Texas Methodist Foundation

Financial Statements as of and for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

Texas Methodist Foundation

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Independent Auditors' Report

To the Board of Directors of
Texas Methodist Foundation:

Opinion

We have audited the accompanying financial statements of Texas Methodist Foundation (a nonprofit organization) ("TMF"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TMF 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of TMF 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.

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 TMF's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMF'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 TMF'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.

Maxwell Locke & Ritter LLP

Austin, Texas
April 18, 2023

Texas Methodist Foundation

Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Cash and cash equivalents	$ 21,188,346	$ 41,546,572
Investments	334,220,656	400,908,432
Accrued interest receivable	2,005,428	1,885,461
Prepaid expenses and other assets	606,832	559,727
Loans receivable, less allowance for loan losses of $3,000,000 and $2,500,000, respectively	287,959,336	287,338,792
Property and equipment, net	1,696,515	1,909,341
Intangible assets, net	214,304	254,459
Total assets	$ 647,891,417	$ 734,402,784
Liabilities and Net Assets		
Liabilities:		
Distributions, grants, and accounts payable	$ 4,185,283	$ 3,565,082
Deferred revenue	3,500	77,567
Deferred grant revenue	1,166,667	950,000
Funds held as agent	110,601,555	138,109,701
Funds managed for investors	429,952,593	465,534,222
Total liabilities	545,909,598	608,236,572
Net assets:		
Without donor restrictions:		
Undesignated endowment	58,128,551	72,013,600
Designated endowment for Leadership Ministry	9,025,090	11,123,178
Total net assets without donor restrictions	67,153,641	83,136,778
With donor restrictions	34,828,178	43,029,434
Total net assets	101,981,819	126,166,212
Total liabilities and net assets	$ 647,891,417	$ 734,402,784

See notes to financial statements.

Texas Methodist Foundation

Statement of Activities
Year Ended December 31, 2022 (with summarized comparative totals for the year ended December 31, 2021)

	2022			
	Without Donor Restrictions	With Donor Restrictions	Total	2021 Total
Revenues, gains, and other support:				
Interest income	$ 12,772,292	248,655	13,020,947	13,262,425
Contributions and bequests	146,260	1,484,133	1,630,393	2,262,578
Administrative income	1,200,000	-	1,200,000	1,185,000
Dividends	161,525	27	161,552	57,715
Oil and gas royalties	-	82,046	82,046	70,992
Consulting fees income	7,175	-	7,175	3,750
Change in actuarial liability	-	2,428	2,428	(206)
Unrealized and realized gains (losses) on investments	(14,340,399)	(6,497,725)	(20,838,124)	9,128,951
Other	449,223	8,915	458,138	656,861
Net assets released from restrictions-				
Expiration of time restrictions	3,529,735	(3,529,735)	-	-
Total revenues, gains (losses), and other support	3,925,811	(8,201,256)	(4,275,445)	26,628,066
Expenses:				
Programs:				
Loans and investor services	6,795,787	-	6,795,787	6,831,688
Charitable services	6,684,092	-	6,684,092	6,602,167
Leadership services	3,460,911	-	3,460,911	2,934,833
General and administrative	2,753,891	-	2,753,891	2,768,937
Depreciation and amortization	214,267	-	214,267	272,042
Total expenses	19,908,948	-	19,908,948	19,409,667
Change in net assets	(15,983,137)	(8,201,256)	(24,184,393)	7,218,399
Net assets, beginning of year	83,136,778	43,029,434	126,166,212	118,947,813
Net assets, end of year	$ 67,153,641	34,828,178	101,981,819	126,166,212

See notes to financial statements.

Texas Methodist Foundation

Statement of Activities
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support:			
Interest income	$ 13,037,580	224,845	13,262,425
Contributions and bequests	782,773	1,479,805	2,262,578
Administrative income	1,185,000	-	1,185,000
Dividends	57,423	292	57,715
Oil and gas royalties	118	70,874	70,992
Consulting fees income	3,750	-	3,750
Change in actuarial liability	-	(206)	(206)
Unrealized and realized gains on investments	6,000,585	3,128,366	9,128,951
Other	656,801	60	656,861
Net assets released from restrictions-			
Expiration of time restrictions	2,994,965	(2,994,965)	-
Total revenues, gains, and other support	24,718,995	1,909,071	26,628,066
Expenses:			
Programs:			
Loans and investor services	6,602,167	-	6,602,167
Charitable services	6,831,688	-	6,831,688
Leadership services	2,934,833	-	2,934,833
General and administrative	2,768,937	-	2,768,937
Depreciation and amortization	272,042	-	272,042
Total expenses	19,409,667	-	19,409,667
Change in net assets	5,309,328	1,909,071	7,218,399
Net assets, beginning of year	77,827,450	41,120,363	118,947,813
Net assets, end of year	$ 83,136,778	43,029,434	126,166,212

See notes to financial statements.

Texas Methodist Foundation

Statement of Functional Expenses
Year Ended December 31, 2022 (with summarized comparative totals for the year ended December 31, 2021)

	2022					
	Programs			Support		
	Loans and Investor Services	Charitable Services	Leadership Services	General and Administrative	Total Expenses	2021 Total
Salaries, wages, and benefits	$ 2,077,093	1,417,714	2,114,409	1,894,547	7,503,763	6,776,650
Grants and distributions	-	4,849,343	-	-	4,849,343	5,418,203
Interest expense	3,264,140	-	-	-	3,264,140	3,196,111
Office	504,924	239,433	1,116,152	571,965	2,432,474	2,063,319
Provision for loan losses	500,000	-	-	-	500,000	750,000
Travel	62,066	103,318	156,137	81,158	402,679	201,425
Building	52,546	31,528	31,528	94,584	210,186	209,100
Insurance	60,646	31,062	35,500	20,708	147,916	135,041
Professional fees	-	11,694	-	90,929	102,623	87,413
Scholarships	-	-	7,185	-	7,185	12,100
Other	274,372	-	-	-	274,372	288,263
Total expenses before depreciation and amortization	6,795,787	6,684,092	3,460,911	2,753,891	19,694,681	19,137,625
Depreciation and amortization	-	-	-	214,267	214,267	272,042
Total expenses	$ 6,795,787	6,684,092	3,460,911	2,968,158	19,908,948	19,409,667

See notes to financial statements.

Texas Methodist Foundation

Statement of Functional Expenses
Year Ended December 31, 2021

	Programs			Support	
	Loans and Investor Services	Charitable Services	Leadership Services	General and Administrative	Total Expenses
Salaries, wages, and benefits	$ 1,800,449	1,121,029	1,757,881	2,097,291	6,776,650
Grants and distributions	-	5,418,203	-	-	5,418,203
Interest expense	3,196,111	-	-	-	3,196,111
Office	439,541	180,013	999,277	444,488	2,063,319
Provision for loan losses	750,000	-	-	-	750,000
Building	52,275	31,365	31,365	94,095	209,100
Travel	20,161	30,658	104,501	46,105	201,425
Insurance	55,367	29,709	29,709	20,256	135,041
Professional fees	-	20,711	-	66,702	87,413
Scholarships	-	-	12,100	-	12,100
Other	288,263	-	-	-	288,263
Total expenses before depreciation and amortization	6,602,167	6,831,688	2,934,833	2,768,937	19,137,625
Depreciation and amortization	-	-	-	272,042	272,042
Total expenses	$ 6,602,167	6,831,688	2,934,833	3,040,979	19,409,667

See notes to financial statements.

Texas Methodist Foundation

Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities:		
Change in net assets	$ (24,184,393)	$ 7,218,399
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	214,267	272,042
Provision for loan losses	500,000	750,000
Change in actuarial liability	(2,428)	206
Net unrealized and realized losses (gains) on investments	20,838,124	(9,128,951)
Gain on disposal of fixed assets	(52,357)	(41,840)
Contributions and bequests for permanent donor-restricted endowments	(581,441)	(217,805)
Investment income (loss) reinvested into corpus of permanent donor-restricted endowments	3,206,375	(511,879)
Changes in assets and liabilities that provided (used) cash:		
Investments	45,849,652	(20,921,527)
Accrued interest receivable	(119,967)	383,387
Prepaid expenses and other assets	(47,105)	69,254
Loans receivable	(1,078,281)	17,259,916
Distributions, grants, and accounts payable	620,201	(79,834)
Deferred revenue	(74,067)	(70,396)
Deferred grant revenue	216,667	10,000
Funds held as agent	(27,505,718)	4,998,844
Funds managed for investors	(35,581,629)	18,813,071
Net cash provided by (used in) operating activities	(17,782,100)	18,802,887
Cash Flows from Investing Activities:		
Purchases of property and equipment	-	(24,965)
Proceeds from sales of property and equipment	91,071	74,350
Net cash provided by investing activities	91,071	49,385
Cash Flows from Financing Activities:		
Contributions and bequests for permanent donor-restricted endowments	581,441	217,805
Investment income (loss) reinvested into corpus of permanent donor-restricted endowments	(3,206,375)	511,879
Repayments of loan participations	(42,263)	(43,661)
Payments on note payable	-	(6,250,000)
Net cash used in financing activities	(2,667,197)	(5,563,977)
Net change in cash and cash equivalents	(20,358,226)	13,288,295
Cash and cash equivalents, beginning of year	41,546,572	28,258,277
Cash and cash equivalents, end of year	$ 21,188,346	$ 41,546,572
Supplemental Discosures of Cash Flow Information:		
Interest paid on line of credit	$ 3,661	$ -
Interest paid on note payable	$ -	$ 19,484

See notes to financial statements.

Note 1 - Organization

Texas Methodist Foundation ("TMF"), headquartered in Austin, Texas, is a nonprofit corporation that supports the religious, charitable and educational undertakings of the Annual Conferences of Texas and New Mexico including local churches, affiliated nonprofit entities, and individuals in the United Methodist Church, and those other churches and related entities which trace their origin to the Methodist Episcopal Church of the 18th Century ("Wesleyan-related"). TMF provides grants to support local ministry initiatives, assists churches in the establishment of planned-giving programs, accepts and administers gifts and endowments as donee or manager, and provides loans and stewardship services to local churches and other institutions. TMF's Leadership Ministry works to equip leaders for deep change through facilitating conversations of courage, innovation, and learning.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") as defined by the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

Use of Estimates - The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Net Asset Classifications - Net assets, revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without Donor Restrictions **-** These net assets are not subject to donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulation or by law. These net assets are those currently available for use or at the discretion of the Board of Directors (the "Board") for TMF's use. TMF has designated net assets without donor restrictions for the endowment (Note 10) and the Leadership Ministry.

With Donor Restrictions - These net assets are subject to donor-imposed stipulations which limit their use to a specific purpose and/or the passage of time, or which require them to be maintained permanently. Net assets with temporary donor restrictions result from (a) contributions and other inflows of assets whose use by TMF is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of TMF pursuant to those stipulations, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, and (c) forty-five percent (45%) of donor-restricted endowments of perpetual duration which have no explicit donor stipulations, as determined by the Board. Examples of net assets with temporary donor restrictions include annuities and certain endowments which require distributions upon the passage of time such as a monthly, quarterly, or annual payment. Net assets with permanent donor restrictions result from (a) contributions and other inflows of assets whose use by TMF is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of TMF, (b) other asset enhancements and diminishments subject to the same kinds of stipulations, or (c) fifty-five percent (55%) of donor-restricted endowments of perpetual duration which have no explicit donor stipulations, as determined by the Board. Examples of net assets with permanent donor restrictions include endowments and the portion of earnings of endowments which are reinvested into the corpus and held in perpetuity.

Fair Value Measurements - Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

Level 1 **-** Inputs based on quoted market prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2 **-** Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 **-** Unobservable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

Cash and Cash Equivalents - TMF considers all highly liquid investments with an original maturity of three months or less to be cash equivalents, except for short-term investments held by TMF's investment managers as part of a long-term strategy.

Investments - Investments are reported at their fair values in the statements of financial position. Donated investments are recorded at fair value as of the date of the gift or bequest. Investment transactions are recorded on the trade date and investment income is recorded in the statements of activities when earned. Unrealized gains and losses are recorded for the changes in fair value of investments between reporting periods. Realized gains and losses are recorded as the difference between historical cost and the proceeds earned from the sale of investments. TMF maintains investments of various funds in pooled accounts to obtain investment flexibility. The assets, liabilities and earnings of the pooled resources are allocated to investors based on their percentages of participation.

Loans Receivable and Interest Income - Loans receivable are stated at the outstanding principal balances, less the allowance for loan losses, and are held within TMF's Methodist Loan Fund ("MLF"). TMF extends loans primarily to Wesleyan-related churches and other organizations in Texas and New Mexico and may participate in loans with other Wesleyan-related foundations outside of Texas and New Mexico. These loans generally are for terms of 1 - 20 years, are secured by first mortgages on land and buildings, and bear interest at various rates ranging from 0.50 - 8.50%, with payment due monthly. The mortgagors generally rely on contributions to service their debt. Interest income is recorded in the period earned and is based on the outstanding loan balance.

The accrual of interest on loans is discontinued when there is a significant deterioration in the financial condition of the borrower and full repayment of principal and interest is not expected. Loans for which interest is more than 90 days past due are individually reviewed to determine if the additional accrual of interest is warranted. Generally, all interest income accrued, but not collected, for loans that are placed on non-accrual status, is reversed against current income. Interest income is subsequently recognized only to the extent cash payments are received or after the borrower establishes a reasonable basis to expect future payments.

Loans with payments over 30 days past due are considered delinquent, at which time management begins monitoring these loans and restructuring the loans as considered necessary. Per the Board approved policy, any loans deemed in default by TMF may be transferred to TMF's undesignated endowment thereby removing or reducing the risk of loss to the MLF. As of December 31, 2022 and 2021, there were no defaulted loans.

Allowance for Loan Losses - An allowance for loan losses is established to reflect management's best estimate of the losses inherent in the loan receivable portfolio (Note 6). Management establishes the allowance based on a variety of factors, such as loan payment history, current financial information, local economic conditions, geographic location, demographic changes, and other relevant factors. In establishing the adequacy of the allowance for loan losses, management performs periodic reviews of the loan receivable portfolio. Loans are risk-weighted based upon a past due (aging) schedule. All loans which are at least 90 days past due are evaluated individually for collectability and a risk factor is assigned to each. This generally results in an allocation of the allowance for these loans.

Risk factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays or shortfalls generally are not classified as impaired. Management determines the significance of payment delays and shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed.

Property and Equipment - Property and equipment additions in excess of $5,000 are recorded at cost if purchased, and at fair value on the date of receipt if donated. Property and equipment are stated at cost, net of accumulated depreciation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized in the statements of activities. Maintenance and repairs that do not improve or extend the useful life of the asset are expensed as incurred. Land is not depreciated.

Property and equipment are depreciated using the straight-line method over the assets' estimated useful lives as follows:

Building	37.5 years
Tenant improvements	2-7 years
Automobiles	4 years
Office furniture and equipment	5-7 years

Intangible Assets - Intangible assets consist of customer relationships acquired from The United Methodist Foundation of the Central Texas Annual Conference ("CTMF") on February 16, 2012. Intangible assets are being amortized using the accelerated amortization method over an estimated benefit period of 22 years. TMF reviews intangible assets at least annually for impairment.

Impairment of Long-Lived Assets - Property and equipment and intangibles assets subject to amortization are reviewed for impairment at the asset group level whenever events or changes in circumstances indicate that the amount recorded may not be recoverable. An impairment loss is recognized by the amount in which the carrying amount of the asset group exceeds fair value, if the carrying amount of the asset group is not recoverable.

Deferred Revenue and Deferred Grant Revenue - Deferred revenue is primarily comprised of fees that have been collected in advance for the Ministry group registration and consulting fees. Fees will be recognized when the events take place as the services are performed and are included with other revenues in the statements of activities. Deferred grant revenue is primarily comprised of private grants that management has deemed are conditional upon meeting certain requirements on an annual basis. Accordingly, the revenues are being recognized in the periods those conditions are met.

Funds Held as Agent - TMF enters into certain endowment agreements for which TMF has no variance power. The fair value of these endowment balances are included in funds held as agent and investments in the statements of financial position and totaled $98,455,520 and $118,594,766 as of December 31, 2022 and 2021, respectively. TMF is also the trustee of various charitable gift annuities ("CGAs"), charitable remainder trusts ("CRTs"), charitable remainder unitrusts ("CRUTs"), and charitable remainder annuity trusts ("CRATs"). The fair value of these annuity balances are also included in funds held as agent and investments in the statements of financial position and totaled $12,146,035 and $19,514,935 as of December 31, 2022 and 2021, respectively. The majority of these agreements have been established by settlors for their benefit and for the benefit of third parties. Upon establishment of third-party agreements, TMF records the underlying assets and a corresponding liability. These liabilities are reported as funds held as agent in the statements of financial position.

Changes in CGAs, CRTs, CRUTs, and CRATs measured at fair value on a recurring basis using Level 3 inputs were as follows during the years ended December 31:

	2022	2021
Beginning of year	$ 19,514,935	$ 20,031,917
Transfers/terminations	(3,812,579)	(291,908)
Actuarial adjustment	(3,556,321)	(225,074)
End of year	$ 12,146,035	$ 19,514,935

TMF is required by the State of Texas to maintain a reserve of at least $100,000 to make payments if the assets of the CGAs are depleted. This reserve is held in the undesignated endowment.

In some instances, CGAs, CRTs, CRUTs, and CRATs are split-interest agreements in which TMF has been named a beneficiary or TMF has variance power. Assets held under these agreements are included in investments and are recorded at their fair value when received. Contribution revenues are recognized at the dates the agreements are established, net of the liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the term of the agreements for changes in the fair value of the assets, accretion of the discount, and other changes in the estimates of future benefits. TMF uses the Internal Revenue Service ("IRS") life-expectancy tables to compute the estimated present value of the life expectancy of the settlors and their beneficiaries. The present value of the liability is based upon actuarial estimates and assumptions regarding the duration of the agreements and the rates to discount the liability. Circumstances affecting these assumptions can change the estimate of this liability in future periods. Changes in the present value of the liability are recorded annually as an actuarial gain or loss presented as change in actuarial liability in the statements of activities.

As of December 31, 2022 and 2021, the assets and liabilities under split-interest agreements were not significant to the financial statements. Changes in the liability under split-interest agreements measured at fair value on a recurring basis using Level 3 inputs during the years ended December 31, 2022 and 2021 were not significant to the financial statements.

Funds Managed for Investors - The statements of financial position include the balance of funds managed for investors which represent funds invested by third parties for a temporary or indefinite period. These funds are invested under two different arrangements: (1) Foundation-designated investment fund for which TMF makes all investment decisions related to these investments and pays monthly interest and (2) the owner-designated investment funds for which TMF manages specific securities and other investments under a separate agreement with the investor and remits the actual income to the investor. TMF earns interest income for managing these accounts for investors.

Contributions - TMF recognizes contributions when cash, securities, other assets, an unconditional promise to give, or notification of a beneficial interest is received. If TMF accepts cash or other financial assets from a settlor and agrees to use those assets on behalf of that settlor or transfer those assets, return on investment of those assets, or both to a specified beneficiary, the fair value of those assets are recorded as a liability to the specified beneficiary concurrent with recognition of the assets received. However, if the donor explicitly grants TMF variance power or if TMF is the specified beneficiary, the fair value of the assets received is recorded as a contribution. Unconditional promises to give cash and other assets are reported as net assets with donor restrictions, if they are received with donor stipulations that limit the use of donated assets. When donor restrictions expire, that is, when a stipulated time restriction ends or restricted purpose is accomplished, the related amounts are reclassified to net assets without donor restrictions. This is reported in the statements of activities as net assets released from restrictions. Conditional promises to give, defined as those with a measurable performance or other barrier and a right of return, are recognized when the condition on which they depend are met and the promises become unconditional.

Functional Expense Allocation - The accompanying financial statements present expenses by function and natural classification. Natural expenses directly attributable to a specific functional area are reported as expenses of those functional areas. The services that TMF provides are interrelated and are provided using common resources. Accordingly, certain costs have been allocated among the program and supporting services using a variety of cost allocation techniques, such as time and effort.

Federal Income Taxes - TMF is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except with respect to any unrelated business income. TMF did not incur any significant tax liabilities due to unrelated business income during the years ended December 31, 2022 or 2021. Due to the religious exemption under its IRS designation as an association of a church, TMF is exempt from filing a Form 990 tax return in the U.S. federal jurisdiction.

Change in Accounting Principle for Recently Adopted Accounting Pronouncement - In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842)*, which supersedes existing guidance for leases under Topic 840, *Leases*. The standard requires the recognition of right-of-use ("ROU") assets and lease liabilities for all leases, including operating leases. TMF adopted ASU No. 2016-02, as amended, on January 1, 2022, using a modified retrospective approach. The adoption did not have a significant impact on the TMF's statement of financial position or statement of activities.

Recently Issued Accounting Pronouncement - In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which seeks to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments, including trade receivables and other commitments to extend credit held by a reporting entity at each reporting date. Entities are required to replace the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects current expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The amendment is effective using a modified retrospective approach for fiscal years beginning after December 15, 2022 and early adoption is permitted. TMF is currently evaluating the impact the amendment will have on its financial statements.

Note 3 - Liquidity and Availability of Financial Assets

TMF's financial assets available within one year for general expenditure were as follows as of December 31:

	2022	2021
Cash and cash equivalents	$ 21,188,346	$ 41,546,572
Accrued interest receivable	2,005,428	1,885,461
Available Line of Credit (Note 9)	30,000,000	30,000,000
Total financial assets available within one year	53,193,774	73,432,033
Less amounts unavailable for general expenditure within one year-		
Annuity obligations for life income accounts	(470,000)	(445,000)
Total financial assets available to management for general expenditure within one year	$ 52,723,774	$ 72,987,033

The Board has established a policy to monitor and maintain adequate liquidity for TMF. This policy directs staff to maintain sufficient sources to meet anticipated as well as unanticipated demands. The primary needs for cash pertain to funding loans which have been approved by the loan committee, withdrawal of maturing notes sold to investors, possible reductions in variable rate (demand) notes, early redemption of notes, as well as general operating needs. Tracking of these needs are monitored on a monthly basis using procedures which have been established by staff. Sources available to meet these needs include cash, money market accounts, certificates of deposit, and other short-term investments. Long-term investments are not included in liquidity calculations as they are directly related to TMF endowments and funds held and/or managed for others, and therefore are not available for operating liquidity purposes. TMF also maintains a $30,000,000 Revolving Line of Credit (Note 9) with a commercial bank as a secondary source if needed. The maturity date is June 2024. TMF's endowments without donor restrictions also have approximately $67,000,000 available for liquidity if necessary.

Note 4 - Concentrations of Credit Risk

Financial instruments that potentially subject TMF to credit risk consist of cash and cash equivalents, investments, and loans and other receivables. TMF places its cash and cash equivalents with a limited number of high-quality financial institutions and may exceed the amount of insurance provided on such deposits. Investments are exposed to various risks, such as interest rate, market, and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported in the statements of financial position. TMF approves loans to Wesleyan-related churches and other organizations throughout the states of Texas and New Mexico. Although TMF has a diversified portfolio, a substantial portion of its debtors' ability to honor their contracts is dependent upon Wesleyan-related churches and their congregations. Investments, other than loans, do not represent a significant concentration of credit risk due to diversification of TMF's portfolio among instruments and issues. TMF may also be subject to risk in the concentration of contributions and bequests from certain donors. During the year ended December 31, 2021, one donor's gifts comprised 10% of contributions and bequests revenue.

Note 5 - Investments

Investments were classified as follows under the fair value hierarchy as of December 31, 2022:

		Fair Value Measurements Using:		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Stocks	$ 3,149,061	$ 3,149,061	$ -	$ -
Certificates of deposit	747,000	-	747,000	-
Cash surrender value of life insurance policies	480,228	-	480,228	-
Land and buildings	424,951	-	-	424,951
Oil and gas interests	338,941	-	-	338,941
Corporate bonds, bond funds and government securities	271,144	-	271,144	-
	5,411,325	$ 3,149,061	$ 1,498,372	$ 763,892
Wespath funds (1):				
U.S. equities ("USEF-I")	136,068,246			
International equities ("IEF-I")	108,728,173			
Fixed income ("FIF-I")	60,378,328			
Inflation protection ("IPF-I")	22,603,618			
Multi-asset ("MAF-I")	1,030,966			
Total investments	$ 334,220,656			

Investments were classified as follows under the fair value hierarchy as of December 31, 2021:

		Fair Value Measurements Using:		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Stocks	$ 3,516,532	$ 3,516,532	$ -	$ -
Cash surrender value of life insurance policies	475,794	-	475,794	-
Land and buildings	424,951	-	-	424,951
Oil and gas interests	376,027	-	-	376,027
Corporate bonds, bond funds and government securities	24,597	-	24,597	-
	4,817,901	$ 3,516,532	$ 500,391	$ 800,978
Wespath funds (1):				
USEF-I	160,722,865			
IEF-I	127,602,259			
FIF-I	71,399,955			
IPF-I	35,146,255			
MAF-I	1,219,197			
Total investments	$ 400,908,432			

(1) In accordance with U.S. GAAP, certain investments that are measured at fair value using the net asset value per share (“NAV”) (or its equivalent) as a practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

There were no purchases or sales of land and buildings during the year ended December 31, 2022. TMF purchased land and buildings totaling $175,728 during the year ended December 31, 2021, and sold land and buildings totaling $421,912 during the year ended December 31, 2021. There were no purchases or sales of oil and gas interests or transfers in or out of Level 3 investments during the years ended December 31, 2022 and 2021.

All investments have been valued using a market approach. Valuation techniques used in the fair value measurement of Level 2 and Level 3 investments are based on the following:

Certificates of Deposit **-** Certificates of deposit are presented at cost, which approximates fair value, and bear interest at rates ranging from 0.55% to 1.30% in 2022. These certificates are purchased with a maximum of one-year terms, and all certificates are fully insured through the Federal Deposit Insurance Corporation. There were no investments in certificates of deposit as of December 31, 2021.

Cash Surrender Value of Life Insurance Policies **-** Cash surrender value of life insurance policies is presented at cost, which approximates fair value, based upon policy statement values.

Land and Buildings **-** The value of the land and buildings was based on appraised value.

Oil and Gas Interests **-** Oil and gas interests are reported at estimated fair values based upon cash flow generation and property tax appraisals.

Corporate Bonds, Bond Funds and Government Securities **-** Corporate bonds, bond funds and government securities are valued based upon quotations as listed in various online investment services for comparable instruments.

Additional information about investments measured at NAV follows:

	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Wespath funds:			
USEF-I	None	No limits	Up to 15 days
IEF-I	None	No limits	Up to 15 days
FIF-I	None	No limits	Up to 15 days
IPF-I	None	No limits	Up to 15 days
MAF-I	None	No limits	Up to 15 days

The investment objective of USEF-I is to attain long-term capital appreciation by investing in a broadly diversified portfolio that primarily includes Equities of companies domiciled in the U.S. and traded on a regulated U.S. stock exchange, and to a lesser extent, U.S. Private Equity and U.S. Private Real Estate. The performance objective of USEF-I is to outperform the investment returns of its Benchmark, the Russell 3000 Index, by 35 basis points (0.35 percentage points) per year, net of Annual Fund Operating Expenses, averaged over a market cycle of five to seven years.

The investment objective of IEF-I is to attain long-term capital appreciation from a diversified portfolio of primarily non-U.S. domiciled companies traded on a stock exchange, non-U.S. Equity index Futures and, to a lesser extent, non-U.S. Private Equity and Private Real Estate. The performance objective of IEF-I is to outperform the investment returns of its Benchmark, the MSCI All Country World Index (ACWI) ex-USA Investable Market Index (IMI) Net, by 75 basis points (0.75 percentage points) per year, net of Annual Fund Operating Expenses, averaged over a market cycle of five to seven years.

The investment objective of FIF-I is to earn current income while preserving capital by primarily investing in a diversified mix of Fixed Income securities. The performance objective of FIF-I is to outperform the investment returns of its Benchmark, the Bloomberg U.S. Universal Index (excluding Mortgage-Backed Securities [ex-MBS]), by 50 basis points (0.50 percentage points) per year, net of Annual Fund Operating Expenses, averaged over a market cycle of five to seven years.

The investment objective of IPF-I is to earn current income, while preserving capital, and to protect principal from long-term loss of purchasing power due to inflation through investments such as inflation-linked securities, inflation-sensitive commodities Derivatives, Senior Secured Floating Rate Loans, Securitized Products, Real Assets, Alternative Investments, and cash and Cash Equivalents. The performance objective of IPF-I is to outperform the investment returns of its Benchmark by 25 basis points (0.25 percentage points) per year, net of Annual Fund Operating Expenses, averaged over a market cycle of five to seven years. The IPF-I Benchmark is a blended index based on 80% of the investment returns of the Bloomberg World Government Inflation Linked Bond Index (Hedged), 10% of the investment returns of the Bloomberg Emerging Market Tradeable Inflation Linked Bond Index (Unhedged), and 10% of the investment returns of the Bloomberg Commodity Index.

The investment objective of MAF-I is to attain current income and capital appreciation by investing in a broad mix of investments. MAF-I is a fund of funds which seeks to achieve its investment objective by holding an allocation primarily among four other I Series Funds (including U.S. Equity Fund–I Series, International Equity Fund–I Series, Fixed Income Fund–I Series, Inflation Protection Fund–I Series) in accordance with pre-specified allocation targets.

Note 6 - Loans Receivable

Loans receivable are generally divided into two major groups, Foundation-originated loans ("Foundation loans") and designated loans. Amounts outstanding in each category were as follows as of December 31:

	2022	2021
Foundation loans	$ 290,401,500	$ 289,106,599
Designated loans	1,268,786	1,485,406
Participations	(710,950)	(753,213)
	290,959,336	289,838,792
Allowance for loan losses	(3,000,000)	(2,500,000)
Total	$ 287,959,336	$ 287,338,792

Foundation loans are loans that TMF has made with the pool of funds invested in the Methodist Loan Fund. TMF approves these loans based on specific Board approved criteria. Foundation loans can generally be divided into two groups. The two distinctions are: 1) interest only loans that may include construction loans that are typically tied to three-year capital campaigns, and 2) term real estate loans. Designated loans are managed by TMF according to the conditions specified by investors. These loans receivable are assets of the investors fund and the underwriting as well as any potential loss is the responsibility of the investors. In order for TMF to generate cash to fund other loans, TMF, under terms and limits established by the Board, may sell portions of loans to other lending institutions in the form of participations. Fixed rate loans typically are established for one to three-year terms. Variable rate loans are subject to change on a monthly basis. Interest rates on loans originated by TMF are established at the time of closing based on the prime lending rate.

Foundation loans receivable consisted of the following as of December 31:

	2022	2021
Interest only loans	$ 129,910,458	$ 133,753,879
Term loans	160,491,042	155,352,720
Total	$ 290,401,500	$ 289,106,599
Fixed rate	$ 197,968,510	$ 184,732,019
Variable rate	92,432,990	104,374,580
Total	$ 290,401,500	$ 289,106,599

As discussed in Note 2, TMF individually reviews its loan receivable balance where all or a portion of the balance exceeds 90 days past due or where there are circumstances occurring in the church that may result in a future loss. Based on the assessment of the borrower's current creditworthiness, TMF estimates the portion, if any, of the balance that will not be collected. Additionally, on the aggregate remaining loan receivables, TMF estimates an additional allowance covering those amounts not specifically identified.

During the years ended December 31, 2022 and 2021, changes in the allowance for loan losses were as follows:

	2022	2021
Balance, beginning of year	$ 2,500,000	$ 1,750,000
Increase in allowance for loan losses	500,000	750,000
Balance, end of year	$ 3,000,000	$ 2,500,000

As of December 31, 2022, the allowance for loan losses established on loans evaluated individually and loans evaluated collectively are as follows:

	2022
Ending balance: Individually evaluated for impairment	$ 17,154,902
Allowance for loan losses	(2,132,802)
Ending balance: Collectively evaluated for impairment	273,804,434
Allowance for loan losses	(867,198)
Ending balance	$ 287,959,336

The following table presents an aging analysis of TMF's loans as of December 31, 2022:

31 - 60 Days Past Due	60 - 89 Days Past Due	Recorded Investment > 90 Days and Accruing	Total Past Due	Non-accruals	Current	Total Loans
$ 1,335,648	$ 4,347,426	$ 269,063	$ 5,952,137	$ -	$ 285,007,199	$ 290,959,336

TMF does not consider the delinquencies to be significant in the context of total outstanding loans due to TMF, in consideration of the allowance for loan losses as of December 31, 2022.

Due to the nature of the relationships with the Wesleyan-related churches that constitute its borrowing base, TMF has been willing, under appropriate circumstances, to make concessions for borrowers whose payments were not current or to refinance outstanding obligations. During the years ended December 31, 2022 and 2021, the concessions granted to certain borrowers included extending the payment due dates, lowering the contractual interest rate, reducing accrued interest, and extending the maturity.

Once modified in a troubled debt restructuring, a loan is generally considered impaired until its contractual maturity. At the time of the restructuring, the loan is evaluated for an asset-specific allowance for credit losses. TMF continues to specifically reevaluate the loan in subsequent periods, regardless of the borrower's performance under the modified terms. If a borrower subsequently defaults on the loan after it is restructured, TMF provides an allowance for credit losses for the amount of the loan that exceeds the value of the related collateral. During the year ended December 31, 2022, there were four contracts modified with a recorded investment of approximately $5,950,000 prior to and after the modification. During the years ended December 31, 2022 and 2021, no borrowers defaulted.

A loan is considered impaired when, based on currently available information, it is possible that TMF will not collect all of the principal and interest contractually required by the loan agreement. Impaired loans also include loans that have been modified in a troubled debt restructuring and loans placed on nonaccrual status. All impaired loans are evaluated for an asset-specific allowance for credit losses. An allowance for credit losses on impaired loans is recognized when the recorded investment in the loan exceeds the estimated cash flows expected to be received from the borrower, discounted using the original effective interest rate of the loan. There were no charge-offs of any loans and no foreclosures during the years ended December 31, 2022 and 2021.

Impaired loans could be classified as nonperforming and, consequently, interest income is only recognized on these loans when actually received from the borrower. If the impaired loans are not on an accrual basis, any partial payments of contractual amounts due on impaired loans are treated as interest income on a cash basis until such time as the loan is restored to performing status.

Troubled debt restructurings generally result from TMF's loss mitigation activities and occur when a concession is granted to a borrower that is experiencing financial difficulty in order to minimize the financial loss and avoid foreclosure or repossession of collateral. While the modified loan may return to accrual status if it meets TMF's criteria to do so, nevertheless, the loan will continue to be evaluated for the allowance for loan losses and the loan will continue to be reported as being impaired in the financial statements.

The following presents TMF's impaired loans as of December 31, 2022:

	Recorded Investment		Unpaid Principal Balance		Related Allowance		Average Recorded Investment		Interest Income Recognized
With no related allowance recorded-									
Loans	$	6,059,600	$	6,059,600	$	-	$	6,070,012	$	169,640
With an allowance recorded-									
Loans		11,095,302		11,095,302		2,132,802		8,551,235		175,835
Total	$	17,154,902	$	17,154,902	$	2,132,802	$	14,621,247	$	345,475

TMF has no commitments to lend additional funds to borrowers whose loans have been modified, as of December 31, 2022. Impaired loan receivables were not significant to the financial statements during the year ended December 31, 2021.

Note 7 - Property and Equipment

Property and equipment consisted of the following as of December 31:

		2022		2021
Building and tenant improvements	$	3,988,634	$	3,988,634
Automobiles		261,161		425,045
Office furniture and equipment		458,629		459,879
		4,708,424		4,873,558
Less accumulated depreciation		(3,257,735)		(3,210,043)
Land		245,826		245,826
Property and equipment, net	$	1,696,515	$	1,909,341

Depreciation expense totaled $174,112 and $227,266 during the years ended December 31, 2022 and 2021, respectively.

Note 8 - Intangible Assets

Intangible assets consisted of the following as of December 31:

	2022	2021
Customer relationships	$ 1,265,000	$ 1,265,000
Less accumulated amortization	(1,050,696)	(1,010,541)
Intangible assets, net	$ 214,304	$ 254,459

Amortization expense totaled $40,155 and $44,776 during the years ended December 31, 2022 and 2021, respectively.

Estimated aggregate future amortization expense was as follows as of December 31, 2022:

2023	$ 35,851
2024	31,864
2025	28,187
2026	24,806
2027	21,709
Thereafter	71,887
Total	$ 214,304

Note 9 - Borrowing Arrangements

TMF has an available Revolving Line of Credit (the “Line of Credit”) for $30,000,000 with a bank, which bears interest at the AMERIBOR rate plus 1.75% as of December 31, 2022 and 2021. There were no advances outstanding as of December 31, 2022 and 2021. The Line of Credit matures on June 30, 2024.

TMF had a Term Note with a bank, which bore interest at the LIBOR rate plus 1.5%. There were no outstanding advances due on the Term Note as of December 31, 2021. The Term Note matured during the year ended December 31, 2022 and has not been replaced.

The Line of Credit is secured by substantially all of TMF’s investments and loans receivable and requires TMF to meet certain financial covenants, including unrestricted tangible net assets and interest coverage ratios.

Note 10 - Endowments

The Board has interpreted the Texas Uniform Prudent Management of Institutional Funds Act ("TUPMIFA") as requiring that a portion of a donor restricted endowment of perpetual duration be classified as permanently restricted in net assets with donor restrictions. The amount of the endowment that must be retained permanently in accordance with explicit donor stipulations or, in the absence of such stipulations, the amount to be permanently restricted, shall be determined by TMF's Board. TMF's Board determined that in the absence of explicit donor stipulations, TMF shall classify donor-restricted endowment assets as 55% permanently restricted and 45% temporarily restricted. TMF classifies as net assets with donor restrictions the original value of gifts donated to donor-restricted endowments and all additional gifts received thereafter. Investment income from donor-restricted endowments is likewise classified as net assets with donor restrictions until those amounts are appropriated for expenditure by TMF in a manner consistent with the donors' stipulated purposes within the standard of prudence prescribed by TUPMIFA. In accordance with TUPMIFA, TMF considers the following factors in making a determination to appropriate or accumulate donor restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of TMF, and (7) TMF's investment policies.

The primary objective of these donor-restricted endowments is to provide a balance between capital appreciation, preservation of capital, and current income. This is a long-term goal designed to maximize returns without undue risk. The Finance Committee of the Board establishes the annual distribution rate. The annual distribution rate as of December 31, 2022 and 2021 was 4.0% of the endowment's average ending balance of the previous twelve quarters. Unless otherwise stated in the donor agreement, the Finance Committee shall select the investment portfolio where the endowments will be invested as described in TMF's investment policy, which outlines the asset allocations, permissible investments, and objectives of the portfolios.

TMF considers an endowment to be deficient if its fair value is less than the sum of: (a) the original value of initial and subsequent gifts donated to the endowment and (b) any donor-imposed accumulations to the endowment that must be maintained in perpetuity. TMF complies with TUPMIFA and has interpreted it to permit spending from deficient endowments in accordance with the prudent measures required under the law. The aggregate amount of deficiencies for all donor-restricted endowment funds for which the fair value of the assets at the reporting date is less than the level required by donor stipulation was $130,402 and $18,117 as of December 31, 2022 and 2021, respectively, with aggregate original values of $3,521,439 and $502,728, respectively. The deficient amount is reflected in net assets with donor restrictions.

Endowment net asset composition by type of fund as of December 31, 2022 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated endowment	$ 58,128,551	$ -	$ 58,128,551
Board-designated endowment funds	9,025,090	-	9,025,090
Donor-restricted endowment funds	-	34,748,661	34,748,661
Total funds	$ 67,153,641	$ 34,748,661	$ 101,902,302

Changes in endowment net assets during the year ended December 31, 2022 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 83,136,778	$ 42,884,761	$ 126,021,539
Interest and dividend income	12,933,817	244,418	13,178,235
Net unrealized and realized loss	(14,340,399)	(6,448,975)	(20,789,374)
Other investment income	1,656,396	90,961	1,747,357
Contributions and bequests	146,261	1,484,133	1,630,394
Grants and distributions	(1,893,040)	(2,936,319)	(4,829,357)
Other expenses	(14,486,172)	(570,318)	(15,056,490)
Endowment net assets, end of year	$ 67,153,641	$ 34,748,661	$ 101,902,302

A description of amounts classified as net assets with donor restrictions (endowment only) as of December 31, 2022 follows:

Net Assets With Donor Restrictions:	
The portion of donor perpetual endowment funds that is required to be retained permanently either by explicit donor-stipulation or by TUPMIFA	$ 20,780,700
The portion of donor perpetual endowment funds subject to a time restriction under TUPMIFA:	
Without donor-imposed purpose restrictions	12,623,336
With donor-imposed purpose restrictions	1,344,625
Total donor-restricted endowment funds classified as net assets with donor restrictions	$ 34,748,661

Endowment net asset composition by type of fund as of December 31, 2021 was as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated endowment	$ 72,013,600	$ -	$ 72,013,600
Board-designated endowment funds	11,123,178	-	11,123,178
Donor-restricted endowment funds	-	42,884,761	42,884,761
Total funds	$ 83,136,778	$ 42,884,761	$ 126,021,539

Changes in endowment net assets during the year ended December 31, 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 77,827,450	$ 40,968,291	$ 118,795,741
Interest and dividend income	13,095,005	221,451	13,316,456
Net unrealized and realized gain	6,000,584	3,108,185	9,108,769
Other investment income	1,845,669	70,934	1,916,603
Contributions and bequests	782,773	1,479,805	2,262,578
Grants and distributions	(2,637,980)	(2,348,004)	(4,985,984)
Other expenses	(13,776,723)	(615,901)	(14,392,624)
Endowment net assets, end of year	$ 83,136,778	$ 42,884,761	$ 126,021,539

A description of amounts classified as net assets with donor restrictions (endowment only) as of December 31, 2021 follows:

Net Assets With Donor Restrictions:	
The portion of donor perpetual endowment funds that is required to be retained permanently either by explicit donor-stipulation or by TUPMIFA	$ 23,405,634
The portion of donor perpetual endowment funds subject to a time restriction under TUPMIFA:	
Without donor-imposed purpose restrictions	17,011,545
With donor-imposed purpose restrictions	2,467,582
Total donor-restricted endowment funds classified as net assets with donor restrictions	$ 42,884,761

Note 11 - Net Assets with Temporary Donor Restrictions

Net assets with temporary donor-restrictions were as follows as of December 31:

	2022	2021
Undistributed earnings on donor-restricted endowments	$ 13,967,961	$ 19,479,127
Charitable gift annuities and charitable remainder trust agreements	79,517	144,673
Total net assets with temporary donor restrictions	$ 14,047,478	$ 19,623,800

Note 12 - Employee Benefit Plan

TMF participates in a defined contribution plan which covers substantially all employees of TMF. TMF's contributions totaled $433,990 and $417,795 during the years ended December 31, 2022 and 2021, respectively.

Note 13 - Commitments

TMF had unfunded loan commitments outstanding to certain Wesleyan-related churches of $39,552,493 and $42,498,634 as of December 31, 2022 and 2021, respectively. These unfunded loan commitments consisted of the following as of December 31, 2022: $19,265,603 in revolving lines of credit TMF has made available to churches and $20,286,890 in non-revolving construction loans which may take up to 36 months to fund. In addition, there were $968,308 in loans that were approved but not yet closed as of December 31, 2022.

Note 14 - Related Party Transactions

TMF received $430,477 and $200,243 in Board contributions during the years ended December 31, 2022 and 2021, respectively. TMF holds investments from Board members totaling $698,240 and $687,199 as of December 31, 2022 and 2021, respectively.

Note 15 - Agreement with Wesleyan Investive

In 2019, TMF and Wesleyan Investive (“WI”) entered into two agreements whereby TMF’s officers and staff manage WI’s activities under the governance of the WI Board of Directors.

During the years ended December 31, 2022 and 2021, TMF earned $1,200,000 and $1,185,000 of administrative income from WI, respectively, primarily for services rendered by TMF under agreement with WI. As of December 31, 2022 and 2021, TMF has investments in WI money market funds totaling $9,805,361 and $9,580,242, respectively. As of December 31, 2022 and 2021, WI has investments in TMF money market funds totaling $9,172,255 and $5,166,787, respectively.

Note 16 - Subsequent Events

TMF has evaluated subsequent events through April 18, 2023, the date the financial statements were available to be issued, and no events have occurred from the statement of financial position date through that date that would impact the financial statements.