

**Dakotas Annual Conference of the
United Methodist Church, Inc.**

**Independent Auditor's Report
and Financial Statements**

**For the Year Ended
December 31, 2024**

Dakotas Annual Conference of the United Methodist Church, Inc.

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Independent Auditor's Report

To the Board of Trustees of
Dakotas Annual Conference of the
United Methodist Church, Inc.

Opinion

We have audited the accompanying financial statements of Dakotas Annual Conference of the United Methodist Church, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows 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 financial position of Dakotas Annual Conference of the United Methodist Church, Inc. as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Dakotas Annual Conference of the United Methodist Church, Inc. and to meet our ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Dakotas Annual Conference of the United Methodist Church, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtaining 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 Organization'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 Organization'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.

A handwritten signature in dark ink that reads "CLO Prof LLC". The signature is written in a cursive, flowing style.

Mitchell, South Dakota
August 21, 2025

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Financial Position

December 31, 2024

Assets

Current Assets

Cash and cash equivalents	\$ 698,907
Accounts receivable, apportionments and direct bill	1,602,230
Other receivable	4,636
Prepaid expenses	13,528
Notes and contracts receivable, current portion, less allowance for credit losses of \$0	15,263
Total Current Assets	<u>2,334,564</u>

Noncurrent Assets

Notes and contracts receivable, less current portion and allowance for doubtful accounts of \$0	53,337
Investment accounts - affiliated organizations	10,214,191
Deposit accounts - Conference Board of Pensions	53,418,017
Beneficial interest in trust funds	105,697
Total Noncurrent Assets	<u>63,791,242</u>

Property and Equipment - net

<u>3,360,960</u>
<u><u>\$ 69,486,766</u></u>

Liabilities and Net Assets

Current Liabilities

Accounts payable	\$ 457,977
Accrued payroll	73,155
Accrued real estate taxes	18,376
Deferred camps revenue	12,475
Current portion of post-retirement benefit obligation	966,079
Total Current Liabilities	<u>1,528,062</u>

Noncurrent Liabilities

Post-retirement benefit obligation	<u>33,092,890</u>
Total Liabilities	<u>34,620,952</u>

Net Assets

Without donor restrictions	13,278,056
With donor restrictions	<u>21,587,758</u>
Total Net Assets	<u>34,865,814</u>
	<u><u>\$ 69,486,766</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Activities

Year Ended December 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support			
Apportioned giving	\$ 2,208,046	\$ --	\$ 2,208,046
Less: portion collected for/remitted to the General Church	(549,159)	--	(549,159)
Apportionments, net	\$ 1,658,887	\$ --	\$ 1,658,887
Contributions and bequests	12,529	469,599	482,128
Investment income	1,350,818	1,285,926	2,636,744
Program fees and sales	869,391	--	869,391
Miscellaneous income	1,719	--	1,719
Net realized gain on property, plant and equipment	1,256,150	--	1,256,150
Net unrealized gain (loss) on long-term investments	1,287,303	163,995	1,451,298
Net assets released from restrictions	2,568,798	(2,568,798)	--
Total Revenues, Gains and Other Support	9,005,595	(649,278)	8,356,317
Expenses			
Program Services			
District superintendency	564,087	--	564,087
Equipping churches	912,466	--	912,466
Connectional ministries	441,895	--	441,895
Camping program	1,104,559	--	1,104,559
Total Program Service Expenses	3,023,007	--	3,023,007
Supporting Services			
Stewardship of resources	1,793,077	--	1,793,077
Pensions and insurance	4,354,553	--	4,354,553
Total Support Service Expenses	6,147,630	--	6,147,630
Total Expenses	9,170,637	--	9,170,637
Change in Net Assets	(165,042)	(649,278)	(814,320)
Net Assets, Beginning of Year	13,443,098	22,237,036	35,680,134
Net Assets, End of Year	\$ 13,278,056	\$ 21,587,758	\$ 34,865,814

The accompanying Notes to Financial Statements are an integral part of this statement

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Functional Expenses

December 31, 2024

	Program Services				Total	Supporting Services		Total	Total
	District Superinten- dency	Equipping Churches	Connectional Ministries	Camping Program	Program Services	Stewardship of Resources	Pensions and Insurance	Supporting Services	Expenses
Compensation expenses									
Salaries and wages	\$ 321,003	\$ 95,207	\$ 87,761	\$ 365,984	\$ 869,955	\$ 676,672	\$ 99,404	\$ 776,076	\$ 1,646,031
Fringe benefits	106,912	59,798	13,159	106,774	286,643	378,522	3,083,514	3,462,036	3,748,679
Total Compensation Expenses	427,915	155,005	100,920	472,758	1,156,598	1,055,194	3,182,918	4,238,112	5,394,710
Other expenses									
Travel and meeting expense	49,568	53,213	21,318	21,426	145,525	44,405	14,900	59,305	204,830
Office expense	5,298	4,714	9,067	8,495	27,574	26,322	3,309	29,631	57,205
Professional fees	62	210,817	25,222	4,288	240,389	201,379	2,876	204,255	444,644
Program supplies and materials	64,195	95,058	187,420	220,261	566,934	178,348	4,152	182,500	749,434
Miscellaneous	--	4,642	70	--	4,712	1,689	50	1,739	6,451
Occupancy	4,399	1,736	45,307	372,731	424,173	44,243	273	44,516	468,689
Grants to local ministries	12,650	291,640	52,571	4,600	361,461	65,839	465,206	531,045	892,506
Bad debts	--	95,641	--	--	95,641	--	--	--	95,641
Change in net periodic benefit	--	--	--	--	--	--	680,869	680,869	680,869
Depreciation	--	--	--	--	--	175,658	--	175,658	175,658
Total Expenses	\$ 564,087	\$ 912,466	\$ 441,895	\$ 1,104,559	\$ 3,023,007	\$ 1,793,077	\$ 4,354,553	\$ 6,147,630	\$ 9,170,637

The accompanying Notes to Financial Statements are an integral part of this statement

Dakotas Annual Conference of the United Methodist Church, Inc.

Statement of Cash Flows

December 31, 2024

Cash Flows From Operating Activities

Change in net assets	\$ (814,320)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation expense	175,658
Net realized (gain) on property, plant and equipment	(1,256,150)
Unrealized gain on long-term investments	(1,451,298)
(Increase) decrease in:	
Accounts and pledges receivable	(976,450)
Prepaid expenses	(13,528)
Increase (decrease) in:	
Accounts payable	21,963
Accrued expenses	19,323
Deferred camps revenue	2,751
Post-retirement benefit obligation	680,869
	<hr/>
Net Cash (Used) by Operating Activities	<hr/> (3,515,541)

Cash Flows From Investing Activities

Collections on notes and contracts receivable	15,130
Proceeds from sale of investments	11,712,529
Purchase of investments	(8,538,815)
Proceeds from sale of property, plant and equipment	--
Purchase of property, plant and equipment	<hr/> (111,571)
Net Cash (Used) by Investing Activities	<hr/> 3,077,273

Net (Decrease) in Cash and Cash Equivalents	<hr/> (438,268)
--	-----------------

Cash and Cash Equivalents, Beginning of Year	<hr/> 1,137,175
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ 698,907

The accompanying Notes to Financial Statements are an integral part of this statement

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies:

Nature of Operations: The Conference serves local churches affiliated with the United Methodist Church in North and South Dakota. The Conference's revenues are derived primarily from apportionments collected from the local churches.

The accompanying financial statements include the assets, liabilities, net assets, and financial activities of all institutions and organizations providing services of the level of administration above the individual congregation.

The Conference was organized January 1, 1994. The Conference was formed by resolution of the South Dakota Annual Conference of the United Methodist Church and the North Dakota Annual Conference of the United Methodist Church (amended in 1993 to Dakotas Annual Conference of the United Methodist Church, Inc.) The two conferences agreed to consolidate their budgets, treasuries, liabilities, financial reports and assets under the name of and governed by the Dakotas Annual Conference of the United Methodist Church, Inc.

Description of Programs:

District Superintendency: This program works with the Bishop to care for the supervision of pastors and churches. There are four District Superintendents who have specific churches assigned to them to monitor and work with to increase their effectiveness in making disciples of Jesus Christ. The District Superintendency often provides the most direct connection between pastors, churches, and the other programs of the Conference.

Equipping Churches: This program provides training and other resources for those seeking to become pastors, existing pastors, and churches to promote greater effectiveness in making disciples of Jesus Christ. Since 2021, a total of 60 congregations have either disaffiliated or discontinued as United Methodist congregations. This program cares for approximately 130 active pastors and 160 churches in North and South Dakota.

Connectional Ministries: This program coordinates the various ministries of the Conference that are considered to be too large for an individual church to carry out alone. These ministries include campus ministry, supporting missionaries serving North and South Dakota, and holding statewide youth events.

Camping Program: This program provides camping facilities for children, youth and adults to encounter a Christ-centered ministry that provides places where people can experience and grow in God's love and grace with other people. The Conference owns camping facilities in both North and South Dakota.

Stewardship of Resources: This program cares for the property, personnel, and finances of the Conference. The Conference has approximately 30 permanent employees and ministry properties in North and South Dakota.

Pensions and Insurance: This program provides employment benefits for Conference staff and licensed or ordained pastors serving United Methodist churches in North and South Dakota. These benefits include pension, health insurance, and death/disability insurance.

Income Tax Status: The Conference is exempt from Federal and North Dakota state income taxes under Section 501(c) (3) of the Internal Revenue Code. The State of South Dakota does not levy an income tax.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies: (Continued)

Cash and Cash Equivalents: The Conference considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash is held in demand accounts at banks.

Promises to Give: Unconditional promises to give represent public pledges and are recorded at estimated net realizable value. Management evaluated all unconditional promises to give in order to determine the allowance for uncollectible pledges. Additionally, contributions receivable due in more than one year are reflected at the present value of estimated future cash flows using a risk-free discount rate based on the published Treasury note rate. As of December 31, 2024, the Conference had no outstanding pledges and thus, no discount rate was utilized.

Use of Estimates: In preparing financial statements in accordance with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Investments: Investments in equity securities with readily determinable fair values and all investments in debt securities are stated at fair value. Unrealized gains or losses are included in the change in net assets in the accompanying Statement of Activities.

Gains and losses and investment income derived from investments, receivables and the like are accounted for as unrestricted, temporarily restricted, or permanently restricted based on restrictions, if any, imposed by donors.

With Donor Restrictions and Without Donor Restrictions Revenue and Support: Contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or when purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the Statement of Activities as net assets released from restrictions.

The Conference reports gifts of land, buildings, and equipment as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Conference reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Revenue Recognition: The apportionment revenues of the Conference are from affiliated churches and are considered contracts with customers under FASB Accounting Standards Codification 606. For each contract, the Conference has determined the transaction price to be 13.5% of the monthly operating income received by each affiliated church (cost of affiliation). In exchange for the affiliation fees, the member churches receive a bundle of services and resources. The fair value of these benefits is equal to the affiliation fees.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

1. Significant Accounting Policies: (Continued)

Receivables: Accounts receivable are carried at original invoice or contract amounts less an estimate made for credit losses. The Organization provides an allowance for credit losses which is based upon a review of outstanding receivables on a collective basis where similar characteristics exist and on an individual basis when we identify specific customers with known disputes or collectability issues. In determining the amount of the allowance for credit losses, we consider historical collectability based on past due status and make judgments about the creditworthiness of customers based on ongoing credit evaluations. We also consider customer-specific information, current market conditions and reasonable and supportable forecasts of future economic conditions to inform adjustments to historical loss data. Changes in the allowance are classified as administrative expenses in the statements of activities. There was no allowance for credit losses for the year ended December 31, 2024.

Subsequent Events: Subsequent events have been evaluated for potential recognition or disclosure through August 21, 2025, the date the financial statements were available to be issued.

2. Notes and Contracts Receivable:

Notes and contracts receivable consist of the following:

	Terms	
An individual - unsecured	No interest accruing; due in bi-weekly installments of \$192; final payment due August 2028	\$ 18,462
An organization - unsecured	No interest accruing; due on demand	50,138
		68,600
	Less current portion	(15,263)
	Long-term portion	<u>\$ 53,337</u>

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

3. Property and Equipment:

A summary of property and equipment is as follows:

Land	\$ 554,695
Buildings and improvements	7,590,141
Equipment and furnishings	2,513,322
Less accumulated depreciation	<u>(7,297,198)</u>
	<u>\$ 3,360,960</u>

Property and equipment are stated at cost except properties acquired by gift conveyance which are carried at fair market value at time of conveyance. Depreciation is computed on the straight-line method based upon estimated service lives of the depreciable assets. It is the organization's policy to capitalize items with a useful life exceeding one year and a cost greater than \$5,000.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

4. Deposit Accounts – Conference Board of Pensions:

The Conference has amounts deposited with Wespath Benefits and Investments in Glenview, Illinois. These funds consist of and are summarized as follows:

	Endowment and Trust Funds	Pension Funds	Health Flex Funds	Care & Concern Fund	New Church Fund	Active Health Fund	Retiree Health Liability Fund	Pre-1982 Retirement Plan Fund	Overfundedness Fund	Dissaffiliation Pension Fund	Total Wespath Benefits and Investments
Balance, January 1, 2024	\$ 4,580,082	\$ 3,079,390	\$ 2,832,272	\$ 160,439	\$ 1,404,549	\$ 1,106,613	\$ 19,702,130	\$ 19,409,457	402,628	785,305	\$ 53,462,865
Net investment gain (loss)	75,050	462,448	242,515	7,115	69,892	--	251,980	1,110,007	25,336	12,588	2,256,931
Unrealized gain (loss)	261,330	(210,850)	(59,466)	--	--	73,892	1,189,798	(175,759)	504	--	1,079,449
Deposits	--	2,373,481	4,308,104	--	300,000	371,887	1,050,000	1,081,481	1,365,887	--	10,850,840
Withdrawals	(157,058)	(3,723,075)	(4,746,336)	--	(322,005)	--	(1,703,375)	(2,909,498)	(1,227,497)	--	(14,788,844)
Transfers	--	--	--	--	--	--	--	--	--	--	--
Balance, December 31, 2024	<u>\$ 4,759,404</u>	<u>\$ 1,981,394</u>	<u>\$ 2,577,089</u>	<u>\$ 167,554</u>	<u>\$ 1,452,436</u>	<u>\$ 1,552,392</u>	<u>\$ 20,490,533</u>	<u>\$ 18,515,688</u>	<u>\$ 566,858</u>	<u>\$ 797,893</u>	<u>\$ 52,861,241</u>

The Conference has amounts deposited with the Dakotas Annual Conference Board of Pensions of the United Methodist Church. These funds consist of and are summarized as follows:

	Benefits Office Reserves	Total All Funds
Balance, January 1, 2024	\$ 537,433	\$ 54,000,298
Net investment gain (loss)	19,343	2,276,274
Unrealized gain (loss)	--	1,079,449
Deposits	--	10,850,840
Withdrawals	--	(14,788,844)
Transfers	--	--
Balance, December 31, 2024	<u>\$ 556,776</u>	<u>\$ 53,418,017</u>

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

5. Fair Value Measurements:

FASB Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.
- Level 2 – Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

Investments – Affiliated Organizations, Deposit Accounts – Conference Board of Pensions: Valued at the Net Asset Value of the Organization's respective share of the underlying assets.

Beneficial interest in trust funds: Valued at the Organization's share of the underlying assets held in the trust.

The following table summarizes financial assets by ASC 820 levels as of December 31, 2024:

	Level 1	Level 2	Level 3	Total
Investments-Affiliated Organizations	\$ --	\$ 10,214,191	\$ --	\$ 10,214,191
Deposit Accounts - Conference Board of Pensions	556,776	52,861,241	--	53,418,017
Beneficial interest in trust funds	--	--	105,697	105,697
	<u>\$ 556,776</u>	<u>\$ 63,075,432</u>	<u>\$ 105,697</u>	<u>\$ 63,737,905</u>

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

5. Fair Value Measurements: (Continued)

The following table summarizes the changes in fair values associated with ASC 820 Level 3 financial assets:

	Beneficial Interest in Trust Funds
Balance as of January 1, 2024	\$ 100,877
Net investment earnings included in changes in net assets	<u>4,820</u>
Balance as of December 31, 2024	<u><u>\$ 105,697</u></u>

6. Related Party Transactions - Affiliations:

The Conference is affiliated with the Dakotas United Methodist Foundation. The Foundation's purpose is to aid and give financial assistance to the causes and institutions of or related to the Dakotas Annual Conference. The Conference provides office space to the Foundation at no cost.

The Conference has placed \$10,214,191 with the Foundation as of December 31, 2024, to be managed with the Foundation's investment portfolio. The amount is recorded in the non-current assets section of the balance sheet with the investment accounts - affiliated organizations.

7. Trust Funds:

The Conference is the beneficiary of trust funds established by donors under a legal trust agreement. The trust is administered by outside fiscal agents. Total trust revenue in 2024 was \$4,820, which was the Conference's share of net earnings. The annual disbursements received from the trust are unrestricted. The fair value of the Conference's beneficial interest in the trust funds was \$105,697 at December 31, 2024.

8. Net Assets Without Donor Restrictions:

Net Assets Without Donor Restrictions is summarized as follows:

Unrestricted operating	\$ (11,386)
Board designated	43,987,451
Net investment in plant	3,360,960
Pension and retiree health obligation deficit	<u>(34,058,969)</u>
Total Net Assets Without Donor Restrictions	<u><u>\$ 13,278,056</u></u>

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

9. Net Assets With Donor Restrictions:

Temporarily restricted net assets are available for the following purposes:

Equipping churches	
Scholarship and loan programs	\$ 558,738
Leadership development programs	23,342
Connectional ministries	
Parish and community development programs	1,354,621
World service and conference mission projects	1,060,729
Camping Program	
Scholarships	70,826
Camps capital improvements funds	503,164
Maintenance	120,000
Supporting services	
Capital improvement funds	42,253
Pension and insurance	17,854,085
	<u>\$ 21,587,758</u>

10. Net Assets Released From Restrictions:

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes specified by donors.

Purpose restrictions accomplished:	
Equipping churches	\$ 375,332
Connectional ministries	1,010,909
Camping program	201,642
Supporting services	980,915
Total restrictions released	<u>\$ 2,568,798</u>

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

11. Concentration of Credit Risk:

At various times throughout the year ended December 31, 2024, total cash balances exceeded the maximum limit for federal deposit insurance.

12. Accounting for Uncertain Tax Positions:

The Conference does not have an income tax filing requirement because it is a tax-exempt religious organization. The Conference includes all penalties and interest assessed by income taxing authorities in operating expenses. There were no penalties and interest expenses for the year ended December 31, 2024.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

13. Post-Retirement Benefits Obligation:

The Conference sponsors a defined benefit post-retirement health care plan covering substantially all employees. The plan was amended effective January 1, 2013 to require contributions from the employer to a Health Reimbursement Account (HRA) in each participant's name. The Conference's funding policy is to contribute an established dollar amount to participant HRAs based on the earnings from a designated investment. The most recent actuarially determined liability is as of December 31, 2024. The following table provides further information about the plan as of December 31, 2024:

Fair value of plan assets	\$ --
Benefit obligation	<u>(19,389,638)</u>
Funded Status: Underfunded	<u>\$ (19,389,638)</u>
Key Assumptions	
Discount rate	5.50%
Expected return on plan assets	N/A

For measurement purposes, an 6.50% annual rate of increase in the per capita cost of covered healthcare benefits was assumed at December 31, 2024. The rate was assumed to decrease gradually to 5% by 2031 and remain at that level thereafter.

Service cost	\$ 205,732
Benefits paid by employer	\$ 675,701

Future expected benefit payments to be made by the Conference are as follows:

2025	\$ 966,079
2026	995,772
2027	1,021,116
2028	1,043,345
2029	1,079,383
Five years thereafter	5,731,000

The Conference has designated certain investments to fund the benefit obligations. These funds totaled \$20,490,533 at December 31, 2024.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

14. Ministerial Pension Plan Annuities:

The Conference participates in the Ministerial Pension Plan, a multi-employer, defined contribution pension plan that is administered by Wespath Benefits and Investments. This plan covers substantially all United Methodist clergy for service with the Conference from January 1, 1982 through December 31, 2006.

Although as a defined contribution plan, there is no over or underfunding of this plan while participants are active, this changes upon their retirement. At the time of retirement, some or all of the account balance of participants in the plan is converted to an annuity contract, which is based upon past contributions plus accumulated earnings. The annuities are guaranteed by the plan sponsors of the plan, including the Dakotas Annual Conference. The legal status of the annuities plan is such that all assets of the plan are available to pay all benefits of the plan, regardless of the annual conference from which benefits came or under which benefits were accrued. The Dakotas Annual Conference does not control any provisions of the plan.

Because the funded status of the plan is the same for all annual conferences, the assets, liabilities, and funded status are not allocated among the various annual conferences. Only the required contribution, if one is required due to the existence of a negative funded status, is allocated to each annual conference.

No contribution will be required to be paid by the Conference in 2024. The amounts of required contributions for years after December 31, 2024, if any, are not determinable at this time.

15. Clergy Retirement Security Program:

The Conference participates in the Clergy Retirement Security Program, a multi-employer, hybrid defined contribution/defined benefit pension plan that is administered by Wespath Benefits and Investments. The plan covers United Methodist clergy in excess of half-time employment for services on or after January 1, 2007.

The Clergy Retirement Security Program has two components: the defined contribution portion and the defined benefit portion.

Defined Contribution Component – Contributions to the defined contribution portion of the Clergy Retirement Security Program are based upon a percentage of the participants' compensation. Retirement benefits provided will be in the form of annuity contracts, which will be based upon past contributions plus accumulated earnings. There are no unfunded prior service costs for the defined contribution portion of the plan.

Defined Benefit Component – The legal status of the defined benefit component of the Clergy Retirement Security Program is such that all assets are available to pay all defined benefits, regardless of the annual conference from which benefits came or under which benefits were accrued. The Dakotas Annual Conference does not control any of the benefit provisions of the plan; these are determined by the General Conference of the United Methodist Church. Retirement benefits provided will be in the form of annuity contracts, which will be based upon years of service.

The required contribution for December 31, 2024 of \$444,746 was paid through a redirection of surplus from Supplement One to the Clergy Retirement Security Program.

Dakotas Annual Conference of the United Methodist Church, Inc.

Notes to Financial Statements

December 31, 2024

16. Supplement One to the Clergy Retirement Security Program:

The Conference participates in the Supplement One to the Clergy Retirement Security Program, which is administered by Wespath Benefits and Investments. This plan covers substantially all United Methodist clergy for service with the Conference or its predecessors before January 1, 1982. The legal status of the plan is such that all assets of the plan are available to pay all benefits of the plan, regardless of the annual conference from which the benefits came or under which benefits were accrued. The Dakotas Annual Conference controls certain benefit provisions of the plan, including the applicable past service rate and the contingent annuitant percentage. The past service rate was \$849 as of January 1, 2025. The contingent annuitant percentage was 85% as of January 1, 2025.

The Conference assets, Conference liability, Conference funded status, and required contribution are disclosed below. In order to determine the required contribution for each Conference, the total available assets are allocated amongst all the Conferences. The difference between the Conference liability and Conference assets provides the funded status for the Conference. If a negative funded status exists, a contribution is required. Contributions to the plan during the year ended December 31, 2024 were \$958,462. The minimum required contribution for 2025 is \$-0-, as the minimum required contribution will be fulfilled through an allowed surplus redirection and the advance funding of \$958,462 in contributions during the year ended December 31, 2024. Required contributions for years after December 31, 2024, if any, are not determinable at this time.

Below is a summary of the applicable plan information as of January 1, 2025.

Fair value of plan assets	\$ 14,283,511
Benefit obligation	<u>(14,669,331)</u>
Funded status: Underfunded	<u>\$ (385,820)</u>

The Conference liability for 2024 was determined based on a 6.00% interest rate, a 1.75% past service rate increase, and the Adjusted MP-20 Mortality Table.

In addition to Conference assets of \$14,283,511, the Conference has designated certain investments of \$5,713,838 to be used for making any future contributions.