GEORGIA UNITED
METHODIST FOUNDATION, INC.

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2016, 2015 AND 2014

GEORGIA UNITED METHODIST FOUNDATION, INC.

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BROOKS, McGINNIS
& COMPANY, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of
Georgia United Methodist Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Georgia United Methodist Foundation, Inc. (the "Foundation"), which comprise the statements of financial position as of December 31, 2016, 2015 and 2014, and the related statements of activities, expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Georgia United Methodist Foundation, Inc., as of December 31, 2016, 2015 and 2014, 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.

Brooks, McGinnis & Company, LLC

Atlanta, Georgia
May 15, 2017

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GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Assets:			
Cash and cash equivalents	$ 2,637,791	$ 3,688,998	$ 6,855,478
Certificates of deposit	4,164,963	4,077,078	4,124,731
Account and interest receivables	46,676	42,309	36,272
Investments - Foundation	9,197,322	8,580,532	9,122,627
Investments - held for others	93,364,599	88,977,466	82,582,854
Less unsecured promissory notes payable issued by the Foundation included in investments	(5,602,813)	(5,042,957)	(5,505,036)
Loans receivable, net	28,363,142	24,757,146	25,772,381
Prepaid expenses and other assets	31,507	11,224	10,870
Cash surrender value of life insurance	145,901	150,136	154,798
Property and equipment, net	9,895	14,513	5,118
Total assets	$ 132,358,983	$ 125,256,445	$ 123,160,093

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GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF FINANCIAL POSITION – CONTINUED
DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Liabilities:			
Accounts payable - trade	$ 3,139	$ 9,328	$ 4,796
Accrued expenses and other liabilities	61,992	67,915	100,942
Managed assets held for others	75,813,679	72,129,202	64,734,071
Endowment funds held for others	15,393,299	14,705,593	15,532,332
Charitable remainder trust and gift annuity benefits payable	858,735	923,700	1,001,390
Charitable remainder trust and gift annuity deferred benefits payable	976,519	954,422	989,381
Unsecured promissory notes payable	35,659,891	32,959,580	37,067,055
Less unsecured promissory notes issued by the Foundation and included in investments	(5,602,813)	(5,042,957)	(5,505,036)
Total liabilities	123,164,441	116,706,783	113,924,931
Commitments and contingencies			
Net assets:			
Unrestricted	7,170,448	6,774,455	7,249,838
Temporarily restricted	1,890,931	1,642,044	1,852,161
Permanently restricted	133,163	133,163	133,163
Total net assets	9,194,542	8,549,662	9,235,162
Total liabilities and net assets	$ 132,358,983	$ 125,256,445	$ 123,160,093

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

GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Changes in unrestricted net assets:			
Revenues, gains and support:			
Contributions	$ 243,625	$ 34,300	$ 49,744
Asset management fees	374,111	388,449	368,806
Consulting fees	-	18,462	65,745
Interest income from loan program	1,274,058	1,169,195	1,295,501
Investment return (loss)	536,997	(67,711)	413,568
Other	13,953	5,433	1,923
Total unrestricted revenues and gains	2,442,744	1,548,128	2,195,287
Net assets released from restrictions	135,736	174,209	914,529
Total unrestricted revenues, gains and support	2,578,480	1,722,337	3,109,816
Expenses:			
Program services	2,008,363	2,053,259	2,602,710
General and administrative	174,124	144,461	323,617
Total expenses	2,182,487	2,197,720	2,926,327
Increase (decrease) in unrestricted net assets	395,993	(475,383)	183,489

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

GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF ACTIVITIES – CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Changes in temporarily restricted net assets:			
Contributions	218,218	33,505	802,088
Investment return (loss)	108,587	(8,282)	74,649
Change in value of split interest agreements	57,818	(61,131)	(77,796)
Net assets released from restrictions	(135,736)	(174,209)	(914,529)
Increase (decrease) in temporarily restricted net assets	248,887	(210,117)	(115,588)
Increase (decrease) in net assets	644,880	(685,500)	67,901
Net assets at beginning of year	8,549,662	9,235,162	9,167,261
Net assets at end of year	$ 9,194,542	$ 8,549,662	$ 9,235,162

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

GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Salaries and wages	$ 815,180	$ 781,708	$ 748,965
Payroll taxes and benefits	203,076	172,456	167,578
Total wages and benefits	1,018,256	954,164	916,543
Insurance	27,548	19,164	56,019
Interest expense	677,589	676,382	730,209
Office expenses	27,827	25,161	23,639
Rent	56,685	56,685	55,487
Repairs and maintenance	5,271	2,011	515
Professional fees	98,038	85,251	85,160
Telephone	6,391	6,478	6,251
Computers and data processing	19,865	20,601	15,561
Depreciation	6,773	5,815	5,941
Dues and subscriptions	2,054	2,022	2,131
Fees	2,394	2,750	2,550
Travel and meetings	34,190	35,799	35,565
Grants to beneficiaries	148,687	194,708	932,819
Loan loss provision	18,000	74,180	28,000
Marketing and publicity	29,470	33,900	23,696
Other expenses	3,449	2,649	6,241
	$ 2,182,487	$ 2,197,720	$ 2,926,327

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

GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Cash flows from operating activities:			
Increase (decrease) in net assets	$ 644,880	$ (685,500)	$ 67,901
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:			
Depreciation	6,773	5,815	5,941
Provision for loan losses	18,000	74,180	28,000
Change in value of split interest agreements	(57,818)	61,131	77,796
Realized and unrealized (gain) loss on investments	(549,143)	143,737	(427,578)
Endowed funds appropriated for expenditure	323,304	320,931	570,302
Changes in assets and liabilities:			
(Increase) decrease in:			
Receivables	(4,367)	(6,037)	4,262
Prepaid expenses and other assets	(20,283)	(354)	(791)
Cash surrender value of life insurance	4,235	4,662	(154,798)
Increase (decrease) in:			
Accounts payable	(6,189)	4,532	(107,437)
Accrued expenses	(5,923)	(33,027)	(59,778)
Total adjustments	(291,411)	575,570	(64,081)
Net cash provided by (used in) operating activities	353,469	(109,930)	3,820

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

GEORGIA UNITED METHODIST FOUNDATION, INC.
STATEMENTS OF CASH FLOWS – CONTINUED
FOR THE YEARS ENDED DECEMBER 31, 2016, 2015 AND 2014

	2016	2015	2014
Cash flows from investing activities:			
Purchase of property and equipment	(2,155)	(15,210)	(2,404)
Purchase of investments	(582,479)	(188,114)	(1,027,183)
Proceeds from the sale of investments	514,832	586,472	1,681,270
Endowed funds appropriated for expenditure	(323,304)	(320,931)	(570,302)
Sale (purchase) of certificates of deposit	(87,885)	47,653	(3,048,387)
New mortgage loans made to churches	(6,041,709)	(7,336,347)	(3,979,591)
Repayments made on principal	3,268,429	7,973,623	2,460,902
Net cash provided by (used in) investing activities	(3,254,271)	747,146	(4,485,695)
Cash flows from financing activities:			
Proceeds from unsecured promissory notes payable	9,338,514	5,373,891	9,449,513
Repayment of unsecured promissory notes payable	(6,638,203)	(9,481,366)	(3,817,258)
Loan participations, net	(850,716)	303,779	452,535
Net cash provided by (used in) financing activities	1,849,595	(3,803,696)	6,084,790
Net increase (decrease) in cash and cash equivalents	(1,051,207)	(3,166,480)	1,602,915
Cash and cash equivalents at beginning of year	3,688,998	6,855,478	5,252,563
Cash and cash equivalents at end of year	$ 2,637,791	$ 3,688,998	$ 6,855,478
Supplemental disclosure of cash flow information:			
Interest paid on development program certificates	$ 649,772	$ 647,673	$ 724,027

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

1. Nature of Organization and Significant Accounting Policies

Nature of Operations

The Georgia United Methodist Foundation, Inc. (the "Foundation") is a religious, not-for-profit corporation providing services for affiliates of the United Methodist Church, including the Annual Conferences of the United Methodist Church (the Annual Conferences) and local churches, other institutions, agencies, boards, and individuals associated with the Methodist Church. The Foundation assists churches in the establishment of planned-giving programs, accepts and administers funds as both donee and manager for gifts and endowments, and provides loans and stewardship services to local churches and other institutions. All of these services are interrelated and are provided using common resources. Therefore, these services are treated as a single program on the statements of activities.

Basis of Accounting and Presentation

The Foundation prepares its financial statements in accordance with accounting principles generally accepted in the United States ("GAAP"). This basis of accounting involves the application of accrual accounting; consequently, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

To recognize limitations and restrictions placed on the use of resources available to the Foundation, resources are classified for accounting and financial reporting purposes into three categories established according to their nature and purposes. The net assets of the Foundation are reported in three categories as follows:

- Unrestricted net assets are resources that are neither permanently nor temporarily restricted by donor-imposed stipulations.

- Temporarily restricted net assets are resources whose use by the Foundation is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Foundation.

- Permanently restricted net assets are those whose use by the Foundation is limited by donor-imposed stipulations requiring that the corpus be maintained in perpetuity.

1. Nature of Organization and Significant Accounting Policies – Continued

Revenue Recognition

Contributions (including unconditional promises to give, i.e. pledges or private grants) are recognized as revenue in the year they are received or pledged, with allowances provided for pledges estimated to be uncollectible. Unconditional pledges or private grants that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges or private grants that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts (if any) is included in contributions in the accompanying statements of activities and changes in net assets. Conditional pledges or private grants are not included as support until the conditions are substantially met.

The Foundation recognizes contributions as restricted support if they are received with donor imposed restrictions that limit the use of the donated assets. When a donor-imposed restriction is met or the passage of time expires, temporarily restricted net assets are reclassified to unrestricted net assets and presented in the accompanying statements of activities and changes in net assets as net assets released from restrictions.

Donated land, buildings, and equipment are recognized as unrestricted support 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, as well as gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed into service.

Donated Services

The Foundation records contributed services if the services received create or enhance long-lived assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

A number of unpaid volunteers, including those serving in the capacity of Board members, have made significant contributions of their time in the furtherance of the Foundation's programs. The value of this contributed time is not reflected in these financial statements since it does not meet the above recognition criteria.

Donated Assets

Donated real estate and marketable securities acquired by gift are recorded at fair market value on the date of the donation.

1. Nature of Organization and Significant Accounting Policies – Continued

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Foundation considers all cash investments and highly liquid investments to be cash equivalents except money market funds included in the investment portfolio, which are included in investments.

Liquidity Reserve

The Foundation maintains a Liquidity Reserve of liquid or near liquid assets to ensure that it can meet its obligations in relation to the Private Placement Deposit Certificates outstanding. The Foundation intends to maintain sufficient liquidity to meet normal interest payments as they accrue and to repay principal amounts on outstanding certificates as they are presently projected to mature. The reserve amount shall not be less than ten percent (10%) of the first $1,000,000 in certificates outstanding, and five percent (5%) of any certificate amounts outstanding in excess of $1,000,000. The reserve amount is calculated each month and the level of the reserve is adjusted the following month, as appropriate.

Investments

The Foundation records investments, including managed funds held for others, at fair value based on quoted market prices or other valuation methods. Gains or losses from investments are reflected in the statements of activities.

Loans and Interest Receivable

The Foundation extends loans to United Methodist Churches in the North and South Georgia Annual Conferences and related entities. Term loans are for periods of five years to twenty years, with an interest rate reset every five years. Construction loans are generally for periods of up to one year, with fixed interest rates. The loans receivable are generally secured by property, plant, and equipment of the borrower and bear interest at various rates.

Loans are stated at the amount of unpaid principal less a valuation allowance for possible loan losses. Interest income on loans, except those classified as nonaccrual, is based upon the outstanding principal amounts using the effective yield method.

Nonaccrual Loans

The accrual of interest on impaired loans is discontinued when, in management's opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid interest is reversed against interest income. Interest income is subsequently recognized only to the extent cash payments are received.

1. Nature of Organization and Significant Accounting Policies – Continued

Nonaccrual Loans – Continued

A nonaccrual loan may be returned to an accruing status when (a) all delinquent interest and principal become current under the terms of the loan agreement or (b) the loan is both well-secured and in the process of collection and collectability is no longer doubtful.

Impaired Loans

Loans are considered to be impaired when, in management's judgment and based on current information, full collection of principal and interest becomes doubtful. A loan is also considered impaired if its terms are modified in a troubled debt restructuring. Impaired loans are placed in nonperforming status, and future payments are applied to principal until such time as collection of the obligation is no longer doubtful.

When the Foundation identifies a loan as impaired, the impairment is measured based on the present value of future cash flows, discounted at the loan's effective interest rate, except when the sole (remaining) source of repayment for the loan is the liquidation of collateral. In these cases, the current fair value of the collateral is used, less selling cost when foreclosure is probable.

In the event that the net realizable liquidation value of the collateral is less than the principal balance of the underlying mortgage loan, the anticipated deficiency balance is charged off.

To return to performing status, loans must be fully current, and continued timely payments must be a reasonable expectation. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment 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.

Allowance for Loan Losses

The allowance for loan losses is based on management's ongoing evaluation of the loan portfolio and reflects an amount that, in management's opinion, is adequate to absorb probable incurred losses in the loan portfolio. In evaluating the portfolio, management takes into consideration numerous factors, including current economic conditions, prior loan loss experience, the composition of the loan portfolio, and management's estimate of credit losses.

Loans are charged against the allowance at such time they are determined to be losses. Subsequent recoveries are credited to the allowance.

1. Nature of Organization and Significant Accounting Policies – Continued

Allowance for Loan Losses – Continued

The allowance is composed of general allocations and specific allocations. General allocations are determined by applying loss percentages to the portfolio that are based on historical loss experience and management's evaluation of the risk of the Foundation's loan portfolio. Additionally, general economic trends are included in this evaluation. The need for specific allocations may be required when, based on management's evaluation, the Foundation's risk exposure has increased given the current payment status and value of the underlying collateral of a specific loan. Loans for which specific allocations are provided have been excluded from the calculation of the general allocations.

Management considers the year-end allowance appropriate and adequate to cover probable incurred losses in the loan portfolio: however, management's judgment is based on a number of assumptions about current events, which are believed to be reasonable, but which may or may not prove to be valid. Thus, there can be no assurance that loan losses in future periods will not exceed the allowance for loan losses or that additional increases in the allowance for loan losses will not be required.

Other Real Estate Owned

Other real estate includes real estate acquired through foreclosure. Other real estate is carried at the lower of its recorded amount at the date of foreclosure or estimated fair value less costs to sell based on independent appraisals. Any excess of the carrying value of the related loan over the fair value of the real estate at the date of foreclosure is charged against the allowance for loan losses. Fair value is principally based on independent appraisals performed by local credentialed appraisers. Any expense incurred in connection with holding such real estate or resulting from any write downs subsequent to foreclosure is included in expense. When the other real estate property is sold, a gain or loss is recognized on the sale for the difference between the sales proceeds and the carrying amount of the property.

Property and Equipment

The Foundation capitalizes expenditures for property and equipment in excess of $500. Purchased property and equipment are carried at cost. Donated property and equipment are carried at the approximate fair value at the date of donation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets. These lives are estimated at three to five years for computers, equipment and software, and five to seven years for furniture and fixtures. When property and equipment are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss resulting from the disposition is reported in the statements of activities.

1. Nature of Organization and Significant Accounting Policies – Continued

Managed Assets Held for Others

The Foundation holds and manages investments, which belong to the Annual Conferences and United Methodist churches, institutions, and agencies. These investments have been reported as a liability for amounts held for others rather than being recognized as revenue to the Foundation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that reflect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities are summarized on a functional basis. Accordingly, as presented in the statements of activities, certain costs have been allocated among the programs and supporting services benefited.

Income Tax Status

The Foundation is a not-for-profit organization exempt from income taxes under the provisions of Internal Revenue Code Section 501(c)(3). Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Subsequent Events

Management has reviewed, through May 15, 2017 (the date which these financial statements were available to be issued), events occurring subsequent to December 31, 2016 in order to evaluate their impact on these financial statements. In accordance with GAAP, there are two types of subsequent events:

Recognized subsequent events – These are events or transactions that provide evidence about conditions that existed at the date of the statements of financial position, including estimates inherent in the process of preparing financial statements. All such evidence known to management through the date that these financial statements were available to be issued has been factored into the preparation of these financial statements.

Non-recognized subsequent events – These are events or transactions that did not exist at the date of the balance sheet but arose subsequent to that date, and thus are not recognized in the balance presented in these financial statements. These events may be disclosed, however, in order to inform the users of the financial statements.

1. Nature of Organization and Significant Accounting Policies – Continued

Endowment Funds Held for Others

The Foundation receives, manages and administers a collection of funds which belong to the Annual Conferences and United Methodist churches, institutions, agencies and individuals. These accounts have different restrictions based on the donors' intent when the funds were transferred to the Foundation. The requirements primarily center on annual and quarterly distributions to a charitable entity, such as a cemetery, church, scholarship fund, etc. The corresponding liability for these investments is reported as "Endowment Funds Held for Others" on the statements of financial position.

Charitable Remainder Trust and Gift Annuity Benefits and Deferred Benefits Payable

The Foundation receives gift annuities for its benefit and for the benefit of third parties which stipulate that periodic payments be made from the gifts to designated parties for the lives of those parties. The Foundation uses the rates published by the American Council of Gift Annuities to compute and establish the periodic payments that will be paid over the life of the annuity and classifies this amount as annuities payable, which is included in the "Charitable Remainder Trust and Gift Annuities Payable" section of the statements of financial position. The Foundation uses the Social Security Administration's life-expectancy tables to compute the estimates of present value. The estimated remaining amount of the gift that will be paid to a third party charity upon the death of the annuitant is included in "Charitable Remainder Trust and Gift Annuities Deferred Benefits Payable." If a portion of the gift annuity is to be left to the Foundation, the excess of the annuity gift over the present value of the estimated liability is recorded as a contribution. Any change in the present value of the annuity payable is charged or credited to income annually.

The Foundation also receives contributions which are various types of split interest agreements. These accounts are treated in the same manner as the gift annuities except that the amount of the periodic payment to the beneficiary is recomputed annually. At the end of the trust term, or upon the death of the beneficiary, any remaining balance is paid to the designated charitable beneficiary or to the Foundation if the Foundation is the beneficiary.

Fair Value Measurement

The Foundation utilizes fair value measurement to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. Investment securities are recorded at fair value on a recurring basis. From time to time, the Foundation may be required to record at fair value other assets on a non-recurring basis, such as loans and certain other assets. The nonrecurring fair value adjustment typically involves the application of write-downs of individual assets.

1. Nature of Organization and Significant Accounting Policies – Continued

Fair Value Measurement – Continued

Fair Value Hierarchy

The Foundation groups assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of assumptions used to determine fair value. These levels are:

Level 1 – Inputs that utilize quoted prices in active markets for identical assets or liabilities that the Foundation has the ability to access.

Level 2 – Inputs to the valuation methodology that are derived principally from or corroborated by observable market data:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the assets or liabilities;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable and significant to the overall fair value measurement.

The asset's 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 the observable inputs and minimize the use of unobservable inputs.

Following is a description of valuation methodologies used for assets and liabilities recorded at fair value:

Cash and Cash Equivalents

Short term financial assets include cash, interest-bearing deposits, and cash equivalents. These assets are carried at historical cost. The carrying amount is a reasonable estimate of fair value because of the relatively short time between the origination and its expected realization.

Investments

Investment balances reported as Level 1 are derived from quoted market prices on public exchanges. The Foundation also holds certain investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient and have not been categorized in the fair value hierarchy.

1. Nature of Organization and Significant Accounting Policies – Continued

Fair Value Measurement – Continued

Loans

The Foundation does not record loans at fair value on a recurring basis. However, from time to time, a loan is considered impaired and an allowance for loan losses is established. The fair value of impaired loans is estimated using one of several methods including collateral value and discounted cash flows. When the impaired loan is valued using the underlying collateral, the Foundation records the impaired loan as Level 2. When an appraised value is not available and other methods are used to determine the loan's fair value, the Foundation records the loan as Level 3.

Fair Value

Assets and liabilities measured at fair value on a recurring basis include investments securities, the values of which are disclosed in Note 3.

Deposit Liabilities

For disclosure purposes, the fair value of fixed maturity private placement deposit certificates is estimated by discounting the future cash flows using the rates currently offered for certificates of deposit with similar remaining maturities. The fair value of the fixed maturity private placement deposit certificates was $35,659,891, $32,959,580 and $37,067,055 at December 31, 2016, 2015 and 2014, respectively.

Endowment Funds

As described in Note 13, the purpose of the Foundation's Endowment Funds is to generate investment return that can be used to support the Foundation's operating activities. Accordingly, the Foundation liquidates for distribution a portion of the Endowment Funds based on the Foundation's spending policy. This appropriation to support operating activities is shown in the Statement of Cash Flows as a decrease in investing cash and an increase in operating cash.

New Accounting Policy

In May 2015, the Financial Accounting Standards Board (FASB) issued ASU 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Assets Value per Share (or Its Equivalent),* which exempts investments measured using the net asset value (NAV) practical expedient in ASC 920, *Fair Value Measurement,* from categorization within the fair value hierarchy. The guidance requires retrospective application and is effective for entities for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Foundation elected to early adopt the provisions of this new standard. Accordingly, the amendment was retrospectively applied.

2. Cash and Cash Equivalents

Cash and cash equivalents consist of the following:

		2016		2015		2014
Unrestricted cash	$	1,874,731	$	2,961,624	$	6,012,165
Board designated liquidity reserve		763,060		727,374		843,313
Total cash and equivalents	$	2,637,791	$	3,688,998	$	6,855,478

The Board designated liquidity reserve also included Certificates of Deposit totaling $1,009,404, $988,580, and $1,101,868 at December 31, 2016, 2015 and 2014, respectively.

3. Investment Assets

The Foundation's Equity Fund is comprised of two private funds and the Foundation's Multiple Asset Fund is comprised of one private fund established by Wespath Benefits and Investments of The United Methodist Church (Wespath). All funds are managed through Wespath Investment Management, which is the investment management division of Wespath. Wespath follows a policy of socially responsible investing. This policy is mandated by the United Methodist Church for all United Methodist entities including the Foundation. The Foundation's choice of using these Funds is to ensure that the Foundation's investments comply with the investment policy set forth in The Book of Discipline of the United Methodist Church. Amounts up to $1,000,000 in private funds held by Wespath can be redeemed daily without a redemption notice period. Redemptions over $1,000,000 require a 15 day notice period.

- The Wespath Equity Fund is comprised of primarily U.S. domiciled publicly owned companies, and to a lesser extent, U.S. private equity and U.S. private real estate. The fund is valued using the underlying net asset value.

- The Wespath International Equity Fund is comprised of non-U.S. domiciled, publicly owned companies, and to a lesser extent, international privately-owned companies, private real estate and equity index futures. The fund is valued using the underlying net asset value.

- The Wespath Multiple Asset Fund is a combination of funds managed by over forty investment managers. These managers provide the fund with broad diversification of holdings in a variety of U.S. and non-U.S. securities. These include stocks, traditional bonds, inflation-linked bonds, real estate investment trusts, securities commodities, interest in private equity and private real estate partnerships, and participation interests in loans. The fund is valued using the underlying net asset value.

3. Investment Assets – Continued

The Foundation's Fixed Income Fund is comprised of a selection of corporate bonds, government and agency bonds, and exchange-traded fixed income funds and, therefore, its holdings are considered Level 1 investments. The Fixed Income Fund is managed through Merrill Lynch and Black Rock Private Investors.

Unsecured Promissory Notes Payable issued by the Foundation essentially are deposit instruments carried at cost, which approximates fair value and are considered Level 1 investments. The Foundation held money market funds and cash comprising 5%, 6%, and 5% of total investment assets at December 31, 2016, 2015 and 2014, respectively. Money market funds are carried at their cost value, which approximates fair value and are Level 1 investments.

Description	12/31/2016	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (a)
Money market funds	$ 328,428	$ 328,428	$ -
Exchange traded fixed income mutual funds:			
International bond	21,845	21,845	-
High yield bond	149,069	149,069	-
Nontraditional bond	301,199	301,199	-
Government securities	1,195,141	1,195,141	-
Corporate bonds	1,388,610	1,388,610	-
Non-publicly traded funds			
U.S. equity	4,682,088	-	4,682,088
International equity	1,130,942	-	1,130,942
	$ 9,197,322	$ 3,384,292	$ 5,813,030

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

3. Investment Assets – Continued

Description	12/31/2015	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (a)
Money market funds	$ 340,516	$ 340,516	$ -
Exchange traded fixed income mutual funds:			
International bond	21,286	21,286	-
High yield bond	276,215	276,215	-
Nontraditional bond	281,113	281,113	-
Government securities	1,326,173	1,326,173	-
Corporate bonds	898,009	898,009	-
Non-publicly traded funds:			
U.S. equity	4,362,078	-	4,362,078
International equity	1,075,142	-	1,075,142
	$ 8,580,532	$ 3,143,312	$ 5,437,220

Description	12/31/2014	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (a)
Money market funds	$ 396,880	$ 396,880	$ -
Exchange traded fixed income mutual funds:			
High yield bond	296,886	296,886	-
Nontraditional bond	289,645	289,645	-
Government securities	1,490,175	1,490,175	-
Corporate bonds	805,694	805,694	-
Non-publicly traded funds:			
U.S. equity	4,810,361	-	4,810,361
International equity	1,032,986	-	1,032,986
	$ 9,122,627	$ 3,279,280	$ 5,843,347

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

3. Investment Assets – Continued

The following schedule summarizes the investment loss or return on the Foundation's investments in the statements of activities at December 31:

	2016	2015	2014
Dividend and interest income	$ 96,441	$ 67,744	$ 60,639
Realized & unrealized gain (loss) on investments	549,143	(143,737)	427,578
Total investment return-Foundation	$ 645,584	$ (75,993)	$ 488,217

Expenses related to investment revenues, including custodial fees and investment advisory fees, amounted to $52,542, $44,544 and $48,951 in 2016, 2015 and 2014, respectively, and have been netted against investment revenues in both the above schedule and in the accompanying statements of activities.

With regard to the investments that the Foundation manages and holds for the United Methodist churches, church members, affiliated institutions, and other agencies, these investments are broken down into the following investment management categories:

	2016	2015	2014
Managed funds held for others	$ 75,813,679	$ 72,129,202	$ 64,734,071
Endowment funds held for others	15,393,299	14,705,593	15,532,332
Gift annuities and charitable remainder trusts	2,157,621	2,142,671	2,316,451
Total investments held for others	$ 93,364,599	$ 88,977,466	$ 82,582,854

3. Investment Assets – Continued

These investments held for others are stated at fair value and are summarized as follows by category of type of investment:

Description	12/31/2016	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Net Asset Value (a)
Money market funds	$ 4,475,058	$ 4,475,058	$ -
Certificates of deposit	2,000,000	2,000,000	-
Exchange traded equity mutual funds:			
Large cap U.S. equity	220,677	220,677	-
Mid cap U.S. equity	62,369	62,369	-
Small cap U.S. equity	17,126	17,126	-
International equity	28,421	28,421	-
Exchange traded fixed income mutual funds:			
Intermediate	400,019	400,019	-
Short term	409,088	409,088	-
High yield bond	1,218,421	1,218,421	-
Nontraditional bond	2,461,860	2,461,860	-
Unsecured promissory notes issued by the Foundation	5,602,813	5,602,813	-
Government securities	9,768,530	9,768,530	-
Corporate bonds	11,528,411	11,528,411	-
Common stocks	115,114	115,114	
Non-publicly traded funds:			
U.S. equity	43,204,726	-	43,204,726
International equity	10,435,957	-	10,435,957
Multiple asset	1,234,695	-	1,234,695
Fixed income	181,314	-	181,314
	$ 93,364,599	$ 38,307,907	$ 55,056,692

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

3. Investment Assets – Continued

Description	12/31/2015	Quoted Market Prices in Active Markets for Identical (Level 1)	Net Asset Value (a)
Money market funds	$ 4,639,897	$ 4,639,897	$ -
Certificates of deposit	1,750,000	1,750,000	-
Exchange traded equity mutual funds:			
Large cap U.S. equity	228,495	228,495	-
Mid cap U.S. equity	54,472	54,472	-
Small cap U.S. equity	14,428	14,428	-
International equity	28,782	28,782	-
Exchange traded fixed income mutual funds:			
International	179,914	179,914	
Intermediate	366,438	366,438	-
Short term	711,781	711,781	-
High yield bond	2,334,577	2,334,577	-
Nontraditional bond	2,375,979	2,375,979	-
Unsecured promissory notes issued by the Foundation	5,042,957	5,042,957	-
Government securities	11,208,856	11,208,856	-
Corporate bonds	7,589,998	7,589,998	-
Common stocks	37,305	37,305	
Non-publicly traded funds:			
U.S. equity	41,183,684	-	41,183,684
International equity	10,150,742	-	10,150,742
Multiple asset	904,308	-	904,308
Fixed income	174,853	-	174,853
	$ 88,977,466	$ 36,563,879	$ 52,413,587

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

3. Investment Assets – Continued

Description	12/31/2014	Quoted Market Prices in Active Markets for Identical (Level 1)	Net Asset Value (a)
Money market funds	$ 6,636,435	$ 6,636,435	$ -
Certificates of deposit	750,000	750,000	-
Exchange traded equity mutual funds:			
Large cap U.S. equity	247,404	247,404	-
Mid cap U.S. equity	59,934	59,934	-
Small cap U.S. equity	15,763	15,763	-
International equity	31,030	31,030	-
Exchange traded fixed income mutual funds:			
Intermediate	348,131	348,131	-
Short term	1,242,325	1,242,325	-
High yield bond	2,115,146	2,115,146	-
Nontraditional bond	2,109,059	2,109,059	-
Inflation-protected	85,418	85,418	
Unsecured promissory notes issued by the Foundation	5,505,036	5,505,036	-
Government securities	10,616,665	10,616,665	-
Corporate bonds	5,740,122	5,740,122	-
Common stocks	9,768	9,768	
Non-publicly traded funds:			
U.S. equity	38,736,073	-	41,183,684
International equity	8,334,545	-	10,150,742
	$ 82,582,854	$ 35,512,236	$ 51,334,426

(a) Certain investments that are measured at fair value using the NAV per share (or its equivalent) as a practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in the tables above are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The total amount of unsecured promissory notes payable issued by the Foundation and included in the above investment categories was $5,602,813, $5,042,957 and $5,505,036 at December 31, 2016, 2015 and 2014, respectively. Accordingly, these amounts have been reflected as reductions in the Statements of Financial Position.

4. Loans Receivable , Net

The Foundation's loan portfolio consists of loans to churches and entities associated with the Annual Conference s, and these loans were made out of a pool of funds invested with the Foundation through the Development Fund Program. The Foundation approves these loans based upon specific Board approved criteria, and all loans are secured by the individual entity's land, buildings, and equipment. In order to reduce its risk and to diversify the portfolio, the Foundation, under terms and limits established by the Board of Trustees, may sell portions of larger loans to other entities in the form of participations.

The purpose of the Foundation's loan program is to make first-lien mortgage loans to church congregations, districts, mission institutions, and extension agencies within the Annual Conference s for the purchase, construction, expansion, or major improvements of churches, parsonages , or mission buildings or the refinancing of loans made for those purposes. Construction period loans are interest-only until the construction period is complete and the construction loan is closed into a permanent loan. Terms of the non-construction loans range from five to twenty years. Loans with terms longer than five years generally have an interest rate reset provision where the interest rate paid during the loan is renegotiated every five years to the market rate at that time. At December 31, 2016, interest rates ranged from 1.20% to 5.15% depending on the loan.

Major classifications of loans are as follows at December 31:

	2016	2015	2014
Term loans	$ 24,457,132	$ 23,530,350	$ 26,033,106
Construction period loans	4,262,190	1,564,976	3,275
	28,719,322	25,095,326	26,036,381
Less: Allowance for loan losses	(356,180)	(338,180)	(264,000)
Loans, net	$ 28,363,142	$ 24,757,146	$ 25,772,381

The Foundation considers a loan to be impaired when it is probable that it will be unable to collect all amounts due according to the original terms of the loan agreement. Impaired loans may include loans which are not accruing. Nonaccrual loans are those in which the collection of interest is not probable and all cash flows are recorded as reductions in principal. Amounts of impaired loans that are not probable of collection are charged off immediately. At December 31, 2016, 2015 and 2014, the Foundation has no loans it considered impaired.

5. Allowance for Loan Losses

A summary of changes in the allowance for loan losses is as follows:

		2016		2015		2014
Beginning balance	$	338,180	$	264,000	$	236,000
Additional provision		18,000		74,180		28,000
Ending balance	$	356,180	$	338,180	$	264,000

6. Unsecured Promissory Notes Payable

The Foundation issues unsecured promissory notes payable in the form of Term Certificates to fund its lending program. These notes payable are issued in accordance with Georgia Securities Code Section 10-5-10(7), Exemptions From Registrations. The terms and conditions of these certificates are set forth in the Offering Memorandums. Under the terms of these Offering Memorandums, the funds are not revolving. When a certificate matures and is renewed, the certificate is reissued under the Offering Memorandum.

In 2013, the Foundation filed an Offering to issue up to $8 million unregistered, unsecured promissory notes through August 1, 2014. At December 31, 2013, approximately $7.9 million had been issued against this $8 million. On February 6, 2014, the Offering was amended to add an additional $10 million unregistered, unsecured promissory notes through August 1, 2014. On August 1, 2014, the Foundation filed an Offering to issue up to $25 million unregistered, unsecured promissory notes through July 31, 2015. On September 4, 2015 the Foundation filed an Offering to issue up to $25 million unregistered, unsecured promissory notes through August 29, 2016. On August 29, 2016, the Foundation filed an Offering to issue up to $25 million unregistered, unsecured promissory notes through August 28, 2017.

Promissory notes payable (certificates) consist of the following at December 31:

		2016		2015		2014
One year term certificates	$	7,470,304	$	6,932,478	$	10,567,244
Two year term certificates		2,938,068		3,735,937		5,055,598
Three year term certificates		4,906,802		6,832,024		6,300,615
Four year term certificates		20,344,717		15,459,141		15,143,598
	$	35,659,891	$	32,959,580	$	37,067,055

Term notes have maturity dates ranging from one year to four years and paid interest in the range of 1.30% to 2.50% during 2016 depending upon the term of the certificate and the amount deposited.

6. Unsecured Promissory Notes Payable - Continued

The scheduled maturities for demand and time deposits are as follows:

For the year ending December 31:	
2017	$ 15,170,512
2018	7,043,971
2019	6,356,394
2020	7,089,014
	$ 35,659,891

7. Line of Credit

The Foundation has a $750,000 unsecured line of credit with a bank at a fixed interest rate of 3.29% and with a maturity date of December 5, 2018. No balance was outstanding at December 31, 2016, 2015 and 2014.

8. Temporarily Restricted Net Assets

Temporarily restricted net assets consist of the following at December 31:

	2016	2015	2014
Donor advised funds	$ 1,555,889	$ 1,363,033	$ 1,525,109
Split interest agreements	322,367	264,549	325,680
Grant fund	1,440	13,090	-
Scholarship fund	9,853	-	-
Program restriction-missions	1,382	1,372	1,372
Total temporarily restricted net assets	$ 1,890,931	$ 1,642,044	$ 1,852,161

9. Permanently Restricted Net Assets

Permanently restricted net assets consist of endowment funds of which the earnings are used to fund the operations of the Foundation.

10. Net Assets Released from Restrictions

The following net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes or by occurrence of other events specified by the donor for the years ending December 31:

	2016	2015	2014
Other restrictions:			
Donor advised funds	$ 52,887	$ 166,209	$ 914,529
Grant Fund	82,849	8,000	-
Total net assets released from restriction	$ 135,736	$ 174,209	$ 914,529

11. Endowed Net Assets

The purpose of the Foundation's Endowment Funds is to generate investment return that can be used to support the Foundation's operating activities.

When the Endowment Funds were established, the initial contributions included donor restrictions related to spending only income. During the ensuing years, undesignated contributions received by the Foundation were transferred into the Endowment Fund and designated by the Board of Trustees to function as an Endowment Fund.

Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowment, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Foundation follows the requirements of Georgia's Uniform Prudent Management of Institutional Funds Act (the "Act"). Upon receipt of gifts and bequests, the Foundation evaluates the gift instrument and related information to determine the directions and intentions of the donor.

Under the Act, all earnings for permanently restricted funds are considered temporarily restricted until appropriated for expenditure. As of December 31, 2016, 2015 and 2014, the accumulated earnings for the board designated endowment funds were classified as unrestricted net assets.

From time to time, the fair value of invested assets associated with individual donor restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. There were no such deficiencies as of December 31, 2016, 2015 and 2014.

11. Endowed Net Assets – Continued

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the operations supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that is intended to produce an annual return in excess of the CPI plus 3% while maintaining prudent risk limits. Actual returns in any given year may vary from the objective.

The Foundation has a policy of appropriating for distribution each year 4.5% of a 12 quarter moving average of the Endowment Fund portfolio value, ending on the last trading day in September. The amount calculated is budgeted for spending during the following year.

Endowment net assets by type of fund and related changes consisted of the following as of December 31, 2016:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,037,733	$ 133,163	$ 7,170,896
Investment return:			
Investment income	73,346	-	73,346
Net appreciation (realized and unrealized)	452,232	-	452,232
	525,578	-	525,578
Assets appropriated for expenditure	(323,304)	-	(323,304)
Endowment net assets, end of year	$ 7,240,007	$ 133,163	$ 7,373,170

11. Endowed Net Assets – Continued

Endowment net assets by type of fund and related changes consisted of the following as of December 31, 2015:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,426,201	$ 133,163	$ 7,559,364
Investment return:			
Investment income	56,247	-	56,247
Net appreciation (realized and unrealized)	(123,784)	-	(123,784)
	(67,537)	-	(67,537)
Assets appropriated for expenditure	(320,931)	-	(320,931)
Endowment net assets, end of year	$ 7,037,733	$ 133,163	$ 7,170,896

Endowment net assets by type of fund and related changes consisted of the following as of December 31, 2014:

	Unrestricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 7,584,892	$ 133,163	$ 7,718,055
Investment return:			
Investment income	45,807	-	45,807
Net appreciation (realized and unrealized)	365,804	-	365,804
	411,611	-	411,611
Assets appropriated for expenditure	(570,302)	-	(570,302)
Endowment net assets, end of year	$ 7,426,201	$ 133,163	$ 7,559,364

12. Pension Plan

Foundation employees participate in two separate pension plans sponsored by Wespath. For participants in the Defined Contribution plan, the Foundation contributes six percent (6%) of the employee's salary. Each conference-appointed clergy can participate in one of several plans. Presently, the clergy employees participate in a Defined Contribution Plan and/or a Defined Benefit Plan where the Foundation contributes a percentage. This percentage ranged between twelve (12%) and thirteen (13%) of the participants' salary. Pension expense for all employees totaled $66,330, $60,866 and $57,956 for the years ending December 31, 2016, 2015 and 2014, respectively.

13. Operating Lease Commitment

The Foundation leases its office space under a five-year operating lease with an escalating lease payments provision. Rent expense was $56,685, $56,685 and $55,487 for the years ended December 31, 2016, 2015 and 2014, respectively.

The future minimum annual rental commitment due under this lease agreement is as follows:

For the year ending December 31,		
2017	$	56,685
2018		57,039
2019		58,465
2020		44,666
Total minimum lease payments	$	216,855

14. Related Party Transactions

While the Foundation is an autonomous legal entity, its purpose has always been to support the functions of the Annual Conferences, its churches, members, and affiliates. Therefore the great majority of its activities are with parties related to the Church, Annual Conferences and their connectional units, local church congregations, etc. Accordingly, related party transactions include the following:

- The entire balance of investments held for others consists of funds from the Annual Conferences, UMC churches, and related foundations and related individuals. The Foundation's entire mortgage loan program and the development fund certificate program are made up of Annual Conferences, UMC churches, related foundations, and related individuals.

14. Related Party Transactions – Continued

- Several members of the Board of Trustees belong to Churches and Conference-related entities that have loans with the Foundation.
- Several members of the Board of Trustees have invested personally in the private placement certificates of deposit totaling $781,267, $623,095 and $659,322 at December 31, 2016, 2015 and 2014, respectively.
- Several members of the Board of Trustees have contributed to donor advised funds with a market value of $1,374,839, $1,184,223 and $1,298,234 at December 31, 2016, 2015 and 2014, respectively.
- A member of the Board of Trustees has an active guarantee on a church loan with an outstanding balance of $181,164, $193,062, and $205,469 at December 31, 2016, 2015 and 2014, respectively.
- Several members of the Board of Trustees have established endowments managed by the Foundation with a total market value of $406,692, $552,706 and $576,759 at December 31, 2016, 2015 and 2014, respectively.
- Several Board Members have gift annuities managed by the Foundation with a total discounted annuity payable of $45,272, $47,493 and $69,142 at December 31, 2016, 2015 and 2014, respectively.
- Several Board Members have unitrusts managed by the Foundation with a total market value of $80,354, $213,271 and $228,719 at December 31, 2016, 2015 and 2014, respectively.
- In 2014, the Foundation purchased a $500,000 key man whole life insurance policy. A member of the Board of Trustees in 2015 and 2014 was an employee of the insurance company from which the Foundation has purchased an insurance policy and annuities. This policy has annual premiums of $59,270 for five years. The premiums were taken from the cash surrender value of the policy in 2016 and 2015. The Foundation paid premiums of $56,770 in 2014. The Foundation also purchased additional paid-up insurance of $300,000 for premiums of $140,730 in 2014. This policy had a cash surrender value of $145,901 at December 31, 2016.

15. Funds Held as Agent

The Foundation enters into designated fund agreements with various entities for the purpose of establishing funds in the Foundation's trustee investment account. These 477 accounts are primarily invested in funds established by the Georgia United Methodist Foundation, Inc.

15. Funds Held as Agent – Continued

The Foundation charges a fee to administer the funds for each entity. This fee is received on a monthly basis and it is based upon the market value of the account at month-end. The various entities can withdraw their funds at any time with the appropriate notice. At December 31, 2016, 2015 and 2014, the market value of all of these accounts totaled $93,377,307, $88,977,466 and $82,582,854, respectively.

16. Concentration of Credit Risk and Other Concentrations

Financial instruments that potentially subject the Foundation to concentrations of credit risk consist principally of cash and investments. The Foundation has a significant concentration of cash deposited in three financial institutions, and the account balances exceed federal insurance limits. The Foundation's bank account balances, as reflected in the bank records, are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. The Foundation also has cash deposits at institutions not covered by the FDIC. The Foundation's uninsured cash balances and certificates of deposit were approximately $12,751,572, $13,122,397 and $17,093,376 at December 31, 2016, 2015 and 2014.

The Foundation's investments, other than loans, do not represent a significant concentration of credit risk due to the diversification of the Foundation's portfolio among instruments and issues. However, investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect the amounts reported on the statement of financial position.

The Foundation receives deposits related to its certificate program from either individuals that reside or entities that are located in the State of Georgia. The Foundation also makes loans to churches throughout the state of Georgia. Changes in economic conditions in these areas could affect the Foundation's ability to receive mortgage payments from churches and pay their obligations under the certificate program. The limited geographic area in which the Foundation operates increases the Foundation's exposure to certain business concentrations.