

**AFRICA UNIVERSITY, INC., TENNESSEE  
A UNITED METHODIST RELATED INSTITUTION**

**FINANCIAL STATEMENTS**

*As of and for the Years Ended December 31, 2024 and 2023*

*And Report of Independent Auditor*

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
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## Report of Independent Auditor

To the Board of Directors  
Africa University, Inc., Tennessee

To the Committee on Audit and Review  
General Council on Finance and Administration  
The United Methodist Church

### Opinion

We have audited the accompanying financial statements of Africa University, Inc., Tennessee, a United Methodist Related Institution (the "Organization"), which comprise the statements of financial position as of December 31, 2024 and 2023, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization, as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

*Cherry Bekaert LLP*

Charlotte, North Carolina  
November 3, 2025

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**STATEMENTS OF FINANCIAL POSITION**

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>ASSETS</b>		
Cash	\$ 2,013,649	\$ 2,476,085
Investments held by Wespath	21,759,673	11,789,449
Investments held by The United Methodist Church Foundation	10,518,291	9,760,934
Beneficial interests in investments held by The General Board of Higher Education and Ministry	90,045,853	86,950,528
Due from related organizations	851,872	2,983,248
Other assets	5,491	853,281
Equipment, net of \$78,753 of accumulated depreciation	-	5,696
<b>Total Assets</b>	<u>\$ 125,194,829</u>	<u>\$ 114,819,221</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable and accrued liabilities	\$ 152,460	\$ 199,861
Accounts payable to Mutare United Methodist Educational Organization	18,310,235	14,422,521
Annuity obligations payable	259,042	259,042
<b>Total Liabilities</b>	<u>18,721,737</u>	<u>14,881,424</u>
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,926,756	947,399
With Donor Restrictions:		
Subject to purpose restrictions	9,431,065	7,743,902
Endowments	95,115,271	91,246,496
<b>Total With Donor Restrictions</b>	<u>104,546,336</u>	<u>98,990,398</u>
<b>Total Net Assets</b>	<u>106,473,092</u>	<u>99,937,797</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 125,194,829</u>	<u>\$ 114,819,221</u>

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

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**STATEMENTS OF ACTIVITIES**

YEARS ENDED DECEMBER 31, 2024 AND 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues:						
Apportionment Fund allocation	\$ 1,644,757	\$ -	\$ 1,644,757	\$ 1,836,175	\$ -	\$ 1,836,175
Investment return from Invested Fund draw for operations	272,206	7,198,969	7,471,175	-	4,169,023	4,169,023
Contributions, grants, and other income	251	3,374,688	3,374,939	-	1,238,067	1,238,067
Services received from The General Board of Higher Education and Ministry	-	-	-	7,014	-	7,014
Net assets released from restrictions	7,581,432	(7,581,432)	-	4,700,313	(4,700,313)	-
<b>Total Revenues</b>	<b>9,498,646</b>	<b>2,992,225</b>	<b>12,490,871</b>	<b>6,543,502</b>	<b>706,777</b>	<b>7,250,279</b>
Expenses:						
Program services	7,581,432	-	7,581,432	7,358,089	-	7,358,089
Management and general	1,768,113	-	1,768,113	1,624,926	-	1,624,926
<b>Total Expenses</b>	<b>9,349,545</b>	<b>-</b>	<b>9,349,545</b>	<b>8,983,015</b>	<b>-</b>	<b>8,983,015</b>
Change in net assets from operations	149,101	2,992,225	3,141,326	(2,439,513)	706,777	(1,732,736)
Nonoperating Revenues and Expenses:						
Investment return, net	830,256	2,563,713	3,393,969	1,287,761	9,143,884	10,431,645
Change in net assets	979,357	5,555,938	6,535,295	(1,151,752)	9,850,661	8,698,909
Net assets, beginning of year	947,399	98,990,398	99,937,797	2,099,151	89,139,737	91,238,888
Net assets, end of year	<u>\$ 1,926,756</u>	<u>\$ 104,546,336</u>	<u>\$ 106,473,092</u>	<u>\$ 947,399</u>	<u>\$ 98,990,398</u>	<u>\$ 99,937,797</u>

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

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

*YEAR ENDED DECEMBER 31, 2024*

	<b>Program Services</b>	<b>Supporting Services</b>		<b>Total</b>
		<b>Management and General</b>	<b>Fundraising</b>	
Contributions and grants	\$ 7,581,432	\$ -	\$ -	\$ 7,581,432
Salaries and wages	-	734,639	-	734,639
Employee benefits	-	247,194	-	247,194
Travel and meetings	-	169,296	-	169,296
Professional fees	-	285,800	-	285,800
Supplies	-	22,727	-	22,727
Telephone and web service	-	22,430	-	22,430
Postage, shipping, and freight	-	17,080	-	17,080
Repairs and maintenance	-	55,726	-	55,726
Insurance	-	27,807	-	27,807
Promotional and informational material	-	63,972	-	63,972
Miscellaneous	-	121,442	-	121,442
<b>Total Operating Expenses</b>	<b>\$ 7,581,432</b>	<b>\$ 1,768,113</b>	<b>\$ -</b>	<b>\$ 9,349,545</b>

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

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**STATEMENT OF FUNCTIONAL EXPENSES**

YEAR ENDED DECEMBER 31, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Contributions and grants	\$ 7,358,089	\$ -	\$ -	\$ 7,358,089
Salaries and wages	-	668,299	-	668,299
Employee benefits	-	172,536	-	172,536
Administration provided by The General Board of Higher Education and Ministry	-	7,014	-	7,014
Travel and meetings	-	125,252	-	125,252
Professional fees	-	404,124	-	404,124
Supplies	-	69,895	-	69,895
Telephone and web service	-	11,932	-	11,932
Postage, shipping, and freight	-	11,226	-	11,226
Repairs and maintenance	-	8,931	-	8,931
Insurance	-	32,454	-	32,454
Promotional and informational material	-	30,034	-	30,034
Miscellaneous	-	83,229	-	83,229
Total Operating Expenses	\$ 7,358,089	\$ 1,624,926	\$ -	\$ 8,983,015

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

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**STATEMENTS OF CASH FLOWS**

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 6,535,295	\$ 8,698,909
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	5,696	-
Unrealized gains on investments	(2,588,818)	(11,498,768)
Realized gains on sale of investments	(5,788,730)	(1,717,571)
Gifts received to be held in perpetuity	(1,305,062)	(288,721)
Changes in assets and liabilities:		
Due from (to) related organizations	2,131,376	(3,550,642)
Other assets	847,790	(261,953)
Accounts payable and accrued liabilities	(47,401)	(257,669)
Accounts payable to Mutare United Methodist Educational Organization	3,887,714	3,265,391
Net cash flows from operating activities	<u>3,677,860</u>	<u>(5,611,024)</u>
<b>Cash flows from investing activities:</b>		
Net (purchases) sales of investments and beneficial interests in investments held by The General Board of Higher Education and Ministry	(5,445,358)	3,778,546
Purchases of equipment	-	(5,696)
Net cash flows from investing activities	<u>(5,445,358)</u>	<u>3,772,850</u>
<b>Cash flows from financing activities:</b>		
Gifts received to be held in perpetuity	1,305,062	288,721
Net cash flows from financing activities	<u>1,305,062</u>	<u>288,721</u>
Net change in cash	(462,436)	(1,549,453)
Cash, beginning of year	2,476,085	4,025,538
Cash, end of year	<u>\$ 2,013,649</u>	<u>\$ 2,476,085</u>

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

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

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**Note 1—Organization and nature of operations**

Establishment of a United Methodist university in Zimbabwe was approved in 1988 by the General Conference of The United Methodist Church. This university was established as Africa University Zimbabwe (“AUZ”), a Zimbabwe Corporation. The General Board of Higher Education and Ministry of The United Methodist Church (“GBHEM”) was assigned responsibility to organize necessary structures, incorporated and unincorporated, for AUZ. Africa University, Inc., Tennessee (the “Organization”), a Tennessee corporation, was formed by GBHEM in 1988 to oversee funding and other activities entered into during establishment of AUZ. The Organization receives annual apportionments from the General Conference of The United Methodist Church and distributes a portion of the funds to Mutare United Methodist Educational Organization (“Mutare”) and AUZ as needed for construction and other activities of AUZ. Mutare, a Zimbabwe corporation, is responsible for AUZ construction activities through funds advanced by the Organization and has ownership of all AUZ property. AUZ is responsible for all its academic and administrative matters.

Funding for the Organization’s operations is principally provided by allocations received from The General Funds of The United Methodist Church (the “Church”), which are allocated to the Organization’s programs based on a four-year budget developed from projections of expected program costs. The allocation accounts for 13% and 25% of the Organization’s total operating revenue in 2024 and 2023, respectively. Additional funding is provided by the World Service Special Gifts for endowment funding as well as other gifts to support AUZ’s construction, faculty, and operating needs. The Organization’s continued existence is dependent upon the Church’s future support. The Church’s future support is dependent upon contributions from its congregations.

**Note 2—Summary of significant accounting policies**

The financial statements have been prepared on the accrual basis of accounting. The Organization’s significant accounting policies are described below.

*Basis of Presentation* – To help ensure the observance of limitations and restrictions placed on the use of resources, the Organization maintains its accounts internally in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified into funds that are in accordance with activities or objectives of the Organization. Separate accounts are maintained for each fund.

For reporting purposes, however, the Organization’s financial statements have been prepared to focus on the Organization as a whole. Resources are classified into two net asset categories based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization’s management and the Board of Directors. The Organization has chosen to provide further classification information about net assets without donor restrictions on the statements of financial position. The sub classifications are as follows:

*Board-Designated* – Represents resources set aside by the Board of Directors to be used for specific activities within guidelines established by the board. There were no board-designated amounts for the years ended December 31, 2024 and 2023.

*Undesignated* – Represents the cumulative net assets without donor restrictions excluding those net assets designated for specific activities.

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

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**Note 2—Summary of significant accounting policies (continued)**

*Net Assets With Donor Restrictions* – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets are reported as reclassifications from net assets with donor restrictions to net assets without donor restrictions. Investment returns from Invested Fund draw for operations represents the approved draw of earnings (6% and 5% in 2024 and 2023, respectively) from the investment portfolio and investments held by The United Methodist Church Foundation (“UMCF”) plus additional funds approved by the Board of Directors for special initiatives. This is reported as operating income.

Contributions are recognized when cash, other assets, or an unconditional promise to give is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return or right of release, are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value. Because of the purpose of the Organization, which is to oversee funding for Mutare and AUZ, most contributions are considered with donor restrictions to be used by those organizations.

Unconditional promises to give in future years are recorded at the present value using risk-adjusted rates applicable to the years in which the promises to give are to be received. There were no unconditional promises to give relating to future years as of December 31, 2024 and 2023. Contributions made by the Organization are recognized as expenses in the period made.

*Services Received from Personnel of an Affiliate* – Services received from personnel of an affiliate for which the affiliate does not charge the Organization has been measured at the cost recognized by the affiliate in providing those services. The revenue and expense relating to those services received are presented in the related party Note 7 and totaled \$-0- and \$7,014 for the years ended December 31, 2024 and 2023, respectively.

*Use of Estimates* – To prepare these financial statements in conformity with accounting principles generally accepted in the United States of America, management of the Organization has made certain estimates and assumptions relating to the reporting of 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.

*Cash* – The Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, except for those cash equivalents managed as part of the Organization’s investment management strategy.

*Due from Related Organizations* – Funds due from related organizations represent operating funds collected for the Organization by GBHEM including allocations received from the Church.

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

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**Note 2—Summary of significant accounting policies (continued)**

*Investments* – The Organization’s investments are primarily in third party investment pools presented at net asset value (“NAV”), which approximates the estimated fair value of the Organization’s share of the respective investment pools. Investment return consists of interest and dividends and unrealized and realized gains and losses, reported net of investment expenses. Investment return is calculated on a pro rata basis for the Organization’s portion of the investment pools.

*Functional Expenses* – The costs of providing the various programs and other activities of the Organization have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Direct identifiable expenses are charged to programs and supporting services.

*Income Taxes* – The Organization is exempt from federal and state income tax, except for taxes pertaining to unrelated business income, under Section 501(c)(3) of the Internal Revenue Code (“IRC”). The Organization is also exempt from filing a Form 990 due to its affiliation with a religious organization as described in Section 509(a) of the IRC.

The Organization accounts for the effect of any uncertain tax positions based on a more likely than not threshold to the recognition of the tax positions being sustained based on the technical merits of the position under examination by the applicable taxing authority. If a tax position or positions are deemed to result in uncertainties of those positions, the unrecognized tax benefit is estimated based on a cumulative probability assessment that aggregates the estimated tax liability for all uncertain tax positions. Tax positions for the Organization include, but are not limited to, the tax-exempt status and determination of whether income is subject to unrelated business income tax.

*Concentration of Credit Risk* – The Organization places its cash on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization may from time to time have amounts on deposit in excess of the insured limits.

*Financial Instruments* – Assets recorded at fair value in the statements of financial position are categorized based on the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, are as follows:

*Level 1* – Values are unadjusted quoted prices for identical assets in active markets accessible at the measurement date.

*Level 2* – Inputs include quoted prices for similar assets in active markets, quoted prices from those willing to trade in markets that are not active, or other inputs that are observable or can be corroborated by market data for the term of the instrument. Such inputs include market interest rates and volatilities, spreads, and yield curves.

*Level 3* – Certain inputs are unobservable (supported by little or no market activity) and significant to the fair value measurement. Unobservable inputs reflect the best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 3—Liquidity and availability of resources**

The table below represents financial assets available for general expenditures within one year at December 31:

	<u>2024</u>	<u>2023</u>
Financial assets at year-end:		
Cash	\$ 2,013,649	\$ 2,476,085
Investments	21,759,673	11,789,449
Investments held by the UMCF	10,518,291	9,760,934
Beneficial interest in investments held by GBHEM	90,045,853	86,950,528
Due from related organizations	851,872	2,983,248
Other assets	5,491	853,281
Total financial assets	<u>125,194,829</u>	<u>114,813,525</u>
Less amounts not available to be used for general expenditures within one year:		
Purpose restrictions	9,431,065	7,743,902
Endowment funds	<u>95,115,271</u>	<u>91,246,496</u>
Financial assets not available to be used within one year	<u>104,546,336</u>	<u>98,990,398</u>
Financial assets available to meet general expenditures within one year	<u>\$ 20,648,493</u>	<u>\$ 15,823,127</u>

The Organization considers general expenditures to include program expenses, supporting services, and any commitments or liabilities to be paid in the subsequent year. As part of the Organization's liquidity management plan, it structures its financial assets to be available as its obligations come due. Cash in excess of daily requirements are invested. This investment established by the Organization may be drawn upon, if necessary, to meet unexpected liquidity needs.

The Organization has assets limited to use for donor-restricted purposes. Net assets limited to use for purpose restrictions, which are more fully described in Notes 8 and 9, are not available for general expenditure within the next year.

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 4—Investments and beneficial interests in investments held by GBHEM**

The Organization’s investments and beneficial interests in investments held by GBHEM at December 31, consist of the following:

	2024		2023	
	Fair Value	Cost	Fair Value	Cost
Methodist Socially Principled Fund of The UMCF	\$ 10,518,291	\$ 10,144,549	\$ 9,760,934	\$ 9,883,107
Short-Term Investment Fund - I (Wespath)	21,759,673	20,557,955	11,789,449	11,417,242
General investment pool of GBHEM	90,045,853	74,859,724	86,950,528	73,839,947
	<u>\$ 122,323,817</u>	<u>\$ 105,562,228</u>	<u>\$ 108,500,911</u>	<u>\$ 95,140,296</u>

Return on investments and beneficial interests in investments held by GBHEM for the years ended December 31, were as follows:

	2024	2023
Investment return:		
Interest and dividends	\$ 3,084,506	\$ 2,001,733
Gains on investments:		
Realized gains on sale of investments	5,788,730	1,717,571
Unrealized gains on investments	2,588,818	11,498,768
Gains on investments	8,377,548	13,216,339
Less investment management expenses	(596,910)	(617,404)
Investment return, net, before transfer to operations	10,865,144	14,600,668
Adjustment for investment income transferred to operations	(7,471,175)	(4,169,023)
Investment return, net, nonoperating	<u>\$ 3,393,969</u>	<u>\$ 10,431,645</u>

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 5—Fair value of financial instruments**

Required disclosures concerning the estimated fair value of financial instruments are presented below. The estimated fair value amounts have been determined based on GBHEM's assessment of available market information and appropriate valuation methodologies. The following tables summarize required fair value disclosures and measurements for assets and liabilities measured at fair value on a recurring basis under ASC 820, *Fair Value Measurements and Disclosures*.

	<b>2024</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments reported at net asset value:				
Methodist Socially Principled Fund of The UMCF*	\$ 10,518,291			
General investment pool of GBHEM*	90,045,853			
Short-Term Investment Fund - I (Wespath)*	21,759,673			
Total investments and beneficial interest in trusts	<u>\$ 122,323,817</u>			
	<b>2023</b>			
	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Investments reported at net asset value:				
Methodist Socially Principled Fund of The UMCF*	\$ 9,760,934			
General investment pool of GBHEM*	86,950,528			
Short-Term Investment Fund - I (Wespath)*	11,789,449			
Total investments and beneficial interest in trusts	<u>\$ 108,500,911</u>			

\* In accordance with ASC Subtopic 820-10, certain investments that are measured at fair value using NAV per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

The following is a summary of the Organization's investments and beneficial interests:

*Methodist Socially Principled Fund of The UMCF* – The objective of the Methodist Socially Principled Model is to provide a reasonable level of current income and simultaneously to protect the purchasing power of the principal against inflation, while following the underlying benchmarks investments. There is no guarantee that these objectives will be reached. The targeted allocation of the fund is 35% invested in a fixed income fund, 30% in a domestic large capitalization equity portfolio, 10% in a domestic small/mid-capitalization equity portfolio, and 25% in an international equity portfolio. This model is designed for those investors who are seeking a single asset allocation to provide broad diversification, reasonable income, and protection against inflation. The Foundation reserves the right to change the asset allocation or mix of this model as allowed by its statement of investment policy, objectives, and guidelines at any time without notice to participants.

**AFRICA UNIVERSITY, INC., TENNESSEE**  
**A UNITED METHODIST RELATED INSTITUTION**  
**NOTES TO THE FINANCIAL STATEMENTS**

DECEMBER 31, 2024 AND 2023

**Note 5—Fair value of financial instruments (continued)**

*General Investment Pool of the GBHEM* – The investment pool was established to provide funds that would grow in value and provide a source of income primarily for the support of scholarships, college/university, and general board programs. The objective of the GBHEM Investment Pool is to provide for the preservation of capital by prudent investment of such funds while seeking long term growth and to produce income with the total return concept. The asset allocation of funds is domestic equity 46%, international equity 18%, fixed income 28%, and real estate 8%.

*Short-Term Investment Fund - I (Wespath)* – The objective of the Wespath’s Short-Term Investment Fund is liquidity and reasonable rate of return. There is no guarantee that these objectives will be reached. This fund is designed for short-term investment of funds when the timing of the investor’s liquidity needs is uncertain or variable.

For entities that calculate NAV per share (or its equivalent), the following table provides information about the probability of investments being sold at amounts different from NAV per share for the year ended December 31, 2024:

	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Methodist Socially Principled Fund of The UMC	\$ 10,518,291	none	daily	3 days
Short-Term Investment Fund - I (Wespath)	21,759,673	none	daily	daily
General investment pool of GBHEM	90,045,853	none	daily	3-5 days
	<u>\$ 122,323,817</u>			

**Note 6—Employee benefits**

*Retirement Benefits* – Full-time laypersons and clergy employed by the Organization participate in the Retirement Plan for General Agencies (RPGA). This defined contribution plan is administered by the Wespath Benefits and Investments (“Wespath”). The Organization makes semi-weekly contributions to each eligible employee’s account held by Wespath based on 8% of annual employee compensation. Additionally, the Organization matches up to 2% of annual employee compensation to their United Methodist Personal Investment Plan. Total contributions made by the Organization for both components for the years ended December 31, 2024 and 2023 were \$98,680 and \$70,757, respectively.

*Health, Life, and Other Employee Benefits* – The General Agencies of The United Methodist Church Benefit Plan (the “Plan”), which qualifies for treatment as a multiemployer plan under ASC 715, *Compensation – Retirement Benefits*, provides medical, dental, life, and long- and short-term disability defined benefits to participants of the 11 general agencies, all Bishops covered by the Episcopal Fund, and employees of other United Methodist related organizations. Effective January 1, 2004, Plan amendments were made to change the retiree benefits offered and increase the related premiums paid by retirees.

The Organization provides health, dental, life, and other employee benefits for its active employees and health, dental, and life benefits to non-Medicare eligible retirees through the Plan. Retirees who are Medicare eligible, and who elect to enroll, are eligible for a Health Reimbursement Account up to \$2,250 annually and \$2,000 annually for their spouse, if applicable. Unused reimbursement funds continue to roll-over to subsequent years until death of the retiree or their spouse, whichever is later.

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**Note 6—Employee benefits (continued)**

The cost of benefits for active employees and retirees who elect to participate in the Plan is recognized as group insurance expense as premiums are paid. The total cost of benefits for active employees and retirees was \$52,377 and \$57,800 for the years ended December 31, 2024 and 2023, respectively, exclusive of reimbursement from the General Agency Benefit Trust.

The Plan's unfunded accumulated postretirement benefit obligation was approximately \$26,250,000 and \$26,626,000 and the Plan's unfunded expected postretirement benefit obligation was approximately \$35,502,000 and \$36,004,000 as of December 31, 2024 and 2023, respectively.

**Note 7—Related party transactions**

The Organization receives the majority of its revenue through apportionments from The General Funds of the Church, which are administered by GCFA and passed through GBHEM. In addition, GBHEM provides various services to the Organization, such as general ledger processing, cash management, and group insurance plan administration. The Organization had the following transactions with GBHEM, GCFA, and other related organizations:

	<u>2024</u>	<u>2023</u>
Statements of Financial Position:		
Beneficial interests in investments held by GBHEM	\$ 90,045,853	\$ 86,950,528
Investments in The UMCF	10,518,291	9,760,934
Investments in Wespath	21,759,673	11,789,449
Due from related organizations - GBHEM	-	2,983,248
Due from related organizations - GCFA	102,635	-
Due from related organizations - World Service	749,237	-
Other assets (accrued income receivable) - GBHEM	-	157,923
Accounts payable to Mutare	18,310,235	14,422,521
Statements of Activities:		
Revenues:		
Apportionment fund allocation - GCFA	1,644,757	1,836,175
Investment return, net - GBHEM, UMCF, Wespath	10,865,144	14,600,668
Services received from GBHEM	-	7,014
Contributions, grants, and other income - GBGM	175,697	62,165
Expenses:		
Program expenses - AUZ and Mutare	7,581,432	7,358,089
Administration provided by GBHEM	-	7,014
Employee benefits - Group insurance	52,377	57,800

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**Note 8—Net assets with donor restrictions**

Net assets with donor restrictions at December 31 have been restricted by the donors for the following purpose restrictions:

	<u>2024</u>	<u>2023</u>
Subject to purpose restrictions:		
Direct Scholarships	\$ 5,855,586	\$ 5,307,539
Direct Scholarships Invested Trust	-	21,321
Special Projects	1,945,746	785,932
Capital Projects	1,379,019	1,379,019
Faculty of Health Science	14,271	14,271
Faculty of Theology S.C.	52,882	52,882
Foundation for Evangelism	18,535	18,535
Honorary Alumni Association	41,528	41,428
North Indiana Conference Dormitory	25,090	25,090
Richard & Joyce Reeves Wesley Foundation Room	62,263	62,263
Other	36,145	35,622
Total subject to purpose restrictions	<u>9,431,065</u>	<u>7,743,902</u>
Endowments:		
Accumulated earnings on endowment funds	41,281,659	38,717,946
Endowment funds held in perpetuity	<u>53,833,612</u>	<u>52,528,550</u>
Total endowments	<u>95,115,271</u>	<u>91,246,496</u>
Total net assets with donor restrictions	<u>\$ 104,546,336</u>	<u>\$ 98,990,398</u>

Net assets with donor restrictions for the years ended December 31, 2024 and 2023 were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

**Note 9—Endowment**

The Organization's endowment consists of individual funds established for a variety of purposes and is comprised of only donor-restricted endowment funds.

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as donor-restricted net assets (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

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**Note 9—Endowment (continued)**

In accordance with applicable state laws, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

As of December 31, the Organization had the following endowment net asset composition by type of fund:

	<b>2024</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 53,833,612	\$ 53,833,612
Accumulated investment gains	-	41,281,659	41,281,659
Endowment net assets, December 31, 2024	<u>\$ -</u>	<u>\$ 95,115,271</u>	<u>\$ 95,115,271</u>
	<b>2023</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ -	\$ 52,528,550	\$ 52,528,550
Accumulated investment gains	-	38,717,946	38,717,946
Endowment net assets, December 31, 2023	<u>\$ -</u>	<u>\$ 91,246,496</u>	<u>\$ 91,246,496</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Organization has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At December 31, 2024 and 2023, the Organization had no underwater endowments.

*Investment and Spending Policies* – The Organization normally follows the GBHEM policy of drawing up to an appropriation percentage for distribution annually of the previous 12 rolling quarter’s average quarter-end market values. In establishing this policy, the Organization considered the long-term expected return on endowment assets. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to produce current income within the total return strategy. In 2024 and 2023, the Organization’s board requested and the GBHEM executive committee of the board approved a draw appropriation of 6.0% and 5.0%, respectively.

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**Note 9—Endowment (continued)**

*Return Objectives and Risk Parameters* – The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the Organization’s programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s). Under this policy, as approved by the Executive Committee of the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that provide for the preservation of capital and income for support of programs while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to produce current income within the total return strategy.

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

Changes in endowment net assets for the years ended December 31, 2024 and 2023 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2022	\$ -	\$ 81,990,362	\$ 81,990,362
Investment return, net	-	13,136,436	13,136,436
Contributions	-	288,721	288,721
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(4,169,023)	(4,169,023)
Endowment net assets, December 31, 2023	-	91,246,496	91,246,496
Investment return, net	-	9,762,682	9,762,682
Contributions	-	1,305,062	1,305,062
Appropriation of endowment assets for expenditure pursuant to spending-rate policy	-	(7,198,969)	(7,198,969)
Endowment net assets, December 31, 2024	<u>\$ -</u>	<u>\$ 95,115,271</u>	<u>\$ 95,115,271</u>

**Note 10—Subsequent events**

Management has evaluated subsequent events through November 3, 2025, the date the financial statements were available for issuance. Management has determined that there are no subsequent events requiring disclosure.