The United Church of Christ Board and Certain Affiliated Entities

Combined Financial Report
December 31, 2021

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RSM US LLP

Independent Auditor's Report

To the Audit Committee
The United Church of Christ Board and
Certain Affiliated Entities

Opinion
We have audited the combined financial statements of the United Church of Christ Board and Certain Affiliated Entities (the Organization), which comprise the combined statements of financial position as of December 31, 2021 and 2020, the related combined statements of activities, functional expenses, and cash flows for the years then ended and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and 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 (GAAS). 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

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

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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Supplementary information
Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 39 to 40 is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information on pages 39 to 40 is fairly stated, in all material respects, in relation to the financial statements as a whole.

RSM US LLP

Cleveland, Ohio
August 16, 2022

The United Church of Christ Board and Certain Affiliated Entities

Combined Statements of Financial Position
December 31, 2021 and 2020

	2021	2020
Assets		
Cash and cash equivalents	**$ 19,438,853**	$ 7,167,841
Investments	**383,212,518**	360,947,738
Receivables:		
Church building loans, net	**37,112,865**	36,771,735
Support, net	**2,992,018**	3,293,254
Property sale, net	**3,353,980**	3,392,309
Other, net	**5,438,120**	5,250,486
Inventory, prepaid expenses and other assets	**906,428**	1,415,305
Beneficial interest in trusts held by others	**16,863,045**	15,159,203
Property held for sale, net	**2,536,828**	-
Property and equipment, net	**5,376,299**	8,114,285
Total assets	**$ 477,230,954**	$ 441,512,156
Liabilities and Net Assets		
Accounts payable	**$ 1,103,123**	$ 273,094
Other accrued liabilities	**942,765**	1,251,078
Loan payable	**925,000**	1,300,000
Accrued pension and other post-retirement benefits	**1,800,607**	1,983,977
Funds held for others	**2,824,820**	2,532,105
Other liabilities	**1,685,596**	1,860,405
Total liabilities	**9,281,911**	9,200,659
Net assets:		
Without donor restrictions	**196,038,753**	184,303,699
With donor restrictions	**271,910,290**	248,007,798
Total net assets	**467,949,043**	432,311,497
Total liabilities and net assets	**$ 477,230,954**	$ 441,512,156

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	**Totals**
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 4,336,068	$ -	**$ 4,336,068**
Special support	18,288	2,929,117	**2,947,405**
Gifts, donations and trust income	1,665,638	744,629	**2,410,267**
Other revenues:			
Publications and other resource sales	793,322	-	**793,322**
Total return draw	8,361,089	-	**8,361,089**
Management fees and other reimbursements	2,182,293	27,223	**2,209,516**
Church loan interest	1,770,912	-	**1,770,912**
Other	589,948	-	**589,948**
Net assets released from restrictions	4,732,553	(4,732,553)	**-**
Total operating revenues and support	24,450,111	(1,031,584)	**23,418,527**
Operating expenses:			
Program services	18,498,050	-	**18,498,050**
Management and general	4,327,449	-	**4,327,449**
Fundraising	2,104,413	-	**2,104,413**
Total operating expenses	24,929,912	-	**24,929,912**
Decrease from operating activity	(479,801)	(1,031,584)	**(1,511,385)**
Non-operating revenues and (expenses):			
Gifts and donations	157,069	2,558,338	**2,715,407**
Interest and dividends, net of total return draw	(2,070,831)	(2,782,711)	**(4,853,542)**
Appreciation in value of investments, net	13,949,474	23,426,834	**37,376,308**
Change in value of beneficial interest of trusts held by others	-	1,703,842	**1,703,842**
Change in value of split interest agreements	-	27,773	**27,773**
Total non-operating revenues and (expenses)	12,035,712	24,934,076	**36,969,788**
Increase in net assets before the effect of postretirement cost	11,555,911	23,902,492	**35,458,403**
Postretirement related changes other than net periodic postretirement cost	179,143	-	**179,143**
Increase in net assets	11,735,054	23,902,492	**35,637,546**
Net assets - beginning of year	184,303,699	248,007,798	**432,311,497**
Net assets - end of year	$ 196,038,753	$ 271,910,290	**$ 467,949,043**

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 4,377,007	$ -	$ 4,377,007
Special support	31,154	2,156,320	2,187,474
Gifts, donations and trust income	1,699,200	833,662	2,532,862
Other revenues:			
Publications and other resource sales	898,742	-	898,742
Total return draw	7,719,115	-	7,719,115
Management fees and other reimbursements	1,819,904	40,992	1,860,896
Church loan interest	1,776,947	-	1,776,947
Other	665,080	-	665,080
Net assets released from restrictions	5,161,699	(5,161,699)	-
Total operating revenues and support	24,148,848	(2,130,725)	22,018,123
Operating expenses:			
Program services	18,193,862	-	18,193,862
Management and general	4,152,743	-	4,152,743
Fundraising	2,248,736	-	2,248,736
Total operating expenses	24,595,341	-	24,595,341
Decrease from operating activity	(446,493)	(2,130,725)	(2,577,218)
Non-operating revenues and (expenses):			
Gifts and donations	1,072,087	2,590,140	3,662,227
Interest and dividends, net of total return draw	(1,621,140)	(2,325,616)	(3,946,756)
Appreciation in value of investments, net	12,556,562	19,848,551	32,405,113
Change in value of beneficial interest of trusts held by others	-	818,447	818,447
Change in value of split interest agreements	-	70,936	70,936
Total non-operating revenues and (expenses)	12,007,509	21,002,458	33,009,967
Increase in net assets before the effect of postretirement cost	11,561,016	18,871,733	30,432,749
Postretirement related changes other than net periodic postretirement cost	58,595	-	58,595
Increase in net assets	11,619,611	18,871,733	30,491,344
Net assets - beginning of year	172,684,088	229,136,065	401,820,153
Net assets - end of year	$ 184,303,699	$ 248,007,798	$ 432,311,497

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Functional Expenses
December 31, 2021

	Program Services											
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	700 Prospect	Inter-Ministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 562,921	$ 1,070,377	$ 1,186,166	$ 550,038	$ 1,750,070	$ 19,045	$ 140,666	$ -	$ 5,279,283	$ 1,955,803	$ 944,363	$ 8,179,449
Benefits and payroll taxes	242,069	467,393	632,082	215,515	669,607	15,214	72,890	-	2,314,770	964,370	503,959	3,783,099
Retired missionary benefits	-	-	-	-	179,130	-	-	-	179,130	-	-	179,130
Travel	3,190	23,000	1,816	24,040	3,936	25	81	-	56,088	2,396	3,319	61,803
Governance	-	-	-	-	-	-	-	-	-	18,782	-	18,782
Office expenses	704,359	87,833	578,745	356,434	193,747	2,905	829,710	-	2,753,733	1,386,098	587,120	4,726,951
Programs	2,093,227	150,693	732,370	391,226	304,482	1,728,177	-	(729,121)	4,671,054	-	-	4,671,054
Grants	353,807	678,655	66,713	-	1,890,183	-	-	-	2,989,358	-	-	2,989,358
Rent	659,382	246,361	148,895	58,550	148,043	-	-	(1,157,675)	103,556	-	-	103,556
Allocation	(1,994,732)	517,148	707,715	151,061	769,886	-	-	-	151,078	-	65,652	216,730
	$ 2,624,223	$ 3,241,460	$ 4,054,502	$ 1,746,864	$ 5,909,084	$ 1,765,366	$ 1,043,347	$ (1,886,796)	$ 18,498,050	$ 4,327,449	$ 2,104,413	$ 24,929,912

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Functional Expenses
December 31, 2020

	Program Services											
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	700 Prospect	Inter-Ministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 332,830	$ 1,032,074	$ 1,144,173	$ 465,170	$ 1,664,882	$ 163,514	$ 135,291	$ -	$ 4,937,934	$ 1,976,482	$ 986,241	$ 7,900,657
Benefits and payroll taxes	138,613	463,409	552,308	174,971	547,104	23,343	67,040	-	1,966,788	969,972	557,992	3,494,752
Retired missionary benefits	-	-	-	-	311,164	-	-	-	311,164	-	-	311,164
Travel	1,425	33,688	23,375	46,404	34,161	4,146	-	-	143,199	25,760	7,877	176,836
Governance	-	-	-	-	-	-	-	-	-	59,909	-	59,909
Office expenses	243,178	150,354	296,455	514,117	289,332	5,654	987,175	-	2,486,265	1,120,620	609,625	4,216,510
Programs	1,952,277	190,754	1,052,067	333,734	1,207,080	1,122,055	-	(1,043,242)	4,814,725	-	-	4,814,725
Grants	344,099	609,184	427,150	-	1,950,090	-	-	-	3,330,523	-	-	3,330,523
Rent	653,280	242,349	148,891	58,550	149,039	-	-	(1,143,412)	108,697	-	-	108,697
Allocation	(2,182,365)	538,892	817,322	135,638	785,080	-	-	-	94,567	-	87,001	181,568
	$ 1,483,337	$ 3,260,704	$ 4,461,741	$ 1,728,584	$ 6,937,932	$ 1,318,712	$ 1,189,506	$ (2,186,654)	$ 18,193,862	$ 4,152,743	$ 2,248,736	$ 24,595,341

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Increase in net assets	$ 35,637,546	$ 30,491,344
Adjustments to reconcile increase in net assets to net cash used in operating activities:		
Net appreciation in value of investments	(37,376,308)	(32,405,113)
Depreciation	496,074	659,347
Contributions restricted for long-term investment	(341,665)	(1,619,389)
Impairment of property and equipment	73,347	-
Loan loss (recovery) provision	(28,395)	17,462
Change in value of beneficial interest in trusts held by others	(1,703,842)	(818,447)
Changes in operating assets and liabilities:		
Support receivable, net	301,236	558,317
Property sale receivable, net	38,329	(63,048)
Other receivables, net	(187,634)	(285,868)
Inventory, prepaid expenses and other assets	508,877	(632,728)
Accounts payable	830,029	(321,349)
Accrued pension and other post-employment benefits	(183,370)	(161,448)
Other liabilities and funds held for others	(190,407)	223,733
Net cash used in operating activities	(2,126,183)	(4,357,187)
Cash flows from investing activities:		
Purchase of investments	(34,918,581)	(10,964,316)
Proceeds from sale of investments	50,030,109	15,615,938
Purchase of property and equipment	(368,263)	(658,133)
Disbursements for church building loans	(4,111,256)	(2,156,402)
Repayments of church building loans	3,798,521	2,206,069
Net cash provided by investing activities	14,430,530	4,043,156
Cash flows from financing activities:		
Payment of loan payable	(375,000)	(375,000)
Proceeds from contributions restricted for long-term investment	341,665	1,619,389
Net cash (used in) provided by financing activities	(33,335)	1,244,389
Net increase in cash and cash equivalents	12,271,012	930,358
Cash and cash equivalents:		
Beginning	7,167,841	6,237,483
Ending	$ 19,438,853	$ 7,167,841
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$ 27,293	$ 43,660
Disposal of fixed assets	$ 50,000	$ -

See notes to combined financial statements.

Note 1. Nature of Activities

The United Church of Christ (the UCC) is a Protestant denomination formed in 1957 by the Union of the Evangelical and Reformed Church and the General Council of the Congregational Christian Churches of the United States. The UCC is a "just peace" church that embraces all persons in an environment that is multiracial, multicultural, open and affirming and accessible to all who seek the Christian faith.

In 2013, the United Church of Christ restructured the national setting of the Church into its current structure. Several national ministries of the UCC are principally located in Cleveland, Ohio and include four separately incorporated entities, all of which are tax-exempt under Section 501(c)(3) of the Internal Revenue Code through the United Church of Christ's group ruling. National bodies forming the structure include:

United Church of Christ Board (UCCB): The UCCB is responsible for policies relating to the mission of the UCC in its national setting, to act as the General Synod ad interim and work in cooperation with the General Minister & President and Associate General Ministers to provide coordination and evaluation of the work of the Church. The UCCB sits as the Board of Directors of Justice and Witness Ministries (JWM), Local Church Ministries (LCM) and Wider Church Ministries (WCM). It includes the functions of the Office of General Minister & President (OGMP), which represents the administrative functions of the UCCB.

Justice and Witness Ministries (a Covenanted Ministry of the United Church of Christ) (JWM): JWM's mission is to enable and encourage local churches, associations, conferences and national expressions of the UCC to engage in God's mission at the global, national and local level by direct involvement and action in the promotion of justice, peace and the integrity of creation.

Local Church Ministries (a Covenanted Ministry of the United Church of Christ) (LCM): LCM's mission is to encourage and support local churches of the UCC in the fulfillment of God's mission, to serve as a resource to constituents by providing special knowledge, understanding and guidance with respect to the mandates of LCM and to sustain relationships with other ministry partners.

Wider Church Ministries (a Covenanted Ministry of the United Church of Christ) (WCM): WCM's mission is to encourage and support local churches, associations, conferences and national expressions of the UCC to participate in the global mission of the Church; to support UCC ministries and those partner churches around the world; and to plan and conduct common global ministries with the Christian Church (Disciples of Christ).

Each Covenanted Ministry has autonomy and maintains its own funds and accounts but is in covenant with the other ministries.

A Common Services Corporation provides financial, legal, human resources, and other administrative functions for all the entities. The entity is controlled by and consolidated as part of the UCCB.

During 2007, Local Church Ministries Church Building & Loan Fund (CB&LF) became a separate legal entity in order to increase CB&LF's visibility and identity, preserve its history and enhance its fiduciary responsibility by establishing a separate Board with expertise in banking, real estate and investments. The entity is controlled by and consolidated as part of Local Church Ministries.

700 Prospect Corporation is a wholly controlled nonprofit corporation established to own and operate a building at 700 Prospect Avenue in Cleveland, Ohio, that serves as the principal offices and a place of worship for the national setting of the UCC and its affiliated and associated organizations that use the building. Rent for the building and related equipment is paid by the Organization and other affiliated and associated organizations.

Note 1. Nature of Activities (Continued)

The Pension Boards-United Church of Christ, Inc. (PBUCC), United Church Funds, Inc. (UCF), UCC Cornerstone Fund, Inc. (Cornerstone) and other organizations of the UCC are affiliated or associated organizations that maintain funds and accounts separate from the Covenanted Ministries and are not included in these combined financial statements because control and/or economic interest does not exist.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets that can be designated for specific purposes by formal action of the Board of Directors of each Covenanted Ministry.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization.

Also included in net assets with donor restrictions are net assets subject to donor imposed restrictions to be maintained permanently by the Organization, which include gifts and pledges for endowment wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income is utilized. Other permanently restricted items in this net asset category include the Organization’s interest in the values of certain perpetual trusts and annuity and life income gifts for which the principal is held in perpetuity and the income may or may not be subject to donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Principles of combination: The combined financial statements include the accounts of the UCCB, the OGMP, JWM, LCM, WCM and 700 Prospect Corporation (collectively referred to as the Organization), as well as the United Church of Christ Hotel Venture, LLC (Hotel Venture, LLC), and Local Church Ministries Church Building & Loan Fund (CB&LF), LCM’s wholly controlled entities, whose activity is included in LCM. All significant interministry balances and transactions have been eliminated.

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

Cash and cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash at financial institutions which may at times exceed federally insured amounts. Management does not feel there is a risk of loss due to balances that exceed insured amounts.

Note 2. Summary of Significant Accounting Policies (Continued)

Investments: Investments are carried at cost or fair value as disclosed in Notes 3 and 4. Investment income or loss, including unrealized and realized gains and losses, is reported as a change in the appropriate net asset category according to donor restriction, if any.

A total return draw on investments concept is followed whereby investment income is drawn from endowment investments based on a 5 year trailing quarterly average market value at a 4.75% draw rate. The total return draw is recorded in the combined statements of activities and changes in net assets under operating revenues and support. The difference between the actual earned income and the total return draw is recorded as interest and dividends net of total return draw under non-operating revenues and support.

Term investment notes: Term investment notes consist of certificates of deposit on deposit with the Cornerstone Fund, an affiliated organization. Due to the short-term nature of these deposits the notes are carried at cost which approximates fair value. Term investment notes are included in investments on the combined statements of financial position.

Church building loans receivable: Management reports loans receivable at their outstanding unpaid principal balances reduced by an allowance for loan losses. Loans are made to fund the construction, acquisition and expansion of church facilities. The Board of Directors of CB&LF, at its discretion, can place delinquent loans in moratorium (not requiring principal and/or interest payments) or declare delinquent loans to be in good standing and revise the scheduled principal and interest payments. Interest is accrued on the outstanding balance and at December 31, 2021 and 2020, interest accrued totaled $236,788 and $289,500, respectively. The Organization generally continues to accrue interest income on delinquent loans. Accrued interest on delinquent loans is considered collectible.

Allowance on church building loans receivable: Management uses the allowance method in accounting for uncollectible receivables. The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. This risk assessment is utilized to determine the necessary portfolio level allowance amount. The risk assessment has been computed based on management's judgment of current economic conditions and credit risks of the borrower. Increases to the allowance are made by charges to the provision for loan losses. Receivables deemed to be uncollectible are charged against the allowance. Recoveries of previously charged-off amounts are credited to the allowance. Although management believes that it uses the best information available to determine the adequacy of the allowance, future adjustments to the allowance may be necessary and results of operations could be significantly and adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Management established an allowance for loan losses of $917,145 and $945,540 at December 31, 2021 and 2020, respectively, for possible uncollectible receivables based on circumstances that occurred during the year.

A loan is considered impaired when it is probable, that based on current information and events, the Organization will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are measured on an individual basis based on the loan’s payment history and management’s contact with the local church. Impaired loans are reserved at 90% of the loan balance at December 31, 2021 and 2020, respectively. For such loans that are classified as impaired, the amount of impairment, if any, and any subsequent changes are included in the allowance. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

Note 2. Summary of Significant Accounting Policies (Continued)

When establishing the allowance, management uses loan categories generally based on the nature of the loan. These loan categories and the relevant characteristics are as follows:

Church loans: These receivables represent active loans made for either site acquisition or for the construction of either first unit construction or upgrades to existing construction. The payment from borrowers is usually applied to principal and interest unless other arrangements have been negotiated.

Church construction loans: These receivables represent current construction loans. A promissory note and commitment letter will indicate the maximum loan amount that the Organization has approved relative to the completed value of the project. Funds are taken from the loan through a draw process to pay material suppliers and contractors. The borrower is only charged interest on the amount borrowed during the construction period. The construction loan is reclassified as a church loan once the total amount of approved funds has been disbursed.

As part of the on-going monitoring of the credit quality of the Organization’s loan portfolio, management categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt and comply with various terms of their loan agreements. The Organization considers historical payment experience, temporary loan modifications, current financial information, church membership, the length of time that the senior pastor has been installed in the church and an overall evaluation by management. Generally, all church building loans receive a financial review no less than annually to monitor and adjust, if necessary, the loan’s risk profile.

The Organization categorizes loans into the following risk categories based on relevant information about the ability of the borrowers to service their debt:

Excellent, Risk Rating 1: The evaluation process indicates strong loans with no identifiable risks. The loans are meeting their debt service obligation and the likelihood of realizing full repayment is excellent. There have been no temporary or permanent loan modifications to the loans in the past three years.

Good, Risk Rating 2: The evaluation process indicates solid loans with minimal risks. The loans have no indication of deteriorating operational or financial conditions. There is a good possibility of realizing full repayment. Historically, there was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Satisfactory, Risk Rating 3: The evaluation process indicates identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored, but overall presents little risk of loss. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Watch, Risk Rating 4: The evaluation process indicates additional identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored by management regularly. There is potential for risk of loss. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Marginal, Risk Rating 5: The evaluation process indicates significant identifiable risks. The loans exhibit signs of weakness in operating and financial condition. The loans may continually perform poorly, requiring significant oversight. The risk of loss is likely. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Note 2. Summary of Significant Accounting Policies (Continued)

Non-performing, Risk Rating 6: Repayment of the loans has ceased or the property has been abandoned. Risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

Interest and fees on loans: Interest on loans is recognized over the term of each loan and is calculated using the effective interest method. The Organization determines a loan to be delinquent when payments have not been made according to contractual terms. Interest accrued in the current year and which is deemed uncollectible is reversed against interest income in the current year. Interest accrued in prior years which is deemed uncollectible is charged against the allowance. The Organization charges nominal origination fees and management has recorded these fees as earned in the year of origination. The deferral of these fees would be immaterial to the combined financial statements.

Pre-1985 grants and LRC loans: In prior years, the Organization made grants referred to as Pre-1985 grants and LRC loans for which repayment is required only if the grantee leaves the UCC. Therefore, no asset is currently recorded on the combined statements of financial position. The grant purposes are noted below:

> **Pre-1985 grants:** These assets had originally been recognized as expenses of the predecessor bodies to LCM (The Congregational Church Building Society, the Building Fund of the Board of National Missions) and legal documents filed with the stipulation that the “grants” were to be repaid if the church was ever to leave the UCC and/or close. The Organization has received sporadic payments on these grants. Management has determined that there is no value to be recorded on the books.
>
> **LRC loans:** These assets result from actions taken on non-performing loans whereby the Organization, based on a vote taken, required that a grant mortgage be created with the stipulation that if the church was ever to leave the UCC and/or close, the funds were to be paid in full, otherwise these grants are maintained in perpetuity. Since the ultimate collection of these grants cannot be determined, management has determined that there is no value to be recorded on the books.

Allowance for doubtful receivables: The Organization determines its allowance for doubtful accounts for other receivables based on specific identification of uncollectible accounts and its historical collection experience. At December 31, 2021 and 2020, management has recorded an allowance of $1,926 and $2,392, respectively.

Property sale receivable, net: The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate.

Inventory, prepaid expenses and other assets: Inventory is valued at the lower of cost, generally on a first-in, first-out (FIFO) basis, or net realizable value. Prepaid expenses and other assets are recorded at their unamortized cost.

Property held: Real property, received in satisfaction of church building loans receivable and where the Organization is actively marketing the sale of the property, is recorded at fair value at the time of transfer. There was no property received in satisfaction of church building loans received during the year ended December 31, 2021. During July 2021, 700 Prospect Corporation listed the building that serves as the principal offices and a place of worship for the national setting for sale. Management determined that that the carrying value of the property held for sale at December 31, 2021 was not impaired.

Note 2. Summary of Significant Accounting Policies (Continued)

Beneficial interest in trusts held by others: The Organization is the beneficiary of an income stream of funds held by others. These resources are not in the Organization's possession, nor under its control. These funds are irrevocable and are held and administered by outside trustees. The beneficial interest of funds held by others are reported at fair value and total $16,863,045 and $15,159,203 at December 31, 2021 and 2020, respectively. The Organization's beneficial interest in funds held and administered by others generated $774,185 and $779,868 of cash sent to the Organization for the years ended December 31, 2021 and 2020, respectively. These amounts are included in gifts, donations, and trust income on the combined statements of activities and changes in net assets. In addition, the Organization serves as a custodian of funds for others.

Property and equipment: The Organization capitalizes expenditures for property, equipment, furniture and fixtures and leasehold improvements. Depreciation is calculated using a straight-line method over the estimated useful life of the asset, ranging from 3 to 40 years. Maintenance, repairs and minor expenditures for equipment are charged to expense as incurred. Major expenditures are capitalized and depreciated over their estimated useful lives. Leasehold improvements are amortized over the shorter of the useful life or remaining life of the lease.

Costs incurred related to the development of buildings and building improvements have been capitalized and are included with property and equipment in the accompanying combined statements of financial position.

The Organization leases various property and equipment. Leased property that meets certain criteria are capitalized and the present value of the related lease payments are recorded as a liability. All other leases are accounted for as operating leases and the related payments are expensed ratably over the rental period. Amortization of assets under capital leases is computed utilizing the straight-line method over the shorter of the remaining lease term or the estimated useful life.

Valuation of long-lived assets: Financial Accounting Standards Board (FASB) guidance requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. During the year ended December 31, 2021, management recorded an impairment loss of $73,347. Management determined that the carrying values of long-lived assets at December 31, 2020 were not impaired.

Funds held for others: Included in investments is $2,824,820 and $2,532,105 as of December 31, 2021 and 2020, respectively, of funds held by the Organization as custodian for affiliated entities. Income and losses attributable to these funds are not included in the accompanying combined statements of activities and changes in net assets but are recorded as adjustments to the liability reported in the combined statements of financial position.

Other liabilities: Other liabilities are comprised of deferred revenue and amounts segregated for conditional gifts and UCF planned giving.

Revenue recognition: Support for Our Church's Wider Mission (OCWM) is recorded in the period contributed. Support receivable is recorded for actual contributions made through UCC churches during the period, which subsequently are forwarded by the conferences to the Organization.

Other revenues are recognized when the related good or service is provided and include income from Hotel Venture, LLC, publication subscriptions, administrative services and meeting registrations.

Note 2. Summary of Significant Accounting Policies (Continued)

Gifts and donations: Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Conditional promises are recorded when the donor stipulations are substantially met. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. The UCC classifies gifts as operating if they are included in the annual budget. Non-operating gifts include unanticipated and special fundraising initiatives.

General Synod revenues and expenses: The biennial General Synod meeting, which occurred in 2021, is funded primarily with OCWM National Basic Support receipts budgeted over a two-year period. In addition, attendees pay a registration fee. Income from the General Synod is included in other income and related expenses are included in program expenses in the combined statements of activities and changes in net assets.

Hotel: On March 7, 2019, the Organization completed the sale of all tangible assets related to the hotel for the net cash consideration of $6,897,681. Hotel Venture, LLC continued as a wholly owned subsidiary until all obligations were settled and funds were disbursed to the respective owners, which occurred during the year ended December 31, 2021, at which time the Hotel Venture, LLC was dissolved. As a result of the dissolution, there was a transfer of net assets of $8,447,915 to the respective ministries on the details of combined statement of activities and changes in net assets.

Functional expenses: Each ministry operates as a specific program (as disclosed in Note 1) and One Great Hour of Sharing (OGHS) is the Lenten offering of the United Church of Christ that supports disaster, refugee, and development activities. The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to program services, management and general, and fundraising as determined by the management of the Organization. Expenses that can be directly identified with a program are allocated according to their natural classification. Salaries, benefits and payroll taxes are allocated based on an estimate of time and effort. Travel and office expenses are allocated based on time and effort of employees. All governance expenses are management and general.

Income taxes: The Covenanted Ministries of the United Church of Christ and Certain Affiliated Entities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Organization applied the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the combined financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization, the continued tax-exempt status of bonds issued by the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the combined financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods. At December 31, 2021 and 2020, there were no unrecognized tax benefits identified or recorded as liabilities.

Note 2. Summary of Significant Accounting Policies (Continued)

The covenanted ministries are exempt from filing tax returns, due to its status as a church; however, 700 Prospect Corporation files a Federal Form 990 in the U.S. federal jurisdiction and the state of Ohio. Hotel Venture, LLC files a Federal Form 1065 in the U.S. federal jurisdiction and a local tax return in the state of Ohio.

Troubled debt restructures: Troubled debt restructuring exists when the Organization, for economic or legal reasons related to the borrower's financial difficulties, grants a concession (either imposed by court order, law, or between the borrower and the Organization) to the borrower that it would not otherwise consider. These concessions could include restructuring of the loan repayment schedule, extension of the terms of the loan, other changes in the terms of the loan, forgiveness of principal and reduction of stated interest rates or accrued interest. The Executive Director negotiates loan restructuring only when such change is deemed to be the most cost-effective manner in which to maximize recovery of loan principal or interest and/or to ensure the completion or preservation of the financed project. Management has evaluated troubled debt restructurings and concluded they are not material to the combined financial statements.

Recent accounting pronouncements: In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on its combined financial statements.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which applies to all entities and most financial assets that are not measured at fair value through net income, including trade and other receivables, loans and debt securities. The amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. Financial assets measured at amortized cost should be presented at the net amount expected to be collected, through the allowance for credit losses that is deducted from the amortized cost basis. The amendments are effective in fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2023. Early adoption of the ASU is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Organization is currently evaluating the impact of this standard on its combined financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958), Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The amendments in this update clarify and improve presentation and disclosure of contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021 and early adoption is permitted. The Organization is currently evaluating the impact this statement will have on its combined financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

On March 31, 2022, the FASB issued ASU 2022-02, *Financial Instruments - Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* In lieu of the troubled debt restructuring (TDR) accounting model, loan refinancing and restructuring guidance in ASC Subtopic 310-20 *"Investments—Debt Securities"* will apply to all loan modifications, including those made for borrowers experiencing financial difficulty. This standard also enhances disclosure requirements related to certain loan modifications. Additionally, this standard introduces new requirements to disclose gross write-off information in the vintage disclosures of financing receivables by credit quality indicator and class of financing receivable by year of origination. This standard applies prospectively. For the transition method related to the recognition and measurement of TDRs, there is an option to apply a modified retrospective transition method, resulting in a cumulative-effect adjustment to retained earnings in the period of adoption. This standard is effective for the Organization beginning January 1, 2023. Early adoption is permitted. The Organization is currently evaluating the impact this statement will have on its combined financial statements.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through August 16, 2022, the date the combined financial statements were available to be issued.

Note 3. Investments

Investments at December 31 are as follows:

	2021				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 128,093,184	$ 156,381,772	$ 284,474,956
UCF Moderate Balanced Fund	7,620,766	679,486	28,307,719	3,692,971	40,300,942
UCF Beyond Fossil Fuels Fund	15,812,938	28,128,670	3,899,780	-	47,841,388
Term Investment Notes	-	-	6,714,395	-	6,714,395
Money Market Funds	1,257,652	2,153	-	171,813	1,431,618
U.S. Government Securities	-	-	72	-	72
Other	-	40,000	1,464,088	945,059	2,449,147
Total investments	$ 24,691,356	$ 28,850,309	$ 168,479,238	$ 161,191,615	$ 383,212,518

	2020				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 116,132,404	$ 120,313,914	$ 236,446,318
UCF Moderate Balanced Fund	7,072,896	623,026	27,704,450	3,365,483	38,765,855
UCF Beyond Fossil Fuels Fund	14,367,025	25,686,188	3,438,860	-	43,492,073
Term Investment Notes	-	-	8,364,832	-	8,364,832
Equity Securities	-	-	-	19,515,433	19,515,433
Corporate Bonds	-	-	6,165,382	-	6,165,382
Money Market Funds	1,172,649	2,153	1,971,498	1,583,283	4,729,583
U.S. Government Securities	-	-	267,592	-	267,592
Other	40,750	20,000	2,058,113	1,081,807	3,200,670
Total investments	$ 22,653,320	$ 26,331,367	$ 166,103,131	$ 145,859,920	$ 360,947,738

Note 3. Investments (Continued)

The UCF is an associated ministry of the UCC. The UCF Funds consist of approximately the following percentages of each type of security:

	Fixed Income Securities	Equity Securities	Alternatives Fund
UCF Moderate Balanced Fund	30-50%	50-70%	-
UCF Alternatives Balanced Fund	20-30%	40-60%	10-30%
UCF Beyond Fossil Fuels Fund	30-50%	50-70%	-
UCF UCC Endowment Fund	20-30%	40-60%	10-30%

Investments with UCF are held as units of ownership participation. The value of these units, based on quoted market prices, is recorded at the amounts reported by UCF. The Organization has term investment notes/savings accounts that are on deposit at Cornerstone.

An analysis of investment activity is as follows for the years ended December 31:

	2021	2020
Total return draw	$ 8,361,089	$ 7,719,115
Interest and dividends, net of total return draw	(4,853,542)	(3,946,756)
Investment fees	(3,394,269)	(3,198,464)
Appreciation in the value of investments	40,770,577	35,603,577
Total	$ 40,883,855	$ 36,177,472
Realized gains on sale of investments, net	$ 8,027,932	$ 1,186,639
Unrealized gain on investments, net	29,397,548	31,218,474
Interest and dividends	3,507,547	3,772,359
Total	$ 40,933,027	$ 36,177,472

The Organization’s investments are impacted significantly by the volatility of the financial markets and other economic events. This impact can result in gains and losses throughout the year.

Investment management fees of $3,394,269 and $3,098,015 were paid to a related party to manage an investment portfolio with a fair market value of $354,324,256 and $300,261,243 during 2021 and 2020, respectively.

Note 4. Fair Value Measurements

The Organization adopted ASC Topic, *Fair Value Measurements and Disclosures,* which provides a framework for measuring fair value under generally accepted accounting principles. ASC Topic, *Fair Value Measurements and Disclosures,* applies to all financial instruments that are being measured and reported on a fair value basis.

For assets and liabilities that are measured using quoted prices in active markets (Level 1), total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs, discounts or blockage factors. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar assets or liabilities (Level 2), adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques (Level 3) and not based on market exchange, dealer, or broker traded transactions. These valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2021 and 2020, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair value of investments, other than the pooled funds held at the UCF, is based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based on net asset values reported by the underlying investment funds using unobservable inputs.

Investments – UCF: The UCF UCC Endowment Fund, UCF Moderate Balanced Fund, and UCF Beyond Fossil Fuels Fund are pooled investments funds managed by UCF. UCF provided the fair value of the Organization’s interest in their pooled funds. The Organization’s investments’ fair value is determined by unit value as determined by UCF multiplied by the number of units held by the Organization.

UCF UCC Endowment Fund: The UCC Endowment Fund has yet to develop its own asset allocation policy and the current investment policy and composition reflects the UCF Alternatives Balanced Fund. The Alternatives Balanced Fund has target allocations of 20.6% in fixed income, 55.1% in equity, 19.9% in hedge funds, and 4.4% in private equity and real estate. Actual allocations will vary from time to time and the variances could be material. UCF’s unit values in alternative investments are determined by net asset values reported by the underlying investment funds using unobservable inputs.

UCF Moderate Balanced Fund: Pursuing a middle-of-the-road approach that emphasizes stocks for higher capital appreciation potential, while maintaining a significant fixed-income component to temper market volatility. UCF’s target allocation for the Moderate Balanced Fund portfolio is: 60% equity and 40% fixed-income. UCF’s unit value of marketable equity and fixed income securities are determined by quoted market prices.

UCF Beyond Fossil Fuels Fund: A broadly diversified enhanced index portfolio invested in common stock of global corporations; the Beyond Fossil Fuels avoids investments in exploration and production companies in the oil and gas industries, and thermal coal companies. UCF’s unit value of marketable equity and fixed income securities are determined by quoted market prices.

Note 4. Fair Value Measurements (Continued)

Beneficial interest in trusts held by others: The fair value of the beneficial interest in perpetual trusts represents the Organization's proportionate interest in the value of the trusts. The trusts are primarily invested in common and collective trust funds.

Split interest agreements: The Organization is a beneficiary of certain split interest agreements that are managed by Weston, Patrick, Willard and Redding, P.A. who provided the fair value of the UCC's interest in its split interest agreements. Fair value is based on net asset values reported by the underlying investment fund using unobservable inputs.

Funds held for others: The funds held for others are pooled funds held by UCF. The UCF provides the fair value of the Organization's interest in the pooled funds. The underlying assets in the pooled fund consist of securities, whose fair value is based on reported market prices.

Fair value on a recurring basis: The table below presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31:

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments - UCF:				
UCF UCC Endowment Fund	$ -	$284,474,956	$ -	$284,474,956
UCF Moderate Balanced Fund	-	40,300,942	-	40,300,942
UCF Beyond Fossil Fuels Fund	-	47,841,388	-	47,841,388
Investments:				
Fixed income securities:				
U.S. Government Securities	-	72	-	72
	-	372,617,358	-	372,617,358
Term investment notes, money market funds and other				10,595,160
Total investments				$383,212,518
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 16,863,045	$ 16,863,045
Split interest agreements**	$ -	$ -	$ 2,728,931	$ 2,728,931
Financial liability:				
Funds held for others	$ -	$ 2,824,820	$ -	$ 2,824,820

Note 4. Fair Value Measurements (Continued)

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments - UCF:				
UCF UCC Endowment Fund	$ -	$236,446,318	$ -	$236,446,318
UCF Moderate Balanced Fund	-	38,765,855	-	38,765,855
UCF Beyond Fossil Fuels Fund	-	43,492,073	-	43,492,073
Investments:				
Equity securities:				
Mid cap value	19,515,433	-	-	19,515,433
Fixed income securities:				
Corporate Bonds	-	6,165,382	-	6,165,382
U.S. Government Securities	-	267,592	-	267,592
	19,515,433	325,137,220	-	344,652,653
Term investment notes, money market funds and other				16,295,085
Total investments				$360,947,738
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 15,159,203	$ 15,159,203
Split interest agreements**	$ -	$ -	$ 2,629,538	$ 2,629,538
Financial liability:				
Funds held for others	$ -	$ 2,532,105	$ -	$ 2,532,105

** The value of the split interest agreements includes the split interest agreements included in Note 9 and the Make a Difference! split interest agreements included in Note 7.

There were no purchases of Level 3 assets during the years ended December 31, 2021 and 2020.

Fair value on a nonrecurring basis: The Organization may be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These assets typically consist of impaired loans and property and equipment. There were impaired loans with a carrying value of $884,116 and $788,858 at December 31, 2021 and 2020. There was property and equipment impaired with a carrying value of $44,986 at December 31, 2021. There was no property and equipment impaired at December 31, 2020.

Note 5. Church Building Loans Receivable, Net

Church building loans receivable consist of the following as of December 31:

	2021	2020
Church building loans receivable for:		
Commercial real estate:		
Church loans	$ 37,376,027	$ 37,300,103
Church construction loans	653,983	417,172
	38,030,010	37,717,275
Allowance for loan loss	(917,145)	(945,540)
Total	$ 37,112,865	$ 36,771,735

Church building loans receivable and accrued interest classified by loan category consist of the following as of December 31:

	2021			2020		
	Principal	Interest	Total	Principal	Interest	Total
Church loans	$ 37,376,027	$ 231,909	$ 37,607,936	$ 37,300,103	$ 280,459	$ 37,580,562
Church construction loans	653,983	4,879	658,862	417,172	9,041	426,213
Total church building loans receivable and accrued interest	$ 38,030,010	$ 236,788	$ 38,266,798	$ 37,717,275	$ 289,500	$ 38,006,775

Principal payments scheduled to be received for the years ended December 31, are as follows:

2022	$ 1,172,590
2023	935,349
2024	984,567
2025	1,500,709
2026	1,014,964
Thereafter	32,421,831
	$ 38,030,010

Note 5. Church Building Loans Receivable, Net (Continued)

The following tables present the contractual aging of the church building loans receivable portfolio as of December 31:

	2021				
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 35,623,526	$ 695,223	$ -	$ 1,057,278	$ 37,376,027
Church construction loans	653,983	-	-	-	653,983
	$ 36,277,509	$ 695,223	$ -	$ 1,057,278	$ 38,030,010

	2020				
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 35,104,333	$ -	$ 350,768	$ 1,845,002	$ 37,300,103
Church construction loans	417,172	-	-	-	417,172
	$ 35,521,505	$ -	$ 350,768	$ 1,845,002	$ 37,717,275

The following tables present the risk category of loans evaluated by internal loan receivable portfolio classification based on the most recent analysis performed and the contractual aging as of December 31:

	2021						
	Excellent	Good	Satisfactory	Watch	Marginal	Non-Performing	Total
Church loans	$ 32,533,266	$ 2,312,529	$ 1,439,973	$ 206,143	$ -	$ 884,116	$ 37,376,027
Church construction loans	653,983	-	-	-	-	-	653,983
	$ 33,187,249	$ 2,312,529	$ 1,439,973	$ 206,143	$ -	$ 884,116	$ 38,030,010

	2020						
	Excellent	Good	Satisfactory	Watch	Marginal	Non-Performing	Total
Church loans	$ 31,104,033	$ 1,178,237	$ 2,654,587	$ 1,306,573	$ 267,815	$ 788,858	$ 37,300,103
Church construction loans	417,172	-	-	-	-	-	417,172
	$ 31,521,205	$ 1,178,237	$ 2,654,587	$ 1,306,573	$ 267,815	$ 788,858	$ 37,717,275

The Organization categorizes loans into six risk categories based on relevant information about the ability of the borrowers to service their debt. The two main factors in considering risk are temporary loan modifications made to reduce interest or principal payments and late payments. A loan may be moved from the excellent category to one of the other five categories based on these two factors. Once a loan is out of the excellent category it is further evaluated using additional criteria to assess the church's ability to repay the loan.

Church building loans receivable considered as non-performing are loans that exhibit signs of significant weakness in operating and financial condition compared to other similar investments requiring constant oversight. The risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

Note 5. Church Building Loans Receivable, Net (Continued)

At December 31, 2021 and 2020, all church building loans are collateralized by a mortgage or deed of trust, including $12,673,235 and $11,919,810, respectively, collateralized by second mortgages on church buildings. Interest rates on outstanding loans range from zero percent to 8.0%. At December 31, 2021 and 2020, zero percent loans totaled $358,111 and $369,659, respectively, and below interest loans totaled $16,051,230 and $9,725,600, respectively. It is anticipated that zero percent loans will be paid in full. For zero percent loans and below market rate loans, management calculates an amount of in-kind interest income earned and contributed to the respective borrowers. The amount is equal to the loan balance multiplied by the difference between the current rate of the loan and 4.5% at both December 31, 2021 and 2020. The rate of 4.5% at both December 31, 2021 and 2020, is based on the assumption that this is a reasonable rate that a not-for-profit with a similar credit rating would pay to borrow funds. Imputed interest income and in-kind grant expense of $61,839 and $79,877 for the years ended December 31, 2021 and 2020, respectively, was recorded to reflect interest on these loans with interest rates below these rates.

There is a risk in any loan agreement that the borrower will not repay the funds loaned. Because of this risk, lending institutions usually charge a higher interest rate to compensate for loss due to default. In the secular world, the interest rate rises as the risk increases. The Organization is designed primarily to offer loans to new church start-ups. These loans generally are considered high risk due to the many challenges associated with starting a new church. To help overcome some of these obstacles, the interest rates charged are significantly lower than rates that would be required by an independent lending institution. Because of this difference in interest charges, these church loans, if sold to an independent lending institution, would not be valued at the Organization's book value by that institution. Therefore, an outside institution would require a discount if it were to purchase the existing loans.

Accounting principles generally accepted in the United States of America require the disclosure of the fair value of financial instruments. Based on the lower interest rates, payment schedules, higher risk and a limited market for church loans, management of the Organization estimates the fair value at December 31, 2021 and 2020 to be $36,468,865 and $35,701,381, respectively, if it is forced to sell the loans in a secondary market. It is management's belief that the properties and buildings that collateralize these loans, in the aggregate, have a fair value greater than the aggregate fair value of the loans.

As of December 31, 2021 and 2020, commitments for future church loans of $1,636,400 and $2,991,000, respectively, have been approved by the Board of Directors of CB&LF.

Note 6. Allowance on Church Building Loans Receivables

The following tables provide detail of the activity in the allowance for loan losses, by portfolio segment, for the years ended December 31:

	2021		
	Church Loans	Construction	Total
Allowance for loan losses:			
Beginning balance	$ 945,540	$ -	$ 945,540
Provision	(28,395)	-	(28,395)
Ending balance	$ 917,145	$ -	$ 917,145
Period-ended amount allocated to:			
Individually evaluated for impairment	$ 884,116	$ -	$ 884,116
Collectively evaluated for impairment	33,029	-	33,029
	$ 917,145	$ -	$ 917,145
Loans:			
Individually evaluated for impairment	$ 884,116	$ -	$ 884,116
Collectively evaluated for impairment	36,491,911	653,983	37,145,894
	$ 37,376,027	$ 653,983	$ 38,030,010

	2020		
	Church Loans	Construction	Total
Allowance for loan losses:			
Beginning balance	$ 928,078	$ -	$ 928,078
Provision	17,462	-	17,462
Ending balance	$ 945,540	$ -	$ 945,540
Period-ended amount allocated to:			
Individually evaluated for impairment	$ 788,858	$ -	$ 788,858
Collectively evaluated for impairment	156,682	-	156,682
	$ 945,540	$ -	$ 945,540
Loans:			
Individually evaluated for impairment	$ 788,858	$ -	$ 788,858
Collectively evaluated for impairment	36,511,245	417,172	36,928,417
	$ 37,300,103	$ 417,172	$ 37,717,275

Note 6. Allowance on Church Building Loans Receivables (Continued)

The following tables present additional detail of impaired loans, segregated by loan category, as of December 31. The unpaid principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loans. The interest income recognized column represents all interest income reported on either cash or accrued basis after the loan became impaired. The cash basis column represents only the interest income recognized on a cash basis after the loan was classified as impaired:

	2021					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Loss Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis-Interest Income Recognized
With no related allowance recorded:						
Church loans	$ -	$ -	$ -	$ -	$ -	$ -
Church construction loans	-	-	-	-	-	-
With an allowance recorded:						
Church loans	884,116	884,116	884,116	884,116	33,824	-
Church construction loans	-	-	-	-	-	-
	$ 884,116	$ 884,116	$ 884,116	$ 884,116	$ 33,824	$ -

	2020					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Loss Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis-Interest Income Recognized
With no related allowance recorded:						
Church loans	$ -	$ -	$ -	$ -	$ -	$ -
Church construction loans	-	-	-	-	-	-
With an allowance recorded:						
Church loans	788,858	788,858	788,858	788,858	25,674	-
Church construction loans	-	-	-	-	-	-
	$ 788,858	$ 788,858	$ 788,858	$ 788,858	$ 25,674	$ -

Note 7. Support Receivable, Net

Support receivable due from UCC conferences at December 31 is as follows:

	2021	2020
Our Church's Wider Mission:		
National Basic Support	$ 1,239,329	$ 1,883,563
Neighbors in Need	563,862	524,994
Strengthen the Church	112,594	85,563
One Great Hour of Sharing	520,419	338,033
Directed gifts	209,426	117,333
Total Our Church's Wider Mission support receivable	2,645,630	2,949,486
Make a Difference! capital campaign, split interest agreements receivable, net	346,388	343,768
Total	$ 2,992,018	$ 3,293,254

Make a Difference! capital campaign contributions receivable consist of the following at December 31:

	2021	2020
Due after five years	$ 485,575	$ 552,575
Net present value adjustment (1.52% in 2021 and 0.93% in 2020)	(139,187)	(208,807)
Make a Difference! contributions receivable, net	$ 346,388	$ 343,768

Support receivables from Our Church's Wider Mission have been deemed fully collectible by management and it is expected these receivables will be collected within one year. Make a Difference! contributions consist of annuities and charitable remainder trusts and are deemed to be fully collectible by management and are due in greater than one year.

Note 8. Property Sale Receivable, Net

The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate, as follows:

	2021	2020
Gross receivable	$ 6,460,720	$ 6,645,008
Net present value adjustment	(3,106,740)	(3,252,699)
Net receivable at present value	$ 3,353,980	$ 3,392,309

The receivable is expected to be collected over the next 25 years at approximately $250,000 per year. A discount rate of 6.28% is used in the present value calculation. The receivable is being reduced by the reimbursement of expenses WCM incurs in Japan for support of missionaries and program grants.

Note 9. Other Receivables, Net

Other receivables at December 31 consist of the following:

	2021					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Split interest agreements	$ 429,908	$ 32,439	$ 406,517	$ 1,513,679	$ -	$ 2,382,543
Other receivables	307,990	5,662	1,096,911	1,186,067	1,380	2,598,010
Trade	73,255	-	-	-	-	73,255
Affiliated organizations	117,331	-	-	12,000	18,193	147,524
Accrued interest	-	-	236,788	-	-	236,788
Total	$ 928,484	$ 38,101	$ 1,740,216	$ 2,711,746	$ 19,573	$ 5,438,120

	2020					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Split interest agreements	$ 282,675	$ 18,409	$ 435,221	$ 1,549,465	$ -	$ 2,285,770
Other receivables	819,300	106,386	655,843	770,202	1,033	2,352,764
Trade	76,881	-	-	-	-	76,881
Affiliated organizations	200,027	-	-	-	24,795	224,822
Accrued interest	-	-	289,500	20,749	-	310,249
Total	$ 1,378,883	$ 124,795	$ 1,380,564	$ 2,340,416	$ 25,828	$ 5,250,486

At December 31, 2021, the amount of receivables expected to be collected within one year is $2,573,170, while the remainder is expected to be collected thereafter.

Split interest agreements consist of gift annuities and charitable remainder trusts where a third party is the trustee. The agreements are valued at the present value of the future benefits to be received calculated by considering life expectancy and a discount rate of 1.52% in 2021 and 0.93% in 2020.

Note 10. Property and Equipment, Net

Property and equipment, net at December 31, consists of:

	2021	2020
Land and building leased to others under operating leases	$ 5,087,151	$ 5,160,498
Land	-	728,084
Building	-	1,267,258
Building improvements	356,224	5,643,379
Office furniture and computer equipment	2,171,765	1,962,559
Total property and equipment	7,615,140	14,761,778
Accumulated depreciation	(2,238,841)	(6,647,493)
Property and equipment, net	$ 5,376,299	$ 8,114,285

Depreciation expense for the years ended December 31, 2021 and 2020 totaled $496,074 and $659,347, respectively.

Note 11. Line of Credit

The Organization maintains a demand line of credit with a bank with maximum borrowings of $5,000,000 at December 31, 2021 and 2020. At December 31, 2021 and 2020, the line of credit provided for interest calculated at one, two, or three-month LIBOR plus 275 basis points, based on the applicable term of the draw. The line of credit is reviewed annually and is collateralized by guarantees from the United Church of Christ Board. Balances outstanding on the line of credit for both of the years ended December 31, 2021 and 2020 were $0. Interest expense for 2021 and 2020 amounted to $0.

Note 12. Loan Payable

On February 7, 2017, the Organization through 700 Prospect Corporation entered into a loan payable in the amount of $2,250,000. The loan requires annual principal payments through March 1, 2022 and monthly interest payments at a modified rate of 30 day LIBOR plus 220 basis points, or 2.7% and 2.45% at December 31, 2021 and 2020, respectively. The loan has a covenant requirement that requires the Organization to maintain a certain debt service coverage ratio, in addition to complying with certain other reporting covenants. The loan is guaranteed in its entirety by LCM. The loan balance was $925,000 and $1,300,000 at December 31, 2021 and 2020, respectively.

Principal payments required under the modified loan agreement are:

2022	$ 925,000

On March 1, 2022, the loan was paid in full.

Note 13. Accrued Pension and Other Post-Retirement Benefits

Defined contribution plan: Substantially all Organization employees are covered by a defined contribution retirement 403(b) pension plan administered by The Pension Boards - United Church of Christ, an Affiliated Ministry of the UCC. The plan is noncontributory, except for minor voluntary contributions made by certain employees. Employer contributions to the plan are 14% of employees' base annual salary. Upon attaining retirement eligibility, employees may select from several annuity options available for benefits. Retirement contribution expense was $1,027,384 and $979,737 for the years ended December 31, 2021 and 2020, respectively. The Organization's policy is to fund retirement plan expense as incurred. There were no unfunded liabilities under the plan at December 31, 2021 and 2020.

WCM post-retirement plan: WCM maintains a non-contributory medical plan for overseas personnel who retire with a minimum of 20 years of service. The Organization does not anticipate additional employees meeting the service requirements in the future. For qualified retirees, WCM pays medical expenses during retirement after Medicare deductibles are satisfied. Benefits equal 80% of medical expenses for retirees with 20 to 24 years of service and 100% of medical expenses for retirees with 25 years or more of service.

The amounts reflected in the table below referenced as “Amounts not yet recognized in the net post retirement periodic benefit cost” represent prior service costs and actuarial losses that are being reclassified into the net periodic pension cost and will reduce the future periodic benefit costs of WCM.

Note 13. Accrued Pension and Other Post-Retirement Benefits (Continued)

Benefits paid by the Organization were $192,654 and $311,164 for 2021 and 2020, respectively. The following summarizes the unfunded status of the plan at December 31:

	2021	2020
Accumulated postretirement benefit obligation	$ (1,800,607)	$ (1,983,977)
Plan assets	-	-
Unfunded status at December 31,	(1,800,607)	(1,983,977)
Total accrued postretirement cost accrued in the combined statements of financial position	$ (1,800,607)	$ (1,983,977)
Amounts not yet recognized in the net post retirement periodic benefit cost:		
Unrecognized net loss	$ 959,881	$ 1,139,024
Components of net periodic pension cost:		
Interest cost	$ 36,957	$ 54,945
Amortization of net loss	151,470	153,366
Net periodic postretirement cost	$ 188,427	$ 208,311
Net gain and net transition obligation recognized in the combined statement of activities and changes in net assets:		
Net loss (gain) arising during current period	$ (27,673)	$ 94,771
Amounts reclassified as components of net periodic benefit cost:		
Amortization of net gain	(151,470)	(153,366)
	$ (179,143)	$ (58,595)
Estimated amounts to be recognized in the next fiscal year:		
Amortization of net loss	$ 151,470	$ 153,366

The weighted-average assumptions as of December 31, 2021 are as follows:

Discount rate	2.25% in 2021 and 2.00% 2020
Health care cost trend rate	5.00% remaining at 5.00% in 2021

A 1% increase in the health care cost trend rate assumption would increase the liability by $98,736 on the amounts reported. A 1% decrease in the health care cost trend rate assumption would decrease the liability by $90,060 on the amounts reported.

Note 14. Other Accrued Liabilities

Contributions are made only to pay benefits. As such, the expected contributions to the plan are equal to the expected future benefit payments. The benefits expected to be paid over each of the next five years and in the aggregate five years thereafter are as follows:

Plan Year	Expected Benefit Payment
2022	$ 252,411
2023	227,642
2024	203,981
2025	181,770
2026	161,245
2027-2031	557,314

Other accrued liabilities consist of the following as of December 31:

	2021					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Other accrued expenses	$ 194,593	$ 39,805	$ 259,109	$ 98,451	$ 11,249	$ 603,207
MAD! conference payable	174,807	-	-	-	-	174,807
Overseas field offices	-	-	-	142,492	-	142,492
Royalties	-	-	22,259	-	-	22,259
Total other accrued liabilities	$ 369,400	$ 39,805	$ 281,368	$ 240,943	$ 11,249	$ 942,765

	2020					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Other accrued expenses	$ 503,396	$ 22,305	$ 252,206	$ 156,745	$ 30,513	$ 965,165
MAD! conference payable	198,927	-	-	-	-	198,927
Overseas field offices	-	-	-	63,582	-	63,582
Royalties	-	-	23,404	-	-	23,404
Total other accrued liabilities	$ 702,323	$ 22,305	$ 275,610	$ 220,327	$ 30,513	$ 1,251,078

Note 15. Other Liabilities

Other liabilities consist of the following as of December 31:

	2021					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Deferred revenue	$ -	$ -	$ 109,717	$ -	$ -	$ 109,717
Segregated reserves:						
Conditional gifts	-	-	25,879	-	-	25,879
UCF Planned Giving program	-	-	-	1,550,000	-	1,550,000
Total	$ -	$ -	$ 135,596	$ 1,550,000	$ -	$ 1,685,596

	2020					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Deferred revenue	$ 114,635	$ -	$ 163,458	$ -	$ -	$ 278,093
Segregated reserves:						
Conditional gifts	-	-	32,312	-	-	32,312
UCF Planned Giving program	-	-	-	1,550,000	-	1,550,000
Total	$ 114,635	$ -	$ 195,770	$ 1,550,000	$ -	$ 1,860,405

Note 16. Net Assets With Donor Restrictions

Net asset balances with donor restrictions consist of the following at December 31:

	2021				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 1,975,149	$ 5,815,410	$ 1,394,989	$ 7,175,527	$ 16,361,075
Subject to passage of time:					
Split interest agreements	776,296	32,440	406,517	1,513,679	2,728,932
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	8,373,170	32,400	18,019,677	20,746,159	47,171,406
Accumulated investment gains	4,120,566	41,623	81,887,856	102,735,787	188,785,832
Beneficial interest in trusts held by others	-	849,061	4,863,549	11,150,435	16,863,045
	12,493,736	923,084	104,771,082	134,632,381	252,820,283
Total net assets with donor restrictions	$ 15,245,181	$ 6,770,934	$ 106,572,588	$ 143,321,587	$ 271,910,290

	2020				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 1,467,916	$ 5,211,333	$ 1,040,692	$ 5,565,190	$ 13,285,131
Subject to passage of time:					
Split interest agreements	626,443	18,409	435,221	1,549,465	2,629,538
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	8,373,170	32,400	17,957,537	20,466,634	46,829,741
Accumulated investment gains	3,697,933	35,123	75,317,965	91,053,164	170,104,185
Beneficial interest in trusts held by others	-	799,889	4,309,062	10,050,252	15,159,203
	12,071,103	867,412	97,584,564	121,570,050	232,093,129
Total net assets with donor restrictions	$ 14,165,462	$ 6,097,154	$ 99,060,477	$ 128,684,705	$ 248,007,798

Note 16. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for other events by the donors totaling $4,732,553 and $5,161,699 for the years ended December 31, 2021 and 2020, respectively.

Included in net assets with donor restrictions are the beneficial interest in trusts held by others. These funds are held in perpetuity by outside trustees. The Organization has no control of the assets or the investment of assets. The Organization is named as the irrevocable beneficiary and has recorded the beneficial interest of funds held by others at the Organization's proportionate interest in the estimated fair value of the assets, or at the present value of the future cash flows when an irrevocable trust is established or the Organization is notified of its existence. The fair value of the beneficial interest of funds held in trust at December 31, 2021 and 2020 was $16,863,045 and $15,159,203, respectively.

Note 17. Endowment Funds

The Organization's endowments consist of approximately 800 donor restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Wider Church Ministries is subject to the Massachusetts' version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and all other ministries are subject to the Ohio version. UPMIFA requires classification of amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature exist at December 31, 2021 in one donor-restricted endowment fund, which has an original gift value of $17,929, a current fair value of $11,271, and a deficiency of $6,659 and at December 31, 2020 in one donor-restricted endowment fund, which has an original gift value of $17,929, a current fair value of $10,315, and a deficiency of $7,614. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Note 17. Endowment Funds (Continued)

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. The Board of Directors of the Organization has appropriated for expenditure 4.75% of the moving five (5) year average value of the endowment, as determined in the last quarter of the current fiscal year.

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 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. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to grow in excess of the spending rate in a conservative manner.

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.

Spending policy and how the investment objectives relate to spending policy: The Organization has adopted a policy of appropriating for distribution each year a percentage of the moving five (5) year average value of the endowment, as determined in the last quarter of the current fiscal year and will be incorporated in the following year's distribution as income available to programs. The percentage, as determined by the Board of Directors, is set at 4.75%, unless deemed prudent by the Board to spend a different amount in order to meet its budgetary commitments. In establishing this policy, the Boards of Directors considered the long-term expected return on their endowments. Accordingly, over the long term, the Boards expect the current spending policy to allow their endowments to grow at an average of 2.5% to 3.5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Note 17. Endowment Funds (Continued)

Endowment net asset composition by type of fund as of December 31:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 47,171,406	$ 47,171,406
Accumulated investment gains	-	188,785,832	188,785,832
Board-designated endowment	119,452,710	-	119,452,710
Total	$ 119,452,710	$ 235,957,238	$ 355,409,948

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 46,829,741	$ 46,829,741
Accumulated investment gains	-	170,104,185	170,104,185
Board-designated endowment	109,534,125	-	109,534,125
Total	$ 109,534,125	$ 216,933,926	$ 326,468,051

Note 17. Endowment Funds (Continued)

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

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, January 1, 2020	$ 100,419,041	$ 199,574,154	$ 299,993,195
Contributions/transfers in	874,240	1,934,070	2,808,310
Income earned on investments	1,242,495	2,065,846	3,308,341
Net realized gains on investments sold	390,537	888,173	1,278,710
Unrealized appreciation on investments	10,299,151	18,806,696	29,105,847
Endowment assets released from restrictions	-	(1,570,186)	(1,570,186)
Expenditure of board designated endowments	(214,301)	-	(214,301)
Reclassification	(33,359)	33,359	-
Total return draw	(3,443,679)	(4,798,186)	(8,241,865)
Net change	9,115,084	17,359,772	26,474,856
Endowment assets, December 31, 2020	109,534,125	216,933,926	326,468,051
Contributions/transfers in	337,239	621,290	958,529
Income earned on investments	1,227,576	1,881,338	3,108,914
Net realized gains on investments sold	1,943,386	5,208,833	7,152,219
Unrealized appreciation on investments	- 10,314,130	18,013,282	28,327,412
Endowment assets released from restrictions	-	(1,953,344)	(1,953,344)
Expenditure of board designated endowments	(290,744)	-	(290,744)
Total return draw	(3,613,002)	(4,748,087)	(8,361,089)
Net change	9,918,585	19,023,312	28,941,897
Endowment assets, December 31, 2021	$ 119,452,710	$ 235,957,238	$ 355,409,948

The total return draw above includes a receivable of investment income drawn from the endowment investments but not yet received by the Organization of $1,051,250 and $522,750 at December 31, 2021 and 2020, respectively.

Note 18. Leases

The Organization leases land and buildings to UCC churches under noncancelable operating lease agreements. Under some of the lease agreements, the Organization is required to deposit half of the monthly payment amount into Cornerstone Fund, Inc., which is under the tenant's control and restricted for use of future payments or other tenant requests approved by the fund. Payments received by the Organization are recorded as lease revenue.

Note 18. Leases (Continued)

Future minimum rent to be received under these leases is as follows:

2022	$ 52,000
2023	41,600
2024	25,200
2025	24,000
2026	24,000
Total	$ 166,800

The Organization leases facilities and equipment under operating leases expiring at various periods through December 2036. During 2021, the Organization entered into a 15-year lease for office space located at 1300 East 9th Street in Cleveland, Ohio, anticipated to commence July 1, 2022.

At December 31, 2021, future minimum rental payments required under non-cancelable operating leases in excess of one year are:

	Facilities	Equipment	Total
2022	$ 231,859	$ 4,248	$ 236,107
2023	705,851	3,060	708,911
2024	875,395	3,060	878,455
2025	776,479	-	776,479
2026	793,973	-	793,973
Thereafter	9,125,246	-	9,125,246
Total	$ 12,508,803	$ 10,368	$ 12,519,171

Total rental expense for all operating leases was $119,849 and $121,169 for 2021 and 2020, respectively.

Note 19. Liquidity and Availability

The following reflects the Organization's financial assets as of the statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statements of financial position date:

	2021	2020
Financial assets at year end:		
Cash and cash equivalents	$ 19,438,853	$ 7,167,841
Investments	383,212,518	360,947,738
Receivables:		
Church building loans, net	37,112,865	36,771,735
Support, net	2,992,018	3,293,254
Other, net	5,438,120	5,250,486
Total financial assets	448,194,374	413,431,054
Less amounts not available to be used within one year:		
Funds held for others	(2,824,820)	(2,532,105)
Church building loan receivables due after one year, net	(36,857,420)	(36,463,408)
Other receivables due after one year, net	(236,788)	(289,500)
Split interest agreements	(2,728,931)	(2,629,538)
Donor restricted by time due after one year or purpose	(15,121,746)	(11,401,568)
Donor restricted in perpetuity	(47,171,406)	(46,829,741)
Accumulated investment gains on endowment	(188,785,832)	(170,104,185)
Expected draw within one year	9,142,804	8,915,289
Board designated funds	(119,452,710)	(109,534,125)
Financial assets not available to be used within one year	(404,036,849)	(370,868,881)
Financial assets available to meet general expenditures within one year	$ 44,157,525	$ 42,562,173

The Organization's endowment fund consists of donor restricted gift amounts and amounts required to be maintained in perpetuity by the donor and accumulated gains. As described in Note 17, the Organization has a policy of appropriating for distribution each year 4.75% of the moving five-year average value of the endowment.

Included in net assets without donor restrictions is board designated funds, and at the discretion of the board, can be drawn upon for short-term operating purposes.

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $5,000,000, which it could draw upon.

Note 20. Guarantee

During the year ended December 31, 2021 and 2020, CB&LF has an outstanding loan of $2,100,000 to Molo Village CDC Company, as part of a new market tax credit project. In conjunction with the loan, CB&LF agreed to be one of three guarantors of $6,860,000 of QLICI loans, which will be used to pay project redevelopment costs for the project in Louisville, Kentucky. CB&LF can be required to perform on the obligation in addition to any federal tax liability, interest and penalties in the event of nonpayment of the loan by Molo Village CDC Company.

Note 21. Pandemic

On January 30, 2020, the World Health Organization declared the Coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 11, 2020, declared COVID-19 a pandemic. The coronavirus and actions taken to mitigate the spread of it have had, and or expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area which the Organization operates. The extent to which COVID-19 impacts the Organization will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

Note 22. Subsequent Event

On May 31, 2022, the Organization completed the sale of the land and building related to 700 Prospect Corporation for the cash consideration of $4,500,000. 700 Prospect Corporation will continue as a wholly-owned subsidiary until all obligations are settled and funds are disbursed.

Supplementary Information

The United Church of Christ Board and Certain Affiliated Entities

Details of Combined Statement of Financial Position
December 31, 2021

	Office of General Minister and President	Justice and Witness Ministries	Local Church Ministries & Wholly Controlled Subsidiaries: Local Church Ministries	Hotel Venture, LLC	Local Church Ministries Church Building & Loan Fund	Wider Church Ministries	700 Prospect	Total
Assets								
Cash and cash equivalents	$ (2,585,244)	$ 974,293	$ 8,399,154	$ -	$ 4,777,559	$ 6,745,520	$ 1,127,571	$ 19,438,853
Investments	24,691,356	28,850,309	149,521,652	-	18,957,586	161,191,615	-	383,212,518
Receivables:								
Church building loans, net	-	-	-	-	37,112,865	-	-	37,112,865
Support, net	2,992,018	-	-	-	-	-	-	2,992,018
Property sale, net	-	-	-	-	-	3,353,980	-	3,353,980
Other, net	928,484	38,101	422,934	-	1,317,282	2,711,746	19,573	5,438,120
Inventory, prepaid expenses and other assets	705,087	-	119,663	-	80,578	-	1,100	906,428
Beneficial interest in trusts held by others	-	849,061	4,863,549	-	-	11,150,435	-	16,863,045
Property held for sale, net	-	-	-	-	-	-	2,536,828	2,536,828
Property and equipment, net	105,256	-	672,331	-	4,598,712	-	-	5,376,299
Total assets	$ 26,836,957	$ 30,711,764	$ 163,999,283	$ -	$ 66,844,582	$ 185,153,296	$ 3,685,072	$ 477,230,954
Liabilities and Net Assets								
Accounts payable	$ 1,064,337	$ -	$ -	$ -	$ -	$ -	$ 38,786	$ 1,103,123
Other accrued liabilities	369,400	39,805	21,000	-	260,368	240,943	11,249	942,765
Loan payable	-	-	-	-	-	-	925,000	925,000
Accrued pension and other post-retirement benefits	-	-	-	-	-	1,800,607	-	1,800,607
Funds held for others	19,181	18,258	-	-	-	2,787,381	-	2,824,820
Other liabilities	-	-	25,879	-	109,717	1,550,000	-	1,685,596
Total liabilities	1,452,918	58,063	46,879	-	370,085	6,378,931	975,035	9,281,911
Net assets:								
Without donor restrictions	10,138,858	23,882,767	57,379,816	-	66,474,497	35,452,778	2,710,037	196,038,753
With donor restrictions	15,245,181	6,770,934	106,572,588	-	-	143,321,587	-	271,910,290
Total net assets	25,384,039	30,653,701	163,952,404	-	66,474,497	178,774,365	2,710,037	467,949,043
Total liabilities and net assets	$ 26,836,957	$ 30,711,764	$ 163,999,283	$ -	$ 66,844,582	$ 185,153,296	$ 3,685,072	$ 477,230,954

The United Church of Christ Board and Certain Affiliated Entities

Details of Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2021

	OFFICE OF GENERAL MINISTER AND PRESIDENT			JUSTICE AND WITNESS MINISTRIES			Local Church Ministries & Wholly Controlled Subsidiaries – LOCAL CHURCH MINISTRIES			Local Church Ministries & Wholly Controlled Subsidiaries		WIDER CHURCH MINISTRIES			700 PROSPECT	INTER-MINISTRY ELIMINATIONS	TOTAL		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Hotel Venture, LLC	LCM Church Building & Loan Fund	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support:																			
Our Church's Wider Mission (1):																			
Basic support	$ 2,956,068	$ -	$ 2,956,068	$ 980,000	$ -	$ 980,000	$ 100,000	$ -	$ 100,000	$ -	$ -	$ 300,000	$ -	$ 300,000	$ -	$ -	$ 4,336,068	$ -	$ 4,336,068
Special support	18,288	1,182,062	1,200,350	-	546,245	546,245	-	164,588	164,588	-	-	-	1,765,343	1,765,343	-	(729,121)	18,288	2,929,117	2,947,405
Gifts, donations and trust income	143,934	294,079	438,013	377,670	450,550	828,220	394,243	-	394,243	-	-	749,791	-	749,791	-	-	1,665,638	744,629	2,410,267
Other revenues:																	-		
Publications and other resource sales	419,995	-	419,995	31,034	-	31,034	336,147	-	336,147	-	-	6,146	-	6,146	-	-	793,322	-	793,322
Total return draw	385,798	-	385,798	1,081,418	-	1,081,418	3,233,162	-	3,233,162	-	-	3,660,711	-	3,660,711	-	-	8,361,089	-	8,361,089
Management fees and other reimbursements	1,314,728	27,223	1,341,951	-	-	-	-	-	-	-	-	867,565	-	867,565	-	-	2,182,293	27,223	2,209,516
Church loan interest	-	-	-	-	-	-	-	-	-	-	1,770,912	-	-	-	-	-	1,770,912	-	1,770,912
Other	3,550	-	3,550	10,110	-	10,110	6,980	-	6,980	132,107	174,961	13,095	-	13,095	1,406,820	(1,157,675)	589,948	-	589,948
Net assets released from restrictions	1,749,192	-	1,749,192	425,376	-	425,376	466,828	-	466,828	-	-	2,820,278	-	2,820,278	-	(729,121)	4,732,553	-	4,732,553
Net assets released from restrictions - temporarily restricted	-	(1,749,192)	(1,749,192)	-	(425,376)	(425,376)	-	(466,828)	(466,828)	-	-	-	(2,820,278)	(2,820,278)	-	729,121	-	(4,732,553)	(4,732,553)
Total operating revenues and support	6,991,553	(245,828)	6,745,725	2,905,608	571,419	3,477,027	4,537,360	(302,240)	4,235,120	132,107	1,945,873	8,417,586	(1,054,935)	7,362,651	1,406,820	(1,886,796)	24,450,111	(1,031,584)	23,418,527
Operating expenses:																			
Program services	2,624,223	-	2,624,223	3,241,460	-	3,241,460	4,025,665	-	4,025,665	28,837	1,746,864	7,674,450	-	7,674,450	1,043,347	(1,886,796)	18,498,050	-	18,498,050
Management and general	4,327,443	-	4,327,443	-	-	-	-	-	-	-	-	6	-	6	-	-	4,327,449	-	4,327,449
Fundraising	2,104,413	-	2,104,413	-	-	-	-	-	-	-	-	-	-	-	-	-	2,104,413	-	2,104,413
Total operating expenses	9,056,079	-	9,056,079	3,241,460	-	3,241,460	4,025,665	-	4,025,665	28,837	1,746,864	7,674,456	-	7,674,456	1,043,347	(1,886,796)	24,929,912	-	24,929,912
Increase (decrease) from operating activity	(2,064,526)	(245,828)	(2,310,354)	(335,852)	571,419	235,567	511,695	(302,240)	209,455	103,270	199,009	743,130	(1,054,935)	(311,805)	363,473	-	(479,801)	(1,031,584)	(1,511,385)
Non-operating revenues and (expenses):																			
Gifts and donations	-	284,178	284,178	-	-	-	120,198	77,936	198,134	-	-	36,871	2,196,224	2,233,095	-	-	157,069	2,558,338	2,715,407
Interest and dividends, net of total return draw	(196,376)	178,941	(17,435)	(635,910)	715	(635,195)	(471,995)	(1,571,828)	(2,043,823)	-	242,467	(1,009,017)	(1,390,539)	(2,399,556)	-	-	(2,070,831)	(2,782,711)	(4,853,542)
Appreciation in value of investments	1,372,852	972,633	2,345,485	2,957,324	38,444	2,995,768	4,308,693	8,767,356	13,076,049	(9,599)	1,423,135	3,897,069	13,648,401	17,545,470	-	-	13,949,474	23,426,834	37,376,308
Change in value of beneficial interest in trusts held by others	-	-	-	-	49,172	49,172	-	554,487	554,487	-	-	-	1,100,183	1,100,183	-	-	-	1,703,842	1,703,842
Change in value of split interest agreements	-	(110,205)	(110,205)	-	14,030	14,030	-	(13,600)	(13,600)	-	-	-	137,548	137,548	-	-	-	27,773	27,773
Total non-operating revenues and (expenses)	1,176,476	1,325,547	2,502,023	2,321,414	102,361	2,423,775	3,956,896	7,814,351	11,771,247	(9,599)	1,665,602	2,924,923	15,691,817	18,616,740	-	-	12,035,712	24,934,076	36,969,788
Increase (decrease) in net assets before the effect of postretirement cost	(888,050)	1,079,719	191,669	1,985,562	673,780	2,659,342	4,468,591	7,512,111	11,980,702	93,671	1,864,611	3,668,053	14,636,882	18,304,935	363,473	-	11,555,911	23,902,492	35,458,403
Postretirement related changes other then net periodic postretirement cost	-	-	-	-	-	-	-	-	-	-	-	179,143	-	179,143	-	-	179,143	-	179,143
Increase (decrease) in net assets	(888,050)	1,079,719	191,669	1,985,562	673,780	2,659,342	4,468,591	7,512,111	11,980,702	93,671	1,864,611	3,847,196	14,636,882	18,484,078	363,473	-	11,735,054	23,902,492	35,637,546
Transfer of net assets	19,685		19,685	53,561		53,561	8,365,508		8,365,508	(8,447,915)		9,079		9,079	82		-	-	-
Net assets - beginning of year	11,007,223	14,165,462	25,172,685	21,843,644	6,097,154	27,940,798	44,545,717	99,060,477	143,606,194	8,354,244	64,609,886	31,596,503	128,684,705	160,281,208	2,346,482	-	184,303,699	248,007,798	432,311,497
Net assets - end of year	$ 10,138,858	$ 15,245,181	$ 25,384,039	$ 23,882,767	$ 6,770,934	$ 30,653,701	$ 57,379,816	$ 106,572,588	$ 163,952,404	$ -	$ 66,474,497	$ 35,452,778	$ 143,321,587	$ 178,774,365	$ 2,710,037	$ -	$ 196,038,753	$ 271,910,290	$ 467,949,043

(1) Note: The Pension Boards receives 5.55% of Our Church's Wider Mission.