: those unavailable for general expenditures		
Retiree medical fund	(22,881,406)	(28,918,967)
Financial assets available to meet cash needs for general expenditures with	\$ 10,156,929	\$ 15,564,475

Texas Annual Conference of the United Methodist Church
Group Health Benefits Plan
 Note Disclosures to the Financial Statements
 December 31, 2022 and 2021

Note 8, Other Revenues

Other revenues for the years ended December 31 are as follows:

	2022	2021
Incapacity	\$ 104,675	\$ 89,884
Dental and vision receipts	310,819	303,821
Insurance refunds	76,762	98,704
Total other revenues	\$ 492,256	\$ 492,409

Note 9, Subsequent Events

The Plan has evaluated subsequent events through the date of the independent auditor's report on page two, which is the date the financial statements were available to be issued.

See Note 1 for disclosure of the impact of the disaffiliation of certain member churches.



May 10, 2023

To the Chair of the Group Health Benefits Plan,
Texas Annual Conference of the United Methodist Church

We have audited the financial statements of the Group Health Benefits Plan of the Texas Annual Conference (the “Organization”) for the year ended December 31, 2022, and have issued our report thereon dated May 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 11, 2023. Professional standards also require that we communicate to you the following significant findings and conclusions related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the Note 2 disclosure to the financial statements. No significant new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was the postretirement benefits liability, which was based on the information from the actuarial report. We evaluated the key factors and assumptions in the actuarial report used to develop the estimated liability in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

Another sensitive disclosures affecting the financial statements is the accrued postretirement benefits note disclosure, which was based on the information from the actuarial report.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was no misstatement detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the separate management representation letter dated May 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the individuals and body charged with governance and management of the Group Health Benefits Plan and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ratliff & Associates, P.C.

Ratliff & Associates, P.C.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Houston, Texas

Financial Statements Together With
Independent Auditor's Report

December 31, 2022



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Financial Statements
December 31, 2022

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1 - 3
Statement of Assets, Liabilities, and Net Assets – Modified Cash Basis	4
Statement of Cash Receipts, Disbursements, and Changes in Net Assets – Modified Cash Basis	5
Statement of Functional Expenses – Modified Cash Basis	6
Note Disclosures to the Financial Statements	7 - 18
Supplementary information:	
Statement of Cash Receipts and Disbursements – Donor-restricted Funds	19



Independent Auditor's Report

To the Council on Finance and Administration,
Texas Annual Conference of the United Methodist Church

Opinion

We have audited the accompanying financial statements of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church (the "Council"), a Texas nonprofit organization, which comprise the statement of assets, liabilities, and net assets – modified cash basis as of December 31, 2022, and the related statement of cash receipts, disbursements, and changes in net assets – modified cash basis, and the statement of functional expenses – modified cash basis, for the year 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 assets, liabilities, and net assets of the Council as of December 31, 2022, and its receipts and disbursements for the year then ended in accordance with the modified cash basis of accounting as described in Note 2.

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 Council 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Disaffiliation of Certain Member Churches

As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

Independent Auditor's Report (continued)

Page 2

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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.

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 Council'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 Council'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.

Independent Auditor's Report (continued)

Page 3

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, 2022 Statement of Cash Receipts and Disbursements – Donor-restricted Funds, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Ratzliff & Associates, P.C.

May 10, 2023

Texas Annual Conference of the United Methodist Church
Council on Finance and Administration
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2022

	2022
Assets	
Current assets	
Cash and cash equivalents	\$ 2,071,696
Receivables - affiliates	1,945,726
Short-term investments	27,337,633
Total current assets	31,355,055
Noncurrent assets	
Long-term investments	11,103,247
Total Assets	\$ 42,458,302
Liabilities & Net Assets	
Current liabilities	
Accounts payable - affiliates	\$ 1,437,963
Net assets	
Without donor restrictions	29,917,092
With donor restrictions	11,103,247
Total net assets	41,020,339
Total Liabilities & Net Assets	\$ 42,458,302

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Council on Finance and Administration

Statement of Cash Receipts, Disbursements and Changes in Net Assets - Modified Cash Basis
For the Year Ended December 31, 2022

	2022
Changes in net assets without donor restrictions	
Receipts without donor restrictions	
Apportionment receipts	\$ 16,880,996
Other receipts	2,146,871
Transfer receipts	713,198
Rental receipts	285,709
Property sales	13,637,668
Unrestricted investment income (loss), net	(2,371,202)
Total receipts without donor restrictions	31,293,240
Net assets released from restrictions	
Satisfaction of program restrictions	272,359
Total receipts	31,565,599
Disbursements	
Program activities	22,250,601
Support services	220,254
Total disbursements	22,470,855
Change in net assets without donor restrictions	9,094,744
Changes in net assets with donor restrictions	
Contributions restricted for programs and endowments	705,866
Donor-restricted investment income (loss), net	(1,999,402)
Transfers in, net	-
Net assets released from restriction	(272,359)
Change in net assets with donor restrictions	(1,565,895)
Change in total net assets	7,528,849
Net assets at beginning of year	33,491,490
Net assets at end of year	\$ 41,020,339

The accompanying note disclosures are an integral part of these financial statements.

Texas Annual Conference of the United Methodist Church
Council on Finance and Administration
Statement of Functional Expenses - Modified Cash Basis

For the year ended December 31, 2022

	Program activities	General and administrative	Total expenses
Donations	\$ 13,341,310	\$ -	\$ 13,341,310
Compensation	4,207,152	94,823	4,301,975
Employee benefits	973,229	-	973,229
Travel/meals/entertainment	128,973	119,547	248,520
Meetings/conferences	404,358	-	404,358
Office and property expenses	1,074,429	-	1,074,429
Contract labor	41,650	-	41,650
Disaster relief	132,844	-	132,844
Conference benefits program	957,206	-	957,206
Other	989,450	5,884	995,334
	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 22,250,601</u>	<u>\$ 220,254</u>	<u>\$ 22,470,855</u>

The accompanying note disclosures are an integral part of these financial statements.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 1, Nature of the Organization

The Texas Annual Conference (the “Conference”) is the fundamental body of the United Methodist Church. The purpose of the Annual Council is to make disciples for Jesus Christ by equipping its local churches for ministry and by providing a connection for ministry beyond the local church. The Council on Finance and Administration (the “Council”) is an agency of the Conference. The purpose of the Council is to develop, maintain and administer a comprehensive and coordinated plan of fiscal and administrative policies, procedures and management services for the Conference. The Council recommends to the Conference the methods or formulae by which the approved budgeted amounts for support of clergy, administration, ministries, missions, jurisdictional, and the general church are to be apportioned to the churches.

The responsibilities of the Council include the following:

1. Recommend the Conference budget and apportionment formulas;
2. Develop policies governing the investment of Conference funds;
3. Recommend budgetary transfers and changes;
4. Recommend conditions and maximum amounts of borrowings;
5. Supervise the Conference treasurer;
6. Designate depositories;
7. Engage a certified public accountant to audit the accounts of the Conference treasurer within 120 days of yearend; and
8. Provide for fidelity bonding of the Conference treasurer.

The Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022 or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. Active participants in CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference’s assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023.

Note 2, Summary of Significant Accounting Policies

The following is a summary of the Council’s significant accounting policies consistently applied in the preparation of the accompanying financial statements:

Basis of accounting: The financial statements of the Council have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles. Revenues are recognized when received rather than when earned; expenses are recognized when paid rather than when the obligation is incurred.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 2, Summary of Significant Accounting Policies (continued)

Basis of accounting (continued): The cash basis is modified for affiliate receivables and payables, payroll withholdings accruals and notes payable. The Council holds its yearend books open until Church reporting day. Apportionments and receipts which Churches within the Council remit to the Council to close their fiscal year and which are received in January are recorded as accounts receivable - affiliates. Amounts distributed by the Council to other agencies and Conferences based on the fiscal budget are reflected as accounts payables – affiliates. The cash basis is modified to reflect gains and losses.

Net assets without donor restrictions: The Council further disaggregates net assets without donor restriction into two subcategories:

- General unrestricted: Net assets that are neither subject to donor-imposed restrictions or self-imposed limits are general unrestricted.
- Internally designated: Net assets that are subject to the Council's self-imposed limits by action of the governing board or its delegates are internally designated. These voluntary limitations allow the Council to earmark net assets for a variety of needs that may arise. Such limits may also be lifted at any time in the future by resolution of the board or its delegates.

Net assets with donor restriction: The Council further disaggregates net assets with donor restriction into two subcategories:

- Temporarily restricted: The Council reports gifts of cash and other assets as with temporary donor restriction if they are received with donor stipulations temporarily limiting the use of the contributions and if the restrictions are not met in the period of receipt.
- Permanently restricted: The Council reports gifts of cash and other assets as with permanent donor restriction if they are received with donor stipulations permanently restricting the contribution to investment but permitting the Council to use part or all of the income derived from the investment for general or restricted purposes.

The Council operates under the Texas Uniform Prudent Management of Institutional Funds Act (TUPMIFA) which requires preservation of the fair value of the original gift as of the gift date for donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Council classifies as net assets with restrictions all gifts restricted by the donor for endowment investments in accordance with the direction of the applicable donor gift instrument. See the endowment investments note disclosure.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 2, Summary of Significant Accounting Policies (continued)

Programs: The Council pursues its mission through the execution of the following programs activities:

Monitoring activity: Management of Conference activity by the following Centers:

- Center for Congregational Excellence
- Center for New Faith Communities
- Center for Clergy Excellence
- Assistant to the Bishop
- Center for Connectional Resources

Ministry activity: Providing resources to individuals, churches, other conferences and global organizations.

General and administrative support: General activities provide administrative support to the above program activities.

Revenue recognition: Revenues of the Council are primarily derived from contributions and apportionments from the Council's members and supporters. A portion of the Council's revenues is tied to the local economy. Apportionments are considered internally designated to programs to which they are budgeted using fund accounting. All contributions are considered available for the Council's general programs unless specifically restricted by the donor.

Amounts received, including investment gains/losses, that are donor restricted by time or purposes are reported as increases in net asset with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of cash receipts, disbursements and changes in net assets – modified cash basis, as net assets released from restriction. However, contributions received with restrictions that are met in the same reporting period are reported as increases in net assets without restrictions. Investment income that is limited to specific uses by donor restrictions is also reported as increases in net assets without restrictions if the restrictions are met in the same reporting period as the income is recognized.

Concentration of receipts: The Council's receipts come primarily from apportionments from churches and members of the Texas Annual Conference. A portion of these receipts is dependent upon the local, national, and international economy.

Fund accounting: To ensure observance of the allocations and restrictions placed on funds received, the accounts of the Council are maintained in accordance with the principles of fund accounting. Accordingly, resources collected, invested and ultimately disbursed are classified for accounting and reporting purposes into separate funds, established according to the various boards and agencies of the Council. See the Supplementary Information included at the end of this report, as well as the Net Assets note disclosure.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 2, Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Council considers all short-term investments with an original maturity of three months or less to be cash equivalents, unless they are held for the endowment, in which case they are reported with investments. Financial instruments that potentially subject the Council to credit risk include cash on deposit with a financial institution exceeding \$250,000 at various times during the year. The U.S. Federal Deposit Insurance Corporation insures amounts for up to \$250,000. The Council has directed the bank to sweep excess deposits into overnight Treasury Bills to mitigate this risk.

Investments: All investments are measured at fair value based upon the exit price model. The underlying investments are in fixed income, equities, energy, real estate and TMF Methodist loan funds and are subject to market risk. Dividends, interest, realized and unrealized gains and losses are included in other income on the statement of cash receipts, disbursement, and changes in net assets - modified cash basis as part of the change in unrestricted net assets unless the use of the assets received is limited by donor-imposed restriction. Investments fees and other investment activities expenses are netted within the investment income. These expenses are not material to these financial statements. See investments details in the Investments note disclosure.

Fair value measurement: Fair value hierarchy is used to disclose the inputs to fair value measurement for investments. This hierarchy prioritizes the inputs into three broad levels. A financial asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement. Fixed income, equity investments and energy are Level 1 inputs, which are based upon quoted prices in active markets for identical assets. Wespath, Vanguard, TMF Methodist loan funds and TMF Balanced funds are Level 2 inputs, which are based upon significant other observable inputs. Real estate funds are Level 3 inputs, which are based upon unobservable inputs. The current year balance and change in Level 3 investments is not material to these financial statements.

Compensated absences: Employees of the Council are entitled to paid vacation and sick leave depending upon the length of service and other factors. In accordance with the modified cash basis of accounting, no accrual is recorded for future absences, and it is impracticable to estimate. The Council's policy is to recognize the cost of compensated absences when paid to employees.

Allocation of expenses by function and nature: The costs of providing the various programs and other activities have been allocated and summarized on a functional basis in the statement of cash receipts, disbursements and changes in net assets – modified cash basis, and on both a functional and natural bases in the statement of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among the program and supporting services, as well as the natural categories, benefited.

Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates included in the financial statements are the estimated allocation of certain payroll and facility expenses to the functional areas. The allocation of payroll and facility expenses is, respectively, based on management's estimate of staff time and roles and facility space and usage.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 2, Summary of Significant Accounting Policies (continued)

Income tax status: The Conference is a nonprofit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation, except on net income derived from unrelated business activities. For the year ended December 31, 2022, the Council has not conducted unrelated business activities that are material to the financial statements taken as a whole. Accordingly, no provision for income taxes is included in the financial statements. The Council believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Going concern considerations: The Conference analyzes the effect that current and future events, both internal and external, may have on operations so that Conference may continue as a going concern (i.e., a viable organization). See Note 1 for disclosure of the impact of the disaffiliation of certain member churches. As of the date of this report, management believes this matter does not threaten the ongoing operations of the Conference for at least one year from the date of the report on page three. However, if conditions change during the following year, the Council may adjust certain activities or the general operational budget, as needed. See also the Liquidity disclosure for additional cash management strategies.

Note 3, Related Party Transactions

As separate agencies of the Conference, the Board of Pensions (“Pensions”) and Group Health Benefits Plan (“Group Health”) occupy office space owned by the Conference. All facility expenses are paid by the Council. For the year ended December 31, 2022, expenses paid by Pensions to the Council for both Pensions’ and Group Health’s employee wages and related benefits amounted to approximately \$628,283.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 4, Investments

Total investments at December 31, 2022 and investment activities for the year ended are as follows:

	<u>2022</u>
Short-term investments	\$ 27,337,633
Long-term investments	<u>11,103,247</u>
Total investments	<u>\$ 38,440,880</u>
Unrestricted investment income (loss), net	\$ (2,371,202)
Donor-restricted investment income (loss), net	<u>(1,999,402)</u>
Total investment income (loss)	<u>\$ (4,370,604)</u>

Total investments are composed of the following:

Cash	\$ -
Short-term money market	35,615
Fixed income	30,355
Equity securities	19,082,616
TMF Balanced Funds	9,711,306
TMF Methodist Loan Funds	<u>9,580,988</u>
Total	<u>\$ 38,440,880</u>

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 5, Net Assets Without Donor Restrictions – Internally Designated

Unrestricted internally designated net asset funds at December 31, 2022 are as follows:

	2022
Assistant to the Bishop	
Human Trafficking Receipts	\$ 76,754
Disaster Relief	293,082
TAC Mission Advance Special	605
Bishop Transition	8,080
Peace w/ Justice Funds	6,515
Lakeview Scholarships	106,557
Golden Cross Funds	28,749
Golden Care Funds	26,467
SJC Quadrennial Conference	14,554
HMH Community Health Grant	82,278
WLAGC PEF Moody Grant	154,509
WLAGC Conference Advance	32,574
WLAGC Sanctuaries of Learning	760
WLAGC Imagination Libraries	1,330
WLAGC Other	2,100
Bethany (Urban)	3,837,911
Center for Leadership Formation	
Campus Ministries / Moody PEF Grant	126
Campus Ministries (Bolsivar / Fiesta proceeds)	626,586
College Internships (Wilson proceeds)	(339)
Ministerial Education	244,114
Advancing Pastoral Leadership	4,329
Cuban Pastor Grant	3,619
Ambassadors Grant	21,063
New Faith Communities	
New Faith Communities	834,114
Property proceeds - Mallileu	578,423
Property proceeds - Beaumont St. Lukes	279,739
Property proceeds - Gears Rd.	60,000
Property proceeds -Lakemont	1,375,287
Bethany (Urban)	3,337,911

(continued)

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 5, Net Assets Without Donor Restrictions – Internally Designated (continued)

	<u>2022</u>
Center for Congregational Excellence	
Congregational Revitalization / Transformation	413,146
Native American Awareness	1,716
Small Church Ministry	1,972
Youth Ministry Funds	18,862
Youth Service Fund	105
AACI Property proceeds Gears Rd.	1,350,616
Hispanic Ministry (Bethany sale)	500,000
South District NFC	500,000
Center for Connectional Resources	
Trustees Properties / Royalties Fund	3,254,300
Sustentation Fund	488,553
Conference Litigation Fund	50,000
Conference Center Capital Reserves Fund	6,480
TAC Clergy Spouses	2,578
Disaffiliation Apportionments	1,181,860
Episcopal Office	
Early Apportionment Total	9,075
Episcopal Connectional Fund	60,741
Episcopal Delegate Fund	<u>10,000</u>
Total unrestricted internally designated net assets	<u>\$ 19,887,801</u>

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 6, Net Assets With Donor Restrictions – Temporarily Restricted

Temporarily restricted net assets represent donor-restricted contributions which are purpose or time restricted. Balances as of December 31, 2022 are as follows:

	<u>2022</u>
Houston International Seafarer Endowment	\$ 21,423
Ministry Fundraiser - Whitney	-
Advancing Pastoral Leadership	-
TAC Archives Building Fund	4,412
Scholarship Funds	400,710
Clergy Scholarships	66,100
Clergy Spouses	34,095
Emerging Leaders Operating Fund	199,557
Ambassadors' Fund	-
Retired Ministers' Retreat Fund	<u>12,777</u>
	<u>\$ 739,074</u>

Note 7, Net Assets With Donor Restrictions – Permanently Restricted

Permanently restricted net assets represent donor-restricted contributions which are to be maintained in perpetuity. Balances as of December 31, 2022 are as follows:

	<u>2022</u>
Missions Endowment	\$ 1,104,992
Lunday Mem'l Endowment Wesley Foundations	33,642
Cemetery Permanent Care Fund	30,355
TX Meth Fn Emerging Leaders	<u>9,195,184</u>
	<u>\$ 10,364,173</u>

Note 8, Pension Plans

The Council provides pension plans to its employees. Wespath Benefits & Investments is the trustee for the plans and oversees investments and investment policy. Individual participant accounts and pensions funding obligations are maintained by the General Board. The Council's contributions under such plans was \$105,514 for the year ended December 31, 2022.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 9, Endowment Investments

Endowment investments balances and activities by net asset classification are as follows:

	Net assets without donor restriction	Net assets with donor restriction		Total fair value
		Temporarily restricted	Permanently restricted	
Investment, December 31, 2021	\$ -	\$ 1,030,060	\$ 11,639,082	\$ 12,669,142
Contributions	-	24,640	681,226	705,866
Investment return, net	-	(99,267)	(1,900,135)	(1,999,402)
Appropriated for expenditure	-	(216,359)	(56,000)	(272,359)
Transfers	-	-	-	-
Investment, December 31, 2022	<u>\$ -</u>	<u>\$ 739,074</u>	<u>\$ 10,364,173</u>	<u>\$ 11,103,247</u>

Interpretation of relevant law: The Conference operates under the Uniform Prudent Management of Institutional funds Act of the State of Texas (TUPMIFA). This Act eliminates the historic dollar value limitation imposed by the previous law, thereby increasing the Council's ability to apply a total-return spending rate to its funds. The historic dollar value limitation is replaced with a new standard of prudence. The Council may apply its spending rate if it is determined to be the prudent course of action, even though application of the spending rate may cause the value of the fund to fall below the value of the original gift.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 9, Endowment Investments (continued)

Return objectives and risk parameters: The Council 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 assets. Endowment assets include those assets of donor-restricted funds that the Council must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Council, endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of a benchmark consisting of the S&P 500 and the Barclay's Capital Aggregate Bond Index, or other recognized market indexes, while assuming moderate level of investment risk. The Council expects its endowment funds, over time, to provide an average rate of return of approximately 2% annually. Actual returns in any given year may vary from this amount.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Council 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 Council's net assets are invested in a diversified asset allocation consisting of equity-based investments, fixed income-based investments, and alternative assets. Allocations may be adjusted as market conditions warrant, within the parameters of the Council's Investment Policy Statement, as amended from time to time.

Spending policy and how the investment objectives relate to the spending policy: The Council has adopted a distribution policy consistent with TUPMIFA. In establishing this policy, the Council considered the long-term expected return on its endowment. Accordingly, over the long term, the Council expects the current spending policy to allow its endowment to grow at a rate that is greater than that of inflation. This is consistent with the Council's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Council has the right to recommend against expenditure of earnings or gains in any given year due to factors such as financial market conditions or poor investment performance.

Permanently restricted net assets represent funds to be invested in perpetuity subject to the Council policy and interpretation of TUPMIFA, and the income from endowment investments may be spent in accordance with the donor's restriction, if any.

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or TUPMIFA requires the Council to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are determined on an individual account basis. The Council recorded no material fund deficiencies in net assets at December 31, 2022.

**Texas Annual Conference
of the United Methodist Church
Council on Finance and Administration**
Note Disclosures to the Financial Statements
December 31, 2022

Note 10, Liquidity and Availability of Financial Assets

The Council's financial assets are current assets available for general expenditure within one year of the statement date. Financial assets are calculated as follows: current assets less donor-restricted, board-designated and/or contractually-obligated cash and investments, inventory and other current assets, as applicable.

As part of the Council's liquidity management, it has a strategy to structure its financial assets to be available as general expenditures, liabilities and other obligations come due. The significant qualities of this strategy are as follows:

- The Council invests cash in excess of daily requirements in short-term investments such as interest-bearing savings accounts or money market funds.
- The Council considers a portion of prior years' excess revenues (operating surplus) as an informal operating reserve fund.
- The Council maintains other unrestricted funds that may be redirected and drawn upon in the event of an unanticipated need.

The Council's financial assets are quantified as follows:

	2022
Current assets	\$ 31,355,055
Less:	
Internally designated net asset funds	(19,887,801)
Contractual or other requirements	-
Financial assets available for general expenditures within one year	\$ 11,467,254

Note 11, Subsequent Events

The Council has evaluated subsequent events through the date of the Independent Auditor's Report on page three, which is the date the financial statements were available to be issued.

See Note 1 for disclosure of the impact of the disaffiliation of certain member churches.

The Texas Annual Conference is an indirect party to a lawsuit involving the United Methodist Church and the Boy Scouts of America. The Council anticipates a settlement of approximately \$1 million to be paid by the Conference in 2023 from the fund reserves of the Council.

Texas Annual Conference of the United Methodist Church
Council on Finance and Administration
Statement of Cash Receipts and Disbursements - Donor-restricted Funds
For the Year Ended December 31, 2022

	Beginning Balance	Receipts	Grants and Other Income/Loss	Transfers from Other Funds	Transfers to Other Funds	Disbursements	Year End Transfers	Ending Balance
Houston International Seafarer Endowment	\$ 21,250	\$ -	\$ 173	\$ -	\$ -	\$ -	\$ -	\$ 21,423
Ministry Fundraiser - Whitney	-	-	-	-	-	-	-	-
Advancing Pastoral Leadership	116,052	-	83	-	-	(116,135)	-	-
TAC Archives Building Fund	3,304	2,100	20	-	-	(1,012)	-	4,412
Scholarship Funds	521,018	-	(84,201)	-	-	(36,107)	-	400,710
Clergy Scholarships	86,328	-	(13,950)	-	-	(6,278)	-	66,100
Clergy Spouses	37,620	15,568	(3,080)	-	-	(16,013)	-	34,095
Emerging Leaders Operating Fund	197,948	-	1,609	-	-	-	-	199,557
Ambassadors' Fund	37,964	-	31	-	-	(37,995)	-	-
Retired Ministers' Retreat Fund	8,576	6,972	48	-	-	(2,819)	-	12,777
Total Temporarily Restricted	<u>1,030,060</u>	<u>24,640</u>	<u>(99,267)</u>	<u>-</u>	<u>-</u>	<u>(216,359)</u>	<u>-</u>	<u>739,074</u>
Missions Endowment	1,413,060	-	(252,068)	-	-	(56,000)	-	1,104,992
Lunday Mem'l Endowment Wesley Foundations	40,149	-	(6,507)	-	-	-	-	33,642
Cemetery Permanent Care Fund	34,972	-	(4,617)	-	-	-	-	30,355
TX Meth Fn Emerging Leaders	10,150,901	681,226	(1,636,943)	-	-	-	-	9,195,184
Emerging Leaders Permanent Endowment	-	-	-	-	-	-	-	-
Other TAC Endowment	-	-	-	-	-	-	-	-
Rudy Williams Emerging Leaders Endowment	-	-	-	-	-	-	-	-
Total Permanently Restricted	<u>11,639,082</u>	<u>681,226</u>	<u>(1,900,135)</u>	<u>-</u>	<u>-</u>	<u>(56,000)</u>	<u>-</u>	<u>10,364,173</u>
Totals	<u>\$ 12,669,142</u>	<u>\$ 705,866</u>	<u>\$ (1,999,402)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (272,359)</u>	<u>\$ -</u>	<u>\$ 11,103,247</u>



May 10, 2023

To the Council on Finance and Administration
Texas Annual Conference

We have audited the financial statements of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church (the “Organization”) for the year ended December 31, 2022, and have issued our report thereon dated May 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 11, 2023. Professional standards also require that we communicate to you the following significant findings and conclusions related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organization are described in the Note 2 disclosure to the financial statements.

No new accounting policies were adopted and the application of existing policies was not changed during the year audited. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. In our opinion, there is no sensitive estimate affecting the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential

\$126,000 lower connectional mission giving receipts. Active participants in the CRSP pension plan declined from 457 individuals in 2022 to 263 in 2023. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was no misstatement detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the separate management representation letter dated May 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Supplementary Information

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the modified cash basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of individual or body charged with governance and management of the Organization and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ratliff & Associates, P.C.

Ratliff & Associates, P.C.

**Texas Annual Conference
Of the United Methodist Church
Episcopal Office Account
Houston, Texas**

Statements of Cash Receipts and Disbursements

December 31, 2022 and 2021



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Texas Annual Conference of the United Methodist Church
Episcopal Office Account
Financial Statements
December 31, 2022 and 2021

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
Statements of Cash Receipts and Disbursements	3
Notes to Statements of Cash Receipts and Disbursements	4 - 5



Independent Auditor's Report

To the Episcopal Office,
Texas Annual Conference of the United Methodist Church

Opinion

We have audited the accompanying statements of cash receipts and disbursements of the Episcopal Office of the Texas Annual Conference of the United Methodist Church, a Texas not-for-profit corporation, for the years ended December 31, 2022 and 2021, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash receipts and disbursements of the Episcopal Office of the Texas Annual Conference of the United Methodist Church as of December 31, 2022 and 2021, in accordance with the cash basis of accounting described in Note 2.

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 Episcopal Office 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.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

2021 Restatement

The Episcopal Office incorrectly reported a beginning and ending cash balance on its previously issued statement of cash receipts and disbursements. The Episcopal Office utilizes all funds received for annual operations. None of the Episcopal Office funds are used for property and equipment purchases. At the end of each year, any funding excess (or deficit) is transferred to (or from) the general fund of the Texas Annual Conference. The 2021 statement has been adjusted to remove the beginning and ending cash balance previously report. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2. This includes determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible 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.

Independent Auditor's Report (continued)

Page 2

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management should evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Episcopal Office'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 the cash basis of accounting 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.

In performing an audit in accordance with the cash basis of accounting, 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 Episcopal Office'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 Episcopal Office'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.

Razdiff & Associates, P.C.

May 10, 2023

Texas Annual Conference of the United Methodist Church
Episcopal Office Account

Statements of Cash Receipts and Disbursements

For the Years Ended December 31, 2022 and 2021

	2022	2021
Cash Receipts		
Allocation from Episcopal Fund	\$ 75,470	\$ 75,470
Apportionment allocation from Texas Annual Conference	60,383	42,992
Other receipts	-	5,000
	135,853	123,462
Cash Disbursements		
Staff salary and benefits	73,836	76,068
Occupancy expense	14,901	13,825
Connectional activities - meals and travel	3,472	15,184
Office supplies	685	1,519
Internet and telephone	1,011	1,959
Professional fees	1,500	1,500
	95,405	110,055
Excess (Deficit)	\$ 40,448	\$ 13,407

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

Texas Annual Conference of the United Methodist Church
Episcopal Office Account

Notes to Statements of Cash Receipts and Disbursements
December 31, 2022 and 2021

Note 1, Nature of Organization

The Texas Annual Conference (the “Conference”) is the fundamental body of the United Methodist Church. The purpose of the Conference is to make disciples for Jesus Christ by equipping its local churches for ministry and by providing a connection for ministry beyond the local church. The Episcopal Office Account (the “Office”) is an agency of the Conference whereby the functions of the Conference bishop are administered.

The Finance Division of the Conference maintains the accounting records of the Office. Revenues of the Office are primarily derived from apportionments from the Office’s members and supporters. A portion of the Office’s revenues is tied to the local economy. Apportionments are considered internally designated without donor restriction to programs to which they are budgeted using fund accounting.

The Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. The Conference remains a going concern and will utilize its reserve funds as needed in the short term. The Conference’s assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023.

Note 2, Summary of Significant Accounting Policies

A summary of the Office’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of accounting: The financial statements of the Office are presented on the cash basis of accounting, which is a comprehensive basis of accounting other than U. S. generally accepted accounting principles. Under this basis, the only asset recognized is cash, unless it is zero, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements. Noncash transactions are not recognized in the financial statements. The financial statements are a summary of the cash activities of the Office. All receipts are without donor restriction and all disbursements are program expenses.

Income tax status: The Conference is a not-for-profit organization that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code as other than a private foundation. The Office carries on no activities which would create unrelated business income tax. Management has determined that there are no uncertain tax positions or associated unrecognized benefits that materially impact the financial statements or related disclosures.

Liquidity management: As part of the Office’s liquidity management, it has a strategy to structure its financial assets through the Finance Office to be available as general expenditures, liabilities and other obligations come due.

Texas Annual Conference of the United Methodist Church
Episcopal Office Account

Notes to Statements of Cash Receipts and Disbursements
December 31, 2022 and 2021

Note 3, 2021 Restatement

The Episcopal Office incorrectly reported a beginning and ending cash balance on its previously issued statement of cash receipts and disbursements. The Episcopal Office utilizes all funds received for annual operations. None of the Episcopal Office funds are used for property and equipment purchases. At the end of each year, any funding excess (or deficit) is transferred to (or from) the general fund of the Texas Annual Conference. The 2021 statement has been adjusted to remove the beginning and ending cash balance previously report.

Note 4, Retirement Plan

The District sponsors a pension plan offered and administered by Wespath Benefits & Investments. Qualifying lay employees may enroll in a plan of their choice into which the District contributes 8% of the employee's salary. The District's contribution under the plan was \$4,560 and \$6,794 for the years ended December 31, 2022 and 2021, respectively.

Note 5, Subsequent Events

Management has evaluated subsequent events through the date of the independent auditor's report on page two, which is the date that the financial statements were available to be issued.



May 10, 2023

To the Episcopal Office,
Texas Annual Conference of the United Methodist Church

We have audited the financial statements of the Episcopal Office of the Texas Annual Conference (the “Office”) for the year ended December 31, 2022, and have issued our report thereon dated May 10, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2023. Professional standards also require that we communicate to you the following significant findings and conclusions related to our audit.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Office are described in the Note 2 disclosure to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Office during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. In our opinion, there is no sensitive estimate affecting the financial statements. We evaluated the key factors and assumptions used to develop estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. As explained in disclosure Note 1 of this report, the Conference continues with the process for disaffiliation of certain member churches. The Conference had 294 churches disaffiliate in the fall of 2022, or 49.5% of Conference churches. The Conference approved the disaffiliations in a December special annual conference approval vote. These denominational matters have an impact on the future receipts, assets, benefit plans, and overall activities of the Conference with \$4.3 million in lower connectional mission giving receipts. The Conference has also received 20 potential 2023 disaffiliations, with a potential \$126,000 lower connectional mission giving receipts. The Conference remains a going concern

and will utilize its reserve funds as needed in the short term. The Conference's assessment and budget reductions for 2023 and 2024 will be presented to Annual Conference for approval at the end of May 2023. Our opinion is not modified with respect to this matter.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There was no misstatement detected as a result of audit procedures.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the separate management representation letter dated May 10, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Office's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Office's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the individuals and body charged with governance and management of the Episcopal Office and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Ratliff & Associates, P.C.

Ratliff & Associates, P.C.



RATLIFF + ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Accountant's Report

To the Council on Finance and Administration
Texas Annual Conference of the United Methodist Church

We have examined the accompanying Final Disaffiliation Spreadsheet dated November 17, 2022 ("the subject matter," Attachment 1). Management of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church ("the Organization") is responsible for presenting the subject matter in accordance with the criteria set forth in Attachment 2 of the accompanying subject matter. Our responsibility is to express an opinion on the subject matter based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Final Disaffiliation Spreadsheet dated November 17, 2022, is in accordance with the criteria, in all material respects. An examination involves performing procedures to obtain evidence about the subject matter. The nature, timing, and extent of the procedures selected depend on our judgement, including an assessment of the risks of material misstatement of the subject matter, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to the engagement.

In our opinion, the accompanying Final Disaffiliation Spreadsheet dated November 17, 2022, is presented in accordance with the criteria set forth in Attachment 2 of the accompanying subject matter, in all material respects.

This report is intended solely for the information and use of the Council on Finance and Administration of the Texas Annual Conference of the United Methodist Church, and it is not intended to be and should not be used by anyone other than these specified parties or others within the Organization who have adequate understanding of the subject matter examined and the criteria by which it was measured.

Ratloff + Associates, P.C.

April 27, 2023

(Two Attachments)

Attachment 1 (Separately Attached)

- **Subject Matter:**
 - Final Disaffiliation Spreadsheet dated November 17, 2022

Attachment 2 (Below)

Management Assertions & Criteria

Management asserts that the Final Disaffiliation Spreadsheet dated November 17, 2022 and attached here, is presented in accordance with the following criteria set forth either explicitly or implicitly in the Conference's policies and procedures.

2021 Apportionments Owed

- **Management assertion:**
 - For each church listed, the balance of 2021 Apportionments paid or to be paid by 11/28/2022 is accurate and complete.
- **Criteria:**
 - The 2021 balance owed agrees with the Conference's internal records for 2021 apportionment collected.
- **Management assertion:**
 - For each church listed, the balance of 2021 Apportionments paid or to be paid by 11/28/2022 was collected and deposited by the Conference prior to December 31, 2022.
- **Criteria:**
 - The 2021 balance agrees to the Conference's November and/or December 2022 bank deposits and is recorded in the Conference's general ledger.

2022 Apportionments Owed

- **Management assertion:**
 - For each church listed, the balance of 2022 Apportionments paid or to be paid by 11/28/2022 is accurate and complete.
- **Criteria:**
 - The 2022 balance owed agrees with the Conference's internal records for 2022 apportionment collected.
- **Management assertion:**
 - For each church listed, the balance of 2022 Apportionments paid or to be paid by 11/28/2022 was collected and deposited by the Conference prior to December 31, 2022.
- **Criteria:**
 - The 2022 balance agrees to the Conference's November and/or December 2022 bank deposits and is recorded in the Conference's general ledger.

TEXAS ANNUAL CONFERENCE OF THE UNITED METHODIST CHURCH
 FINAL DISAFFILIATION SPREADSHEET
 November 17, 2022

District	City	Church	Disaffiliation Church Conference Date	Voted to Disaffiliate by 2/3 Majority	Total Votes	Votes For Disaffiliation	Votes Against Disaffiliation	"For" Vote %	Disaffiliation Paperwork Completed by 11/14/2022	Recommended by the Board of Trustees on 11/15/2022 (pending apportionment payments received)	Balance of 2021 Apportionments paid or to be paid by 11/28/2022	2022 Total Apportionments paid or to be paid by 11/28/2022	Total Sum paid or to be paid by 11/28/2022	
CENTRAL NORTH														
1	CN	Atascocita	Atascocita	9/25/2022	Yes	324	218	106	67.28%	Yes	Yes	\$ -	\$ 73,207.00	\$ 73,207.00
2	CN	Cleveland	First	7/31/2022	Yes	91	82	9	90.11%	Yes	Yes	\$ 7,240.00	\$ 13,071.00	\$ 20,311.00
3	CN	Coldspring	Coldspring	8/28/2022	Yes	98	86	12	87.76%	Yes	Yes	\$ -	\$ 23,554.00	\$ 23,554.00
4	CN	Coldspring	Mt. Zion	10/12/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ -	\$ 1,037.00	\$ 1,037.00
5	CN	Conroe	First	9/18/2022	Yes	606	463	143	76.40%	Yes	Yes	\$ -	\$ 148,948.00	\$ 148,948.00
6	CN	Conroe	Living Way	8/3/2022	Yes	27	27	0	100.00%	Yes	Yes	\$ 8,584.18	\$ 9,896.00	\$ 18,480.18
7	CN	Conroe	St. Paul	7/27/2022	Yes	19	19	0	100.00%	Yes	Yes	\$ -	\$ 6,999.00	\$ 6,999.00
8	CN	Cypress	Cypress	10/25/2022	Yes	330	249	81	75.45%	Yes	Yes	\$ 40,135.15	\$ 131,444.00	\$ 171,579.15
9	CN	Cypress	Good Shepherd	10/2/2022	Yes	414	335	79	80.92%	Yes	Yes	\$ -	\$ 148,366.00	\$ 148,366.00
10	CN	Hockley	Macedonia	10/11/2022	Yes	28	22	6	78.57%	Yes	Yes	\$ 6,627.50	\$ 7,142.00	\$ 13,769.50
11	CN	Houston	Cornerstone	9/18/2022	Yes	136	112	24	82.35%	Yes	Yes	\$ 13,962.05	\$ 40,800.00	\$ 54,762.05
12	CN	Houston	Foundry	10/30/2022	Yes	838	727	111	86.75%	Yes	Yes	\$ 78,402.00	\$ 209,927.00	\$ 288,329.00
13	CN	Houston	John Wesley	10/26/2022	Yes	435	383	52	88.05%	Yes	Yes	\$ 82,275.00	\$ 177,275.00	\$ 259,550.00
14	CN	Houston	Lakewood	10/23/2022	Yes	682	477	205	69.94%	Yes	Yes	\$ -	\$ 170,427.00	\$ 170,427.00
15	CN	Huffman	Lake Houston	10/30/2022	Yes	100	80	20	80.00%	Yes	Yes	\$ 4,308.80	\$ 25,481.00	\$ 29,789.80
16	CN	Humble	First	10/9/2022	Yes	190	167	23	87.89%	Yes	Yes	\$ -	\$ 46,924.00	\$ 46,924.00
17	CN	Humble	Journey of Faith	9/11/2022	Yes	64	56	8	87.50%	Yes	Yes	\$ 26,831.00	\$ 25,474.00	\$ 52,305.00
18	CN	Huntsville	Phelps	9/7/2022	Yes	13	13	0	100.00%	Yes	Yes	\$ -	\$ 1,240.00	\$ 1,240.00
19	CN	Huntsville	Warren Chapel	10/12/2022	Yes	16	16	0	100.00%	Yes	Yes	\$ -	\$ 2,005.00	\$ 2,005.00
20	CN	Kingwood	Kingwood	9/25/2022	Yes	839	597	242	71.16%	Yes	Yes	\$ 130,252.58	\$ 199,790.00	\$ 330,042.58
21	CN	New Waverly	New Waverly	9/7/2022	Yes	5	5	0	100.00%	Yes	Yes	\$ -	\$ 403.00	\$ 403.00
22	CN	Shepherd	Shepherd	7/31/2022	Yes	22	22	0	100.00%	Yes	Yes	\$ -	\$ 4,273.00	\$ 4,273.00
23	CN	Splendora	Countryside	7/31/2022	Yes	32	32	0	100.00%	Yes	Yes	\$ -	\$ 5,281.00	\$ 5,281.00
24	CN	Spring	Faithbridge	8/7/2022	Yes	549	549	0	100.00%	Yes	Yes	\$ 362,021.00	\$ 492,139.00	\$ 854,160.00
25	CN	Spring	St. Paul	8/31/2022	Yes	35	35	0	100.00%	Yes	Yes	\$ 7,527.00	\$ 6,759.00	\$ 14,286.00
26	CN	Stephen Creek	Paul Horton	7/24/2022	Yes	35	35	0	100.00%	Yes	Yes	\$ -	\$ 3,325.00	\$ 3,325.00
27	CN	The Woodlands	Christ Church	10/2/2022	Yes	313	265	48	84.66%	Yes	Yes	\$ -	\$ 108,489.00	\$ 108,489.00
28	CN	The Woodlands	Covenant	10/23/2022	Yes	179	155	24	86.59%	Yes	Yes	\$ -	\$ 34,045.00	\$ 34,045.00
29	CN	The Woodlands	The Woodlands	8/7/2022	Yes	2762	2678	84	96.96%	Yes	Yes	\$ 517,520.00	\$ 1,109,304.00	\$ 1,626,824.00
30	CN	Tomball	Rose Hill	10/9/2022	Yes	128	108	20	84.38%	Yes	Yes	\$ -	\$ 23,373.00	\$ 23,373.00
31	CN	Tomball	Tomball	9/29/2022	Yes	186	166	20	89.25%	Yes	Yes	\$ 21,397.00	\$ 59,764.00	\$ 81,161.00
32	CN	Waller	New Hope	10/11/2022	Yes	42	42	0	100.00%	Yes	Yes	\$ -	\$ 5,485.00	\$ 5,485.00
33	CN	Waller	Waller	8/24/2022	Yes	23	20	3	86.96%	Yes	Yes	\$ -	\$ 5,152.00	\$ 5,152.00
34	CN	Willis	First	9/14/2022	Yes	99	66	33	66.67%	Yes	Yes	\$ 11,592.00	\$ 30,477.00	\$ 42,069.00
CENTRAL SOUTH														
1	CS	Houston	Blueridge	10/9/2022	Yes	119	96	23	80.67%	Yes	Yes	\$ 7,881.75	\$ 30,286.00	\$ 38,167.75
2	CS	Houston	Boynon Chapel	11/6/2022	Yes	49	40	9	81.63%	Yes	Yes	\$ -	\$ 13,723.00	\$ 13,723.00
3	CS	Houston	El Buen Pastor	10/2/2022	Yes	40	38	2	95.00%	Yes	Yes	\$ -	\$ 1,917.00	\$ 1,917.00
4	CS	Houston	El Mesias	9/24/2022	Yes	46	43	3	93.48%	Yes	Yes	\$ -	\$ 1,568.00	\$ 1,568.00
5	CS	Houston	Holy Trinity	9/18/2022	Yes	50	49	1	98.00%	Yes	Yes	\$ -	\$ 13,875.00	\$ 13,875.00
6	CS	Houston	Jones Memorial	9/25/2022	Yes	277	212	65	76.53%	Yes	Yes	\$ -	\$ 52,209.00	\$ 52,209.00
EAST														
1	E	Alto	A. Frank Smith	9/11/2022	Yes	52	51	1	98.08%	Yes	Yes	\$ -	\$ 12,862.00	\$ 12,862.00
2	E	Alto	Cold Springs	9/11/2022	Yes	7	7	0	100.00%	Yes	Yes	\$ -	\$ 1,656.00	\$ 1,656.00
3	E	Alto	Lyches Chapel	11/8/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ -	\$ -	\$ -
4	E	Beckville	Beckville	9/25/2022	Yes	36	30	6	83.33%	Yes	Yes	\$ -	\$ 7,979.00	\$ 7,979.00
5	E	Beckville	Rockhill	9/10/2022	Yes	10	10	0	100.00%	Yes	Yes	\$ -	\$ 737.00	\$ 737.00
6	E	Bronson	Bronson	8/30/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ 524.00	\$ 1,380.00	\$ 1,904.00
7	E	Brookeland	Brookeland	10/17/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ -	\$ 848.00	\$ 848.00
8	E	Carthage	Allison's Chapel	9/10/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ -	\$ 1,477.00	\$ 1,477.00
9	E	Carthage	Deadwood	9/24/2022	Yes	17	17	0	100.00%	Yes	Yes	\$ -	\$ 4,443.00	\$ 4,443.00
10	E	Carthage	Ebenezer-Pisgah	10/3/2022	Yes	17	14	3	82.35%	Yes	Yes	\$ -	\$ 3,238.00	\$ 3,238.00
11	E	Carthage	First	10/24/2022	Yes	134	127	7	94.78%	Yes	Yes	\$ -	\$ 40,490.00	\$ 40,490.00
12	E	Carthage	Galloway	9/24/2022	Yes	12	12	0	100.00%	Yes	Yes	\$ -	\$ 2,288.00	\$ 2,288.00
13	E	Carthage	Murruval	10/30/2022	Yes	20	20	0	100.00%	Yes	Yes	\$ 1,183.00	\$ 3,186.00	\$ 4,369.00
14	E	Carthage	Rehobeth	9/10/2022	Yes	19	19	0	100.00%	Yes	Yes	\$ -	\$ 6,267.00	\$ 6,267.00
15	E	Center	First	9/25/2022	Yes	106	82	24	77.36%	Yes	Yes	\$ -	\$ 24,184.00	\$ 24,184.00
16	E	Center	Short	10/30/2022	Yes	7	7	0	100.00%	Yes	Yes	\$ -	\$ 1,205.00	\$ 1,205.00
17	E	Chireno	Chireno	10/6/2022	Yes	8	8	0	100.00%	Yes	Yes	\$ -	\$ 1,630.00	\$ 1,630.00
18	E	Corrigan	First	9/29/2022	Yes	23	22	1	95.65%	Yes	Yes	\$ -	\$ 5,250.00	\$ 5,250.00
19	E	Diboll	Burke	8/29/2022	Yes	14	14	0	100.00%	Yes	Yes	\$ -	\$ 1,222.00	\$ 1,222.00
20	E	Diboll	Diboll	8/29/2022	Yes	97	82	15	84.54%	Yes	Yes	\$ -	\$ 12,764.00	\$ 12,764.00
21	E	Douglass	Faith Bridge	9/11/2022	Yes	15	14	1	93.33%	Yes	Yes	\$ -	\$ 4,903.00	\$ 4,903.00
22	E	Garrison	Garrison	9/15/2022	Yes	17	17	0	100.00%	Yes	Yes	\$ -	\$ 3,526.00	\$ 3,526.00
23	E	Good Springs	Good Springs	9/8/2022	Yes	11	11	0	100.00%	Yes	Yes	\$ -	\$ 1,041.00	\$ 1,041.00
24	E	Grapeland	Grapeland First	9/19/2022	Yes	60	57	3	95.00%	Yes	Yes	\$ -	\$ 15,679.00	\$ 15,679.00
25	E	Groveton	First	10/9/2022	Yes	20	19	1	95.00%	Yes	Yes	\$ -	\$ 4,143.00	\$ 4,143.00
26	E	Groveton	Prairie View	10/9/2022	Yes	18	18	0	100.00%	Yes	Yes	\$ -	\$ 1,465.00	\$ 1,465.00
27	E	Hemphill	First	9/25/2022	Yes	47	38	9	80.85%	Yes	Yes	\$ -	\$ 11,415.00	\$ 11,415.00
28	E	Henderson	Blossom Hill	10/3/2022	Yes	17	16	1	94.12%	Yes	Yes	\$ -	\$ 1,435.00	\$ 1,435.00
29	E	Henderson	Church Hill	10/25/2022	Yes	2	2	0	100.00%	Yes	Yes	\$ -	\$ 725.00	\$ 725.00
30	E	Henderson	First	10/24/2022	Yes	215	177	38	82.33%	Yes	Yes	\$ 39,425.81	\$ 48,778.00	\$ 88,203.81
31	E	Henderson	Oak Hill	10/5/2022	Yes	5	5	0	100.00%	Yes	Yes	\$ -	\$ 828.00	\$ 828.00
32	E	Henderson	St. Paul's	9/8/2022	Yes	13	13	0	100.00%	Yes	Yes	\$ -	\$ 3,517.00	\$ 3,517.00
33	E	Jasper	Curtis	10/17/2022	Yes	7	7	0	100.00%	Yes	Yes	\$ -	\$ 1,080.00	\$ 1,080.00
34	E	Jasper	First	10/17/2022	Yes	212	156	56	73.58%	Yes	Yes	\$ -	\$ 41,827.00	\$ 41,827.00
35	E	Laneville	Laneville	10/9/2022	Yes	10	10	0	100.00%	Yes	Yes	\$ -	\$ 1,453.00	\$ 1,453.00
36	E	Libert	Libert	11/6/2022	Yes	10	10	0	100.00%	Yes	Yes	\$ -	\$ 509.00	\$ 509.00
37	E	Livingston	First	10/23/2022	Yes	299	274	25	91.64%	Yes	Yes	\$ -	\$ 88,142.00	\$ 88,142.00
38	E	Lufkin	Bethlehem	10/5/2022	Yes	18	18	0	100.00%	Yes	Yes	\$ -	\$ 2,350.00	\$ 2,350.00

39	E	Lufkin	Homer	8/30/2022	Yes	25	25	0	100.00%	Yes	Yes	\$	-	\$	3,642.00	\$	3,642.00
40	E	Lufkin	Ryan Chapel	10/2/2022	Yes	14	13	1	92.86%	Yes	Yes	\$	-	\$	1,591.00	\$	1,591.00
41	E	Milam	Liberty Springs	8/28/2022	Yes	16	16	0	100.00%	Yes	Yes	\$	-	\$	2,789.00	\$	2,789.00
42	E	Mt. Enterprise	Mt. Enterprise	9/10/2022	Yes	11	9	2	81.82%	Yes	Yes	\$	-	\$	2,351.00	\$	2,351.00
43	E	Nacogdoches	Bonita	9/22/2022	Yes	41	40	1	97.56%	Yes	Yes	\$	-	\$	3,714.00	\$	3,714.00
44	E	Nacogdoches	Melrose	9/22/2022	Yes	9	9	0	100.00%	Yes	Yes	\$	-	\$	1,045.00	\$	1,045.00
45	E	Nacogdoches	Perritte Memorial	9/22/2022	Yes	62	53	9	85.48%	Yes	Yes	\$	-	\$	12,281.00	\$	12,281.00
46	E	Paxton	Paxton	10/24/2022	Yes	8	8	0	100.00%	Yes	Yes	\$	-	\$	1,288.00	\$	1,288.00
47	E	Pineland	Pineland	9/25/2022	Yes	5	5	0	100.00%	Yes	Yes	\$	-	\$	1,366.00	\$	1,366.00
48	E	Riverside	Riverside	9/19/2022	Yes	31	30	1	96.77%	Yes	Yes	\$	-	\$	4,842.00	\$	4,842.00
49	E	Rusk	Atoy	9/11/2022	Yes	5	5	0	100.00%	Yes	Yes	\$	-	\$	908.00	\$	908.00
50	E	San Augustine	First	8/28/2022	Yes	46	46	0	100.00%	Yes	Yes	\$	1,153.24	\$	10,763.00	\$	11,916.24
51	E	Shelbyville	Shelbyville	10/30/2022	Yes	21	20	1	95.24%	Yes	Yes	\$	-	\$	3,982.00	\$	3,982.00
52	E	Tatum	Tatum	10/25/2022	Yes	20	27	10	72.97%	Yes	Yes	\$	-	\$	5,228.00	\$	5,228.00
53	E	Tenaha	Tenaha	11/10/2022	Yes	10	9	1	90.00%	Yes	Yes	\$	-	\$	1,905.00	\$	1,905.00
54	E	Tenaha	Woods	10/3/2022	Yes	6	6	0	100.00%	Yes	Yes	\$	-	\$	615.00	\$	615.00
55	E	Timpson	Timpson	9/15/2022	Yes	18	16	2	88.89%	Yes	Yes	\$	-	\$	3,096.00	\$	3,096.00
56	E	Trinity	First	10/26/2022	Yes	44	35	9	79.55%	Yes	Yes	\$	-	\$	9,834.00	\$	9,834.00
57	E	Wells	Falvey Memorial	10/20/2022	Yes	43	35	8	81.40%	Yes	Yes	\$	-	\$	6,476.00	\$	6,476.00
58	E	Woodville	Woodville	9/21/2022	Yes	91	73	18	80.22%	Yes	Yes	\$	-	\$	17,375.00	\$	17,375.00

NORTH

1	N	Atlanta	First	9/11/2022	Yes	106	105	1	99.06%	Yes	Yes	\$	-	\$	30,565.00	\$	30,565.00
2	N	Atlanta	Law's Chapel	9/11/2022	Yes	30	30	0	100.00%	Yes	Yes	\$	-	\$	5,337.00	\$	5,337.00
3	N	Avinger	Mims Chapel	9/7/2022	Yes	19	18	1	94.74%	Yes	Yes	\$	-	\$	6,331.00	\$	6,331.00
4	N	Daingerfield	Bradfield Chapel	10/15/2022	Yes	10	10	0	100.00%	Yes	Yes	\$	-	\$	1,422.00	\$	1,422.00
5	N	Daingerfield	First	10/15/2022	Yes	52	47	5	90.38%	Yes	Yes	\$	-	\$	12,708.00	\$	12,708.00
6	N	Daingerfield	Jenkins	10/15/2022	Yes	16	16	0	100.00%	Yes	Yes	\$	-	\$	2,357.00	\$	2,357.00
7	N	Diana	Smyrna	10/15/2022	Yes	17	17	0	100.00%	Yes	Yes	\$	-	\$	3,372.00	\$	3,372.00
8	N	Douglasville	Douglasville	10/16/2022	Yes	22	22	0	100.00%	Yes	Yes	\$	1,805.96	\$	2,318.00	\$	4,123.96
9	N	Gilmer	First	9/19/2022	Yes	135	130	5	96.30%	Yes	Yes	\$	-	\$	29,215.00	\$	29,215.00
10	N	Gilmer	Hopewell	10/30/2022	Yes	4	4	0	100.00%	Yes	Yes	\$	-	\$	1,600.00	\$	1,600.00
11	N	Gilmer	Union Ridge	10/10/2022	Yes	4	4	0	100.00%	Yes	Yes	\$	-	\$	689.00	\$	689.00
12	N	Gladewater	First	10/3/2022	Yes	109	100	9	91.74%	Yes	Yes	\$	-	\$	18,163.00	\$	18,163.00
13	N	Harleton	Harleton	10/15/2022	Yes	14	14	0	100.00%	Yes	Yes	\$	-	\$	2,887.00	\$	2,887.00
14	N	Hughes Springs	First	10/23/2022	Yes	47	41	6	87.23%	Yes	Yes	\$	-	\$	6,905.00	\$	6,905.00
15	N	Hughes Springs	WRS	10/23/2022	Yes	11	11	0	100.00%	Yes	Yes	\$	-	\$	472.00	\$	472.00
16	N	Jefferson	First	9/11/2022	Yes	32	28	4	87.50%	Yes	Yes	\$	9,478.00	\$	9,306.00	\$	18,784.00
17	N	Karnack	Karnack	10/13/2022	Yes	22	21	1	95.45%	Yes	Yes	\$	-	\$	5,062.00	\$	5,062.00
18	N	Kilgore	Cross Roads	10/9/2022	Yes	19	16	3	84.21%	Yes	Yes	\$	-	\$	2,116.00	\$	2,116.00
19	N	Kilgore	St Luke's	10/9/2022	Yes	152	111	41	73.03%	Yes	Yes	\$	-	\$	39,218.00	\$	39,218.00
20	N	Laird Hill	Pirtle	10/10/2022	Yes	35	35	0	100.00%	Yes	Yes	\$	-	\$	12,839.00	\$	12,839.00
21	N	Linden	Linden	10/16/2022	Yes	47	42	5	89.36%	Yes	Yes	\$	-	\$	13,717.00	\$	13,717.00
22	N	Linden	Shiloh	10/16/2022	Yes	7	7	0	100.00%	Yes	Yes	\$	-	\$	624.00	\$	624.00
23	N	Lone Star	Lone Star	10/15/2022	Yes	14	13	1	92.86%	Yes	Yes	\$	-	\$	1,867.00	\$	1,867.00
24	N	Longview	Grace Crossing	9/24/2022	Yes	83	67	16	80.72%	Yes	Yes	\$	-	\$	30,613.00	\$	30,613.00
25	N	Marietta	Cornett	10/23/2022	Yes	15	15	0	100.00%	Yes	Yes	\$	-	\$	3,220.00	\$	3,220.00
26	N	Marshall	First	10/24/2022	Yes	141	137	4	97.16%	Yes	Yes	\$	-	\$	60,767.00	\$	60,767.00
27	N	Marshall	St. Mark's	9/25/2022	Yes	35	32	3	91.43%	Yes	Yes	\$	-	\$	9,326.00	\$	9,326.00
28	N	Marshall	Summitt	10/16/2022	Yes	54	40	14	74.07%	Yes	Yes	\$	-	\$	15,141.00	\$	15,141.00
29	N	Maud	Maud	10/16/2022	Yes	17	14	3	82.35%	Yes	Yes	\$	-	\$	4,798.00	\$	4,798.00
30	N	Mt. Pleasant	Bridges Chapel	10/4/2022	Yes	15	14	1	93.33%	Yes	Yes	\$	148.00	\$	2,148.00	\$	2,296.00
31	N	Mt. Pleasant	Greenhill	10/4/2022	Yes	15	15	0	100.00%	Yes	Yes	\$	-	\$	4,420.00	\$	4,420.00
32	N	Mt. Pleasant	St. Andrew	10/4/2022	Yes	66	62	4	93.94%	Yes	Yes	\$	-	\$	9,045.00	\$	9,045.00
33	N	Mt. Pleasant	West New Hope	11/6/2022	Yes	13	13	0	100.00%	Yes	Yes	\$	-	\$	1,449.00	\$	1,449.00
34	N	New Boston	Daniel's Chapel	10/12/2022	Yes	5	5	0	100.00%	Yes	Yes	\$	-	\$	805.00	\$	805.00
35	N	New Boston	Red Bayou	10/12/2022	Yes	21	21	0	100.00%	Yes	Yes	\$	-	\$	1,468.00	\$	1,468.00
36	N	New Boston	Tapp	10/11/2022	Yes	70	66	4	94.29%	Yes	Yes	\$	-	\$	18,934.00	\$	18,934.00
37	N	Old Boston	Old Boston	10/16/2022	Yes	8	8	0	100.00%	Yes	Yes	\$	-	\$	345.00	\$	345.00
38	N	Ore City	Ore City	9/18/2022	Yes	53	49	4	92.45%	Yes	Yes	\$	-	\$	8,325.00	\$	8,325.00
39	N	Overton	Overton	9/28/2022	Yes	26	25	1	96.15%	Yes	Yes	\$	-	\$	5,170.00	\$	5,170.00
40	N	Panola	Mt. Zion	10/8/2022	Yes	24	16	8	66.67%	Yes	Yes	\$	-	\$	7,135.00	\$	7,135.00
41	N	Pittsburg	North Avenue	10/29/2022	Yes	5	5	0	100.00%	Yes	Yes	\$	-	\$	461.00	\$	461.00
42	N	Queen City	First	9/11/2022	Yes	10	10	0	100.00%	Yes	Yes	\$	-	\$	2,755.00	\$	2,755.00
43	N	Red Lick	First	10/12/2022	Yes	19	19	0	100.00%	Yes	Yes	\$	8,272.00	\$	7,426.00	\$	15,698.00
44	N	Smithland	Smithland	9/11/2022	Yes	8	8	0	100.00%	Yes	Yes	\$	571.00	\$	1,088.00	\$	1,659.00
45	N	Texarkana	Hardy Memorial	9/21/2022	Yes	213	177	36	83.10%	Yes	Yes	\$	-	\$	37,389.00	\$	37,389.00

NORTHWEST

1	NW	Alba	Alba	8/25/2022	Yes	25	25	0	100.00%	Yes	Yes	\$	-	\$	3,538.00	\$	3,538.00
2	NW	Arp	Arp	8/21/2022	Yes	6	6	0	100.00%	Yes	Yes	\$	5,057.00	\$	4,541.00	\$	9,598.00
3	NW	Athens	Carroll Springs	7/17/2022	Yes	44	44	0	100.00%	Yes	Yes	\$	-	\$	5,222.00	\$	5,222.00
4	NW	Athens	First	10/16/2022	Yes	187	153	34	81.82%	Yes	Yes	\$	-	\$	39,621.00	\$	39,621.00
5	NW	Ben Wheeler	Ben Wheeler	10/15/2022	Yes	5	5	0	100.00%	Yes	Yes	\$	-	\$	1,080.00	\$	1,080.00
6	NW	Brownsboro	Brownsboro	9/11/2022	Yes	17	17	0	100.00%	Yes	Yes	\$	-	\$	3,665.00	\$	3,665.00
7	NW	Brownsboro	New Hope	8/7/2022	Yes	18	18	0	100.00%	Yes	Yes	\$	-	\$	1,080.00	\$	1,080.00
8	NW	Bullard	First	9/25/2022	Yes	187	171	16	91.44%	Yes	Yes	\$	-	\$	31,443.00	\$	31,443.00
9	NW	Chandler	Chandler First	8/28/2022	Yes	171	161	10	94.15%	Yes	Yes	\$	20,109.00	\$	38,835.00	\$	58,944.00
10	NW	Dew	Dew	9/26/2022	Yes	19	17	2	89.47%	Yes	Yes	\$	-	\$	2,307.00	\$	2,307.00
11	NW	Edgewood	Cheatham Memorial	9/24/2022	Yes	56	54	2	96.43%	Yes	Yes	\$	-	\$	13,058.00	\$	13,058.00
12	NW	Elkhart	Elkhart	7/17/2022	Yes	22	22	0	100.00%	Yes	Yes	\$	-	\$	6,300.00	\$	6,300.00
13	NW	Emory	Emory	9/21/2022	Yes	48	44	4	91.67%	Yes	Yes	\$	-	\$	9,347.00	\$	9,347.00
14	NW	Fairfield	Jones Chapel	11/6/2022	Yes	22	15	7	68.18%	Yes	Yes	\$	-	\$	7,979.00	\$	7,979.00
15	NW	Frankston	Frankston	8/21/2022	Yes	86	72	14	83.72%	Yes	Yes	\$	-	\$	15,825.00	\$	15,825.00
16	NW	Frankston	Mt. Vernon	8/21/2022	Yes	23	18	5	78.26%	Yes	Yes	\$	-	\$	2,425.00	\$	2,425.00
17	NW	Golden	Golden	8/7/2022	Yes	7	7	0	100.00%	Yes	Yes	\$	2,548.00	\$	2,448.00	\$	4,996.00
18	NW	Jacksonville	First	9/24/2022	Yes	273	224	49	82.05%	Yes	Yes	\$	-	\$	56,494.00	\$	56,494.00
19	NW	Jacksonville	Pierce's Chapel	7/3/2022	Yes	7	7	0	100.00%	Yes	Yes	\$	-	\$	802.00	\$	802.00
20	NW	Jacksonville	St. John's	8/21/2022	Yes	8	7	1	87.50%	Yes	Yes	\$	3,187.00	\$	2,862.00	\$	6,049.00
21	NW	LaRue	LaRue	8/21/2022	Yes	3	3	0	100.00%	Yes	Yes	\$	-	\$	1,767.00	\$	1,767.00
22	NW	Lindale	Lindale	10/23/2022	Yes	226											

23	NW	Malakoff	Malakoff	10/22/2022	Yes	34	29	5	85.29%	Yes	Yes	\$ 1,689.00	\$ 7,387.00	\$ 9,076.00
24	NW	Mineola	First	11/6/2022	Yes	119	91	28	76.47%	Yes	Yes	\$ -	\$ 31,192.00	\$ 31,192.00
25	NW	Mineola	Smith Chapel	8/7/2022	Yes	8	27	1	96.43%	Yes	Yes	\$ -	\$ 5,983.00	\$ 5,983.00
26	NW	Montalba	Springfield	8/31/2022	Yes	8	8	0	100.00%	Yes	Yes	\$ -	\$ 1,665.00	\$ 1,665.00
27	NW	Murchison	Murchison	9/25/2022	Yes	24	23	1	95.83%	Yes	Yes	\$ -	\$ 4,702.00	\$ 4,702.00
28	NW	Neches	Neches	8/21/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ -	\$ 1,281.00	\$ 1,281.00
29	NW	New London	New London	7/31/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ -	\$ 3,516.00	\$ 3,516.00
30	NW	New Summerfield	New Summerfield	8/21/2022	Yes	11	11	0	100.00%	Yes	Yes	\$ -	\$ 912.00	\$ 912.00
31	NW	Noonday	Noonday	10/23/2022	Yes	13	11	2	84.62%	Yes	Yes	\$ -	\$ 3,858.00	\$ 3,858.00
32	NW	Oakwood	Oakwood	8/27/2022	Yes	5	5	0	100.00%	Yes	Yes	\$ -	\$ 995.00	\$ 995.00
33	NW	Palestine	Brushy Creek	7/10/2022	Yes	25	20	5	80.00%	Yes	Yes	\$ -	\$ 3,024.00	\$ 3,024.00
34	NW	Palestine	Fields Chapel	7/3/2022	Yes	13	13	0	100.00%	Yes	Yes	\$ -	\$ 1,193.00	\$ 1,193.00
35	NW	Palestine	First	9/18/2022	Yes	116	101	15	87.07%	Yes	Yes	\$ -	\$ 29,308.00	\$ 29,308.00
36	NW	Palestine	Westwood	10/22/2022	Yes	23	22	1	95.65%	Yes	Yes	\$ -	\$ 4,625.00	\$ 4,625.00
37	NW	Quitman	Liberty	10/16/2022	Yes	49	42	7	85.71%	Yes	Yes	\$ -	\$ 4,503.00	\$ 4,503.00
38	NW	Trinidad	Trinidad	7/16/2022	Yes	14	14	0	100.00%	Yes	Yes	\$ -	\$ 4,279.00	\$ 4,279.00
39	NW	Troup	Henry's Chapel	8/28/2022	Yes	30	30	0	100.00%	Yes	Yes	\$ -	\$ 4,429.00	\$ 4,429.00
40	NW	Troup	Troup	9/25/2022	Yes	72	68	4	94.44%	Yes	Yes	\$ -	\$ 10,823.00	\$ 10,823.00
41	NW	Tyler	Bascom	10/23/2022	Yes	56	46	10	82.14%	Yes	Yes	\$ -	\$ 6,451.00	\$ 6,451.00
42	NW	Tyler	Dayspring	7/24/2022	Yes	289	269	20	93.08%	Yes	Yes	\$ -	\$ 84,320.00	\$ 84,320.00
43	NW	Tyler	Lanes Chapel	8/28/2022	Yes	162	152	10	93.83%	Yes	Yes	\$ 20,757.00	\$ 37,541.00	\$ 58,298.00
44	NW	Tyler	Marvin	9/19/2022	Yes	870	743	127	85.40%	Yes	Yes	\$ -	\$ 269,108.00	\$ 269,108.00
45	NW	Tyler	Pleasant Retreat	10/23/2022	Yes	108	96	12	88.89%	Yes	Yes	\$ -	\$ 27,912.00	\$ 27,912.00
46	NW	Tyler	St. Paul's	8/24/2022	Yes	22	22	0	100.00%	Yes	Yes	\$ -	\$ 9,388.00	\$ 9,388.00
47	NW	Tyler	Swan-Wood Springs	6/26/2022	Yes	23	23	0	100.00%	Yes	Yes	\$ 354.00	\$ 5,131.00	\$ 5,485.00
48	NW	Van	Union Chapel	6/26/2022	Yes	15	15	0	100.00%	Yes	Yes	\$ -	\$ 1,732.00	\$ 1,732.00
49	NW	Van	Van	9/24/2022	Yes	73	66	7	90.41%	Yes	Yes	\$ -	\$ 17,536.00	\$ 17,536.00
50	NW	Whitehouse	Whitehouse	10/12/2022	Yes	48	36	12	75.00%	Yes	Yes	\$ -	\$ 12,487.00	\$ 12,487.00
51	NW	Wills Point	Russell Memorial	9/25/2022	Yes	105	93	12	88.57%	Yes	Yes	\$ -	\$ 23,300.00	\$ 23,300.00
52	NW	Winona	Winona	10/22/2022	Yes	10	9	1	90.00%	Yes	Yes	\$ 312.30	\$ 4,185.00	\$ 4,497.30

SOUTH

1	S	Alvin	First	8/28/2022	Yes	184	170	14	92.39%	Yes	Yes	\$ 48,508.00	\$ 50,704.00	\$ 99,212.00
2	S	Baytown	Cedar Bayou Grace	10/30/2022	Yes	274	216	58	78.83%	Yes	Yes	\$ 65,459.04	\$ 68,732.00	\$ 134,191.04
3	S	Baytown	St. John's	10/23/2022	Yes	27	23	4	85.19%	Yes	Yes	\$ -	\$ 8,878.00	\$ 8,878.00
4	S	Baytown	St. Mark's	10/2/2022	Yes	176	129	47	73.30%	Yes	Yes	\$ -	\$ 57,746.00	\$ 57,746.00
5	S	Channelview	Old River Terrace	10/27/2022	Yes	20	20	0	100.00%	Yes	Yes	\$ 9,088.00	\$ 8,730.00	\$ 17,818.00
6	S	Dayton	First	9/18/2022	Yes	79	78	1	98.73%	Yes	Yes	\$ -	\$ 22,358.00	\$ 22,358.00
7	S	Freeport	First	10/24/2022	Yes	45	38	7	84.44%	Yes	Yes	\$ -	\$ 12,101.00	\$ 12,101.00
8	S	Friendswood	Friendswood	10/2/2022	Yes	566	458	108	80.92%	Yes	Yes	\$ 216,220.00	\$ 196,528.00	\$ 412,748.00
9	S	Highlands	Highlands	10/3/2022	Yes	40	40	0	100.00%	Yes	Yes	\$ 3,204.64	\$ 11,988.00	\$ 15,192.64
10	S	Mont Belvieu	First	9/18/2022	Yes	80	65	15	81.25%	Yes	Yes	\$ -	\$ 15,734.00	\$ 15,734.00
11	S	Pasadena	Revive!	8/28/2022	Yes	132	107	25	81.06%	Yes	Yes	\$ 88,226.00	\$ 79,230.00	\$ 167,456.00
12	S	Pearland	Hope Church	10/16/2022	Yes	104	103	1	99.04%	Yes	Yes	\$ -	\$ 44,824.00	\$ 44,824.00
13	S	Webster	Gateway Community	10/16/2022	Yes	248	243	5	97.98%	Yes	Yes	\$ 141,048.00	\$ 178,235.00	\$ 319,283.00

SOUTHEAST

1	SE	Anahuac	First	10/10/2022	Yes	70	69	1	98.57%	Yes	Yes	\$ 12,751.00	\$ 11,453.00	\$ 24,204.00
2	SE	Beaumont	Forest Park	11/7/2022	Yes	25	25	0	100.00%	Yes	Yes	\$ -	\$ 7,708.00	\$ 7,708.00
3	SE	Beaumont	Wesley	10/9/2022	Yes	256	184	72	71.88%	Yes	Yes	\$ -	\$ 100,364.00	\$ 100,364.00
4	SE	Bleakwood	Watson Chapel	10/2/2022	Yes	12	10	2	83.33%	Yes	Yes	\$ -	\$ 1,921.00	\$ 1,921.00
5	SE	Bridge City	St. Paul	9/21/2022	Yes	150	148	2	98.67%	Yes	Yes	\$ -	\$ 27,357.00	\$ 27,357.00
6	SE	Buna	First	9/24/2022	Yes	93	68	25	73.12%	Yes	Yes	\$ -	\$ 13,618.00	\$ 13,618.00
7	SE	Call	Call	10/2/2022	Yes	12	11	1	91.67%	Yes	Yes	\$ -	\$ 947.00	\$ 947.00
8	SE	China	China	10/4/2022	Yes	14	14	0	100.00%	Yes	Yes	\$ -	\$ 3,596.00	\$ 3,596.00
9	SE	Crystal Beach	Bay Vue	9/21/2022	Yes	17	17	0	100.00%	Yes	Yes	\$ -	\$ 9,491.00	\$ 9,491.00
10	SE	Daisetta	Daisetta	10/5/2022	Yes	12	12	0	100.00%	Yes	Yes	\$ -	\$ 2,233.00	\$ 2,233.00
11	SE	Devers	Devers	10/5/2022	Yes	5	5	0	100.00%	Yes	Yes	\$ -	\$ 1,158.00	\$ 1,158.00
12	SE	Hardin	Hardin	9/19/2022	Yes	46	46	0	100.00%	Yes	Yes	\$ -	\$ 10,215.00	\$ 10,215.00
13	SE	High Island	St Matthew	9/21/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ -	\$ 1,495.00	\$ 1,495.00
14	SE	Kountze	First	10/2/2022	Yes	33	29	4	87.88%	Yes	Yes	\$ 6,115.00	\$ 7,296.00	\$ 13,411.00
15	SE	Liberty	South Liberty	11/8/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ -	\$ 1,293.00	\$ 1,293.00
16	SE	Lumberton	Woodcrest	10/23/2022	Yes	142	142	0	100.00%	Yes	Yes	\$ 10,918.00	\$ 38,705.00	\$ 49,623.00
17	SE	Magnolia Springs	Magnolia Springs	9/22/2022	Yes	28	28	0	100.00%	Yes	Yes	\$ -	\$ 1,732.00	\$ 1,732.00
18	SE	Nederland	First	8/23/2022	Yes	89	89	0	100.00%	Yes	Yes	\$ -	\$ 32,671.00	\$ 32,671.00
19	SE	Nederland	Wesley	10/30/2022	Yes	201	177	24	88.06%	Yes	Yes	\$ -	\$ 29,563.00	\$ 29,563.00
20	SE	Newton	First	11/7/2022	Yes	15	12	3	80.00%	Yes	Yes	\$ 1,056.00	\$ 3,179.00	\$ 4,235.00
21	SE	Orange	Faith	11/8/2022	Yes	68	50	18	73.53%	Yes	Yes	\$ -	\$ 18,239.00	\$ 18,239.00
22	SE	Port Arthur	UM Temple	9/20/2022	Yes	260	257	3	98.85%	Yes	Yes	\$ 28,175.25	\$ 66,846.00	\$ 95,021.25
23	SE	Port Bolivar	Bolivar	9/21/2022	Yes	9	9	0	100.00%	Yes	Yes	\$ -	\$ 1,836.00	\$ 1,836.00
24	SE	Port Neches	First	10/3/2022	Yes	84	78	6	92.86%	Yes	Yes	\$ -	\$ 24,765.00	\$ 24,765.00
25	SE	Silsbee	First	10/9/2022	Yes	106	101	5	95.28%	Yes	Yes	\$ 16,548.00	\$ 23,034.00	\$ 39,582.00
26	SE	Spurger	Spurger	9/22/2022	Yes	12	12	0	100.00%	Yes	Yes	\$ -	\$ 1,805.00	\$ 1,805.00
27	SE	Vidor	First	9/15/2022	Yes	51	48	3	94.12%	Yes	Yes	\$ -	\$ 16,052.00	\$ 16,052.00
28	SE	Wallisville	Middleton Memorial	10/10/2022	Yes	21	21	0	100.00%	Yes	Yes	\$ -	\$ 4,534.00	\$ 4,534.00
29	SE	Wildwood	Village Mills	10/16/2022	Yes	52	52	0	100.00%	Yes	Yes	\$ -	\$ 10,833.00	\$ 10,833.00

SOUTHWEST

1	SW	Bay City	First	9/20/2022	Yes	98	71	27	72.45%	Yes	Yes	\$ -	\$ 17,879.00	\$ 17,879.00
2	SW	Bay City	Markham	10/30/2022	Yes	8	7	1	87.50%	Yes	Yes	\$ -	\$ 881.00	\$ 881.00
3	SW	Brazoria	First	10/26/2022	Yes	47	36	11	76.60%	Yes	Yes	\$ 701.09	\$ 7,288.00	\$ 7,989.09
4	SW	Brookshire	First	11/9/2022	Yes	27	19	8	70.37%	Yes	Yes	\$ -	\$ 12,200.00	\$ 12,200.00
5	SW	Fulshear	First	10/9/2022	Yes	147	127	20	86.39%	Yes	Yes	\$ -	\$ 45,113.00	\$ 45,113.00
6	SW	Fulshear	WordServe	10/9/2022	Yes	41	38	3	92.68%	Yes	Yes	\$ 5,995.66	\$ 21,593.00	\$ 27,588.66
7	SW	Missouri City	The Harvest	10/30/2022	Yes	196	160	36	81.63%	Yes	Yes	\$ -	\$ 92,040.00	\$ 92,040.00
8	SW	Needville	First	10/24/2022	Yes	62	59	3	95.16%	Yes	Yes	\$ 2,743.99	\$ 11,236.00	\$ 13,979.99
9	SW	Orchard	First	10/5/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ -	\$ 2,040.00	\$ 2,040.00
10	SW	Pearland	Shepherd of the Heart	8/28/2022	Yes	32	29	3	90.63%	Yes	Yes	\$ -	\$ 17,149.00	\$ 17,149.00
11	SW	Richmond	Faith	9/18/2022	Yes	440	393	47	89.32%	Yes	Yes	\$ -	\$ 115,499.00	\$ 115,499.00
12	SW	Rosharon	Covenant Glen	10/30/2022	Yes	178	174	4	97.75%	Yes	Yes	\$ 45,378.00	\$ 40,749.00	\$ 86,127.00
13	SW	San Felipe	San Felipe	10/16/2022	Yes	18	16	2	88.89%	Yes	Yes	\$ -	\$ 1,305.00	\$ 1,305.00
14	SW	Sugar Land	First	10/23/2022	Yes	600	541	59	90.17%	Yes	Yes	\$ 68,344.00	\$ 163,139.00	\$ 231,483.00

15	SW	Sweeny	First	11/6/2022	Yes	64	50	14	78.13%	Yes	Yes	\$ -	\$ 12,493.00	\$ 12,493.00
16	SW	Wallis	First	10/5/2022	Yes	6	6	0	100.00%	Yes	Yes	\$ 0.09	\$ 1,689.00	\$ 1,689.09
17	SW	West Columbia	Columbia	11/7/2022	Yes	122	106	16	86.89%	Yes	Yes	\$ -	\$ 20,182.00	\$ 20,182.00
WEST														
1	W	Bedias	Bedias	10/11/2022	Yes	12	8	4	66.67%	Yes	Yes	\$ -	\$ 1,961.00	\$ 1,961.00
2	W	Bellville	Bellville	10/23/2022	Yes	244	235	9	96.31%	Yes	Yes	\$ -	\$ 49,611.00	\$ 49,611.00
3	W	Bremond	Grace	8/28/2022	Yes	16	16	0	100.00%	Yes	Yes	\$ -	\$ 1,735.00	\$ 1,735.00
4	W	Bryan	First	10/16/2022	Yes	346	247	99	71.39%	Yes	Yes	\$ -	\$ 87,355.00	\$ 87,355.00
5	W	Bryan	Lee Chapel	11/6/2022	Yes	41	41	0	100.00%	Yes	Yes	\$ -	\$ 2,135.00	\$ 2,135.00
6	W	Bryan	Wesley	8/30/2022	Yes	15	14	1	93.33%	Yes	Yes	\$ -	\$ 4,814.00	\$ 4,814.00
7	W	Caldwell	Cooks Point	9/7/2022	Yes	41	39	2	95.12%	Yes	Yes	\$ -	\$ 6,834.00	\$ 6,834.00
8	W	Caldwell	First	11/6/2022	Yes	138	127	11	92.03%	Yes	Yes	\$ -	\$ 29,673.00	\$ 29,673.00
9	W	Calvert	Sneed Memorial	8/28/2022	Yes	4	4	0	100.00%	Yes	Yes	\$ -	\$ 1,624.00	\$ 1,624.00
10	W	Cameron	First	9/21/2022	Yes	79	76	3	96.20%	Yes	Yes	\$ -	\$ 17,453.00	\$ 17,453.00
11	W	Cedar Springs	Cedar Springs	10/30/2022	Yes	5	5	0	100.00%	Yes	Yes	\$ -	\$ 883.00	\$ 883.00
12	W	Chappell Hill	Chappell Hill	9/14/2022	Yes	7	5	2	71.43%	Yes	Yes	\$ -	\$ 4,629.00	\$ 4,629.00
13	W	Chriesman	Chriesman	10/25/2022	Yes	9	7	2	77.78%	Yes	Yes	\$ -	\$ 1,013.00	\$ 1,013.00
14	W	College Station	Aldersgate	9/8/2022	Yes	104	104	0	100.00%	Yes	Yes	\$ -	\$ 30,181.00	\$ 30,181.00
15	W	College Station	Christ Church	9/20/2022	Yes	819	748	71	91.33%	Yes	Yes	\$ -	\$ 218,272.00	\$ 218,272.00
16	W	Flynn	Flynn	11/6/2022	Yes	16	16	0	100.00%	Yes	Yes	\$ -	\$ 2,234.00	\$ 2,234.00
17	W	Franklin	Franklin	6/26/2022	Yes	69	69	0	100.00%	Yes	Yes	\$ -	\$ 15,833.00	\$ 15,833.00
18	W	Gause	Gause	9/28/2022	Yes	26	26	0	100.00%	Yes	Yes	\$ -	\$ 4,049.00	\$ 4,049.00
19	W	Giddings	First	11/7/2022	Yes	35	30	5	85.71%	Yes	Yes	\$ -	\$ 12,907.00	\$ 12,907.00
20	W	Hearne	Grace	8/28/2022	Yes	17	17	0	100.00%	Yes	Yes	\$ -	\$ 5,293.00	\$ 5,293.00
21	W	Huntsville	Grace	10/27/2022	Yes	13	13	0	100.00%	Yes	Yes	\$ 4,451.36	\$ 4,516.00	\$ 8,967.36
22	W	Huntsville	Pleasant Grove	11/6/2022	Yes	3	3	0	100.00%	Yes	Yes	\$ -	\$ 1,240.00	\$ 1,240.00
23	W	Huntsville	St. Paul	11/6/2022	Yes	45	45	0	100.00%	Yes	Yes	\$ -	\$ 8,603.00	\$ 8,603.00
24	W	Iola	Zion	9/25/2022	Yes	35	35	0	100.00%	Yes	Yes	\$ -	\$ 3,378.00	\$ 3,378.00
25	W	Kosse	Kosse	10/9/2022	Yes	29	28	1	96.55%	Yes	Yes	\$ -	\$ 6,457.00	\$ 6,457.00
26	W	Leona	Evans Chapel	11/8/2022	Yes	18	18	0	100.00%	Yes	Yes	\$ -	\$ 1,616.00	\$ 1,616.00
27	W	Leona	Leona	11/8/2022	Yes	14	14	0	100.00%	Yes	Yes	\$ -	\$ 1,811.00	\$ 1,811.00
28	W	Madisonville	First	9/18/2022	Yes	143	134	9	93.71%	Yes	Yes	\$ -	\$ 29,179.00	\$ 29,179.00
29	W	Marlin	First	10/30/2022	Yes	61	60	1	98.36%	Yes	Yes	\$ -	\$ 9,786.00	\$ 9,786.00
30	W	Milano	Liberty	10/25/2022	Yes	1	1	0	100.00%	Yes	Yes	\$ -	\$ 836.00	\$ 836.00
31	W	Milano	Milano	10/25/2022	Yes	9	9	0	100.00%	Yes	Yes	\$ -	\$ 1,511.00	\$ 1,511.00
32	W	Navasota	Stoneham	8/29/2022	Yes	16	16	0	100.00%	Yes	Yes	\$ 27.00	\$ 1,119.00	\$ 1,146.00
33	W	Normangee	First	11/6/2022	Yes	59	49	10	83.05%	Yes	Yes	\$ -	\$ 10,877.00	\$ 10,877.00
34	W	Paige	Paige	11/7/2022	Yes	20	19	1	95.00%	Yes	Yes	\$ -	\$ 1,758.00	\$ 1,758.00
35	W	Richards	Bay's Chapel	9/25/2022	Yes	35	34	1	97.14%	Yes	Yes	\$ -	\$ 1,433.00	\$ 1,433.00
36	W	Richards	Farris Chapel	9/19/2022	Yes	15	12	3	80.00%	Yes	Yes	\$ -	\$ 2,522.00	\$ 2,522.00
37	W	Richards	Richards	9/25/2022	Yes	27	27	0	100.00%	Yes	Yes	\$ -	\$ 2,815.00	\$ 2,815.00
38	W	Shiro	Shiro	10/11/2022	Yes	10	9	1	90.00%	Yes	Yes	\$ -	\$ 900.00	\$ 900.00
39	W	Thorndale	Pleasant Retreat	9/15/2022	Yes	31	31	0	100.00%	Yes	Yes	\$ -	\$ 6,695.00	\$ 6,695.00
40	W	Wheelock	Wheelock	8/28/2022	Yes	35	33	2	94.29%	Yes	Yes	\$ -	\$ 2,481.00	\$ 2,481.00

Board of Trustees
Texas Annual Conference of the United Methodist Church

Addendum to Pre-Conference Journal (additions to previous report)

May 1, 2023

The following churches were closed:

Navasota, Lee Tabernacle

Bay City, St. Paul's

The following properties were sold:

Anderson County, 3.46 acres

Athens, Crescent Heights

Centerville, Hopewell

The following property sale is pending:

Prairie View, Wesley Foundation parsonage