# The United Church of Christ Board and Certain Affiliated Entities

Combined Financial Report
December 31, 2022

**Contents**

RSM US LLP

## Independent Auditor's Report

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, 2022 and 2021, the related combined statements of activities and changes in net assets, 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, 2022 and 2021, 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Emphasis of Matter**
The Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, during the current year. The adoption of the standard resulted in the recording of right of use assets and related lease liabilities as well as additional footnote disclosures. Our opinion is not modified with respect to this matter.

**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 available to be issued.

**Auditor's Responsibilities for the Audit of the Financial Statements**
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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
October 12, 2023

**The United Church of Christ Board and Certain Affiliated Entities**

**Combined Statements of Financial Position**
**December 31, 2022 and 2021**

| | **2022** | 2021 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | **$ 9,406,977** | $ 19,438,853 |
| Investments | **335,966,763** | 383,212,518 |
| Receivables: | | |
| Church building loans, net | **40,775,987** | 37,112,865 |
| Support, net | **2,358,376** | 2,992,018 |
| Property sale, net | **3,208,994** | 3,353,980 |
| Other, net | **5,255,983** | 5,438,120 |
| Inventory, prepaid expenses and other assets | **1,133,977** | 906,428 |
| Right of use assets | **9,506,663** | - |
| Beneficial interest in trusts held by others | **14,182,363** | 16,863,045 |
| Property held for sale, net | **-** | 2,536,828 |
| Property and equipment, net | **7,048,746** | 5,376,299 |
| **Total assets** | **$ 428,844,829** | $ 477,230,954 |
| **Liabilities and Net Assets** | | |
| Accounts payable | **$ 427,865** | $ 1,103,123 |
| Other accrued liabilities | **1,121,835** | 942,765 |
| Loan payable | **-** | 925,000 |
| Accrued pension and other post-retirement benefits | **1,447,660** | 1,800,607 |
| Funds held for others | **2,476,446** | 2,824,820 |
| Lease liabilities | **9,838,477** | - |
| Other liabilities | **273,310** | 1,685,596 |
| **Total liabilities** | **15,585,593** | 9,281,911 |
| Net assets: | | |
| Without donor restrictions | **174,498,503** | 196,038,753 |
| With donor restrictions | **238,760,733** | 271,910,290 |
| **Total net assets** | **413,259,236** | 467,949,043 |
| **Total liabilities and net assets** | **$ 428,844,829** | $ 477,230,954 |

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, 2022

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| Operating revenues and support: | | | |
| Our Church's Wider Mission: | | | |
| Basic support | $ 3,837,685 | $ - | $ 3,837,685 |
| Special support | 21,193 | 2,724,416 | 2,745,609 |
| Gifts, donations and trust income | 1,689,597 | 743,924 | 2,433,521 |
| Other revenues: | | | |
| Publications and other resource sales | 712,138 | - | 712,138 |
| Total return draw | 9,133,786 | - | 9,133,786 |
| Restricted funds draw | 697,257 | 69,690 | 766,947 |
| Management fees and other reimbursements | 1,559,304 | 3,000 | 1,562,304 |
| Church loan interest | 2,782,159 | - | 2,782,159 |
| Other | 2,678,614 | - | 2,678,614 |
| Net assets released from restrictions | 4,885,688 | (4,885,688) | - |
| **Total operating revenues and support** | 27,997,421 | (1,344,658) | 26,652,763 |
| Operating expenses: | | | |
| Program services | 19,907,927 | - | 19,907,927 |
| Management and general | 6,944,423 | - | 6,944,423 |
| Fundraising | 940,761 | - | 940,761 |
| **Total operating expenses** | 27,793,111 | - | 27,793,111 |
| **Increase (decrease) from operating activity** | 204,310 | (1,344,658) | (1,140,348) |
| Nonoperating revenues (expenses): | | | |
| Gifts and donations | 880,493 | 4,933,506 | 5,813,999 |
| Interest and dividends, net of total return draw and restricted funds draw | (2,296,096) | (3,517,128) | (5,813,224) |
| Depreciation in value of investments, net | (20,659,657) | (29,693,906) | (50,353,563) |
| Change in value of beneficial interest of trusts held by others | - | (2,680,682) | (2,680,682) |
| Change in value of split-interest agreements | - | (846,689) | (846,689) |
| **Total nonoperating revenues (expenses)** | (22,075,260) | (31,804,899) | (53,880,159) |
| **Decrease in net assets before the effect of postretirement cost** | (21,870,950) | (33,149,557) | (55,020,507) |
| Postretirement related changes other than net periodic postretirement cost | 330,700 | - | 330,700 |
| **Decrease in net assets** | (21,540,250) | (33,149,557) | (54,689,807) |
| Net assets—beginning of year | 196,038,753 | 271,910,290 | 467,949,043 |
| Net assets—end of year | $ 174,498,503 | $ 238,760,733 | $ 413,259,236 |

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 | 18,521,388 | - | 18,521,388 |
| Management and general | 4,304,051 | - | 4,304,051 |
| Fundraising | 2,104,473 | - | 2,104,473 |
| **Total operating expenses** | 24,929,912 | - | 24,929,912 |
| **Decrease from operating activity** | (479,801) | (1,031,584) | (1,511,385) |
| Nonoperating revenues (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 nonoperating revenues (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 Functional Expenses
## Year Ended December 31, 2022

| | Program Services | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | OGMP | JWM | LCM | CB&LF | WCM | OGHS | 700 Prospect | Interministry Eliminations | Total Program | Management and General | Fundraising | Total Expenses |
| Salaries | $ 207,650 | $ 1,265,002 | $ 1,219,476 | $ 624,398 | $ 1,748,856 | $ 89,189 | $ 62,119 | $ - | $ 5,216,690 | $ 2,917,977 | $ 425,257 | $ 8,559,924 |
| Benefits and payroll taxes | 114,363 | 571,029 | 656,604 | 253,188 | 693,695 | 11,606 | 42,533 | - | 2,343,018 | 1,510,725 | 191,602 | 4,045,345 |
| Retired missionary benefits | - | - | - | - | 172,174 | - | - | - | 172,174 | - | - | 172,174 |
| Travel | 8,897 | 113,066 | 53,244 | 69,269 | 100,210 | - | 76 | - | 344,762 | 55,922 | 28,264 | 428,948 |
| Governance | - | - | - | - | - | - | - | - | - | 196,522 | - | 196,522 |
| Office expenses | 119,852 | 114,312 | 846,834 | 363,330 | 63,068 | 1,466 | 539,626 | - | 2,048,488 | 2,263,277 | 259,410 | 4,571,175 |
| Programs | 563,859 | 206,544 | 811,547 | 1,384,688 | 1,324,135 | 1,033,293 | - | (2,235,739) | 3,088,327 | - | 15,208 | 3,103,535 |
| Grants | 1,270,903 | 439,481 | 960,906 | - | 3,423,275 | - | - | - | 6,094,565 | - | - | 6,094,565 |
| Rent | 585,682 | 169,608 | 62,040 | 56,141 | 55,990 | - | - | (458,951) | 470,510 | - | 21,020 | 491,530 |
| Allocation | (5,366,232) | 1,669,660 | 1,920,666 | 136,374 | 1,768,925 | - | - | - | 129,393 | - | - | 129,393 |
| | $ (2,495,026) | $ 4,548,702 | $ 6,531,317 | $ 2,887,388 | $ 9,350,328 | $ 1,135,554 | $ 644,354 | $ (2,694,690) | $ 19,907,927 | $ 6,944,423 | $ 940,761 | $ 27,793,111 |

See notes to combined financial statements.

## The United Church of Christ Board and Certain Affiliated Entities

## Combined Statement of Functional Expenses
## Year Ended December 31, 2021

| | Program Services | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | OGMP | JWM | LCM | CB&LF | WCM | OGHS | 700 Prospect | Interministry Eliminations | Total Program | Management and General | Fundraising | Total Expenses |
| Salaries | $ 678,156 | $ 1,070,377 | $ 1,186,166 | $ 550,038 | $ 1,750,070 | $ 19,045 | $ 140,666 | $ - | $ 5,394,518 | $ 1,840,568 | $ 944,363 | $ 8,179,449 |
| Benefits and payroll taxes | 283,050 | 467,393 | 632,082 | 215,515 | 669,607 | 15,214 | 72,890 | - | 2,355,751 | 923,389 | 503,959 | 3,783,099 |
| Retired missionary benefits | - | - | - | - | 179,130 | - | - | - | 179,130 | - | - | 179,130 |
| Travel | 2,263 | 23,000 | 1,816 | 24,099 | 3,936 | - | 81 | - | 55,195 | 2,396 | 3,319 | 60,910 |
| Governance | - | - | - | - | - | - | - | - | - | 18,782 | - | 18,782 |
| Office expenses | 130,660 | 70,068 | 229,367 | 356,375 | 90,670 | 2,905 | 829,710 | - | 1,709,755 | 1,518,916 | 587,180 | 3,815,851 |
| Programs | 2,621,885 | 150,693 | 731,754 | 391,226 | 407,584 | 1,728,177 | - | (729,121) | 5,302,198 | - | - | 5,302,198 |
| Grants | 353,807 | 678,655 | 416,713 | - | 1,890,183 | - | - | - | 3,339,358 | - | - | 3,339,358 |
| Rent | 659,382 | 246,361 | 148,895 | 58,550 | 148,043 | - | - | (1,157,675) | 103,556 | - | - | 103,556 |
| Allocation | (2,081,648) | 534,913 | 707,715 | 151,061 | 769,886 | - | - | - | 81,927 | - | 65,652 | 147,579 |
| | $ 2,647,555 | $ 3,241,460 | $ 4,054,508 | $ 1,746,864 | $ 5,909,109 | $ 1,765,341 | $ 1,043,347 | $ (1,886,796) | $ 18,521,388 | $ 4,304,051 | $ 2,104,473 | $ 24,929,912 |

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, 2022 and 2021

| | 2022 | 2021 |
|---|---|---|
| Cash flows from operating activities: | | |
| (Decrease) increase in net assets | $ (54,689,807) | $ 35,637,546 |
| Adjustments to reconcile (decrease) increase in net assets to net cash used in operating activities: | | |
| Net depreciation (appreciation) in value of investments | 50,353,563 | (37,376,308) |
| Depreciation | 604,036 | 496,074 |
| Contributions restricted for long-term investment | (3,779) | (341,665) |
| Impairment of property and equipment | - | 73,347 |
| Loan loss recovery | - | (28,395) |
| Gain on disposal of property and equipment | (1,390,536) | - |
| Change in value of beneficial interest in trusts held by others | 2,680,682 | (1,703,842) |
| Changes in operating assets and liabilities: | | |
| Support receivable, net | 633,642 | 301,236 |
| Property sale receivable, net | 144,986 | 38,329 |
| Other receivables, net | 182,137 | (187,634) |
| Cash paid for operating leases | (158,681) | - |
| Amortization of right of use assets | 490,495 | - |
| Inventory, prepaid expenses and other assets | (227,549) | 508,877 |
| Accounts payable | (675,258) | 830,029 |
| Accrued pension and other postemployment benefits | (352,947) | (183,370) |
| Other liabilities and funds held for others | (1,581,590) | (190,407) |
| **Net cash used in operating activities** | (3,990,606) | (2,126,183) |
| Cash flows from investing activities: | | |
| Purchase of investments | (29,085,419) | (34,918,581) |
| Proceeds from sale of investments | 25,977,611 | 50,030,109 |
| Purchase of property and equipment | (2,632,707) | (368,263) |
| Proceeds from sale of property and equipment | 4,283,588 | - |
| Disbursements for church building loans | (6,154,440) | (4,111,256) |
| Repayments of church building loans | 2,491,318 | 3,798,521 |
| **Net cash (used in) provided by investing activities** | (5,120,049) | 14,430,530 |
| Cash flows from financing activities: | | |
| Payment of loan payable | (925,000) | (375,000) |
| Proceeds from contributions restricted for long-term investment | 3,779 | 341,665 |
| **Net cash used in financing activities** | (921,221) | (33,335) |
| **Net (decrease) increase in cash and cash equivalents** | (10,031,876) | 12,271,012 |
| Cash and cash equivalents: | | |
| Beginning | 19,438,853 | 7,167,841 |
| Ending | $ 9,406,977 | $ 19,438,853 |
| Supplemental disclosures of cash flow information: | | |
| Cash paid during the year for interest | $ 6,244 | $ 27,293 |
| Right of use asset obtained in exchange for new lease obligations | $ 9,756,739 | $ - |
| Disposal of fixed assets | $ 356,224 | $ 50,000 |

See notes to combined financial statements.

## Note 1. Nature of Activities

The United Church of Christ (the UCC or the Organization) 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.

## Note 1. Nature of Activities (Continued)

700 Prospect Corporation was a wholly controlled nonprofit corporation established to own and operate a building at 700 Prospect Avenue in Cleveland, Ohio, that served as the principal offices and a place of worship for the national setting of the UCC and its affiliated and associated organizations until May 31, 2022. Rent for the building and related equipment was paid by the Organization and other affiliated and associated organizations.

On May 31, 2022, the Organization completed the sale of the land and building related to 700 Prospect Corporation for net cash consideration of $4,283,588. This corporation was subsequently dissolved effective January 31, 2023.

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 their activities 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.

## Note 2. Summary of Significant Accounting Policies (Continued)

**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. At December 31, 2022 and 2021, the Organization's cash accounts exceeded federally insured limits by $8,656,977 and $17,688,853, respectively.

**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 nonoperating 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, 2022 and 2021, interest accrued totaled $201,436 and $188,707, 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 at both December 31, 2022 and 2021, for possible uncollectible receivables based on circumstances that occurred during the year.

## Note 2. Summary of Significant Accounting Policies (Continued)

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, 2022 and 2021, 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 nonclassified loans and is based on historical loss experience adjusted for qualitative factors.

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 ongoing 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 60 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 60 days or more past the original due date.

## Note 2. Summary of Significant Accounting Policies (Continued)

**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 60 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 60 days or more past the original due date.

**Nonperforming, 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 nonperforming 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, 2022 and 2021, management has recorded an allowance of $1,550,452 and $1,926, 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.

**Note 2. Summary of Significant Accounting Policies (Continued)**

**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 years ended December 31, 2022 and 2021, respectively. 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 and was sold for a gain during the year ended December 31, 2022.

**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 $14,182,363 and $16,863,045 at December 31, 2022 and 2021, respectively. The Organization's beneficial interest in funds held and administered by others generated $742,441 and $774,185 of cash sent to the Organization for the years ended December 31, 2022 and 2021, 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.

**Leases:** The Organization determines whether an arrangement contains a lease at the inception of the arrangement by assessing whether there is an identified asset and whether the arrangement conveys the right to control the use of the identified asset in exchange for consideration for a period of time. Leases are classified as either operating or financing. Leases with an initial term of 12 months or less, that do not have an option to purchase the underlying asset that is deemed reasonably certain to be exercised, are not recorded on the statements of financial position; rather, rent expense for these leases is recognized on a straight-line basis over the lease term, or when incurred if the lease is a month-to-month lease. Right of use assets represent the Organization's right to use an underlying asset during the lease term, and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right of use assets and lease liabilities are recognized at the commencement date based on the then net present value of fixed lease payments over the lease term and the right of use asset is adjusted for any lease incentives received. Certain variable lease payments are determined based on changes in facts and circumstances occurring after the commencement date, other than the passage of time. The Organization's lease term may include options to extend or terminate the lease. Such extended terms are considered in the determination of right of use assets and lease liabilities when it is reasonably certain the options will be exercised.

When readily determinable, the Organization uses the interest rate implicit in the lease to determine the present value of future lease payments. For leases where the implicit rate is not readily determinable, the risk-free discount rate is utilized. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

**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.

**Note 2. Summary of Significant Accounting Policies (Continued)**

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.

**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. Management determined that the carrying values of long-lived assets at December 31, 2022, were not impaired. During the year ended December 31, 2021, management recorded an impairment loss of $73,347.

**Funds held for others:** Included in investments is $2,476,446 and $2,824,820 as of December 31, 2022 and 2021, 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 composed 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.

**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.

## Note 2. Summary of Significant Accounting Policies (Continued)

**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, payroll taxes, travel and office expenses that are not directly attributable to one function 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 derecognition, classification, interest and penalties on income taxes and accounting in interim periods. At December 31, 2022 and 2021, there were no unrecognized tax benefits identified or recorded as liabilities.

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.

**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.

**Reclassifications:** Certain reclassifications have been made to the December 31, 2021 balances to conform with the December 31, 2022 presentation.

## Note 2. Summary of Significant Accounting Policies (Continued)

**Recently adopted accounting pronouncements:** In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires lessees to recognize most leases on their combined statements of financial position as a right of use asset representing the right to use an underlying asset and a lease liability representing the obligation to make lease payments over the lease term, measured on a discounted basis, for substantially all leases. Leases are classified as either operating or finance leases, with classification affecting the pattern of expense recognition in the combined statements of activities. The Organization adopted ASU 2016-02 on January 1, 2022, using the optional transition method, that allows for a cumulative- effect adjustment in the period of adoption with no restatement of prior periods. The Organization elected certain practical expedients available under the guidance, which allowed the Organization to not reassess prior conclusions related to existing contracts containing leases, lease classification and indirect costs. Adoption of ASU 2016-02, resulted in a right of use asset and lease liability on the combined statements of financial position of $324,249, respectively, at January 1, 2022. The additional disclosures required are presented in Note 18.

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. The Organization adopted this standard during the year ended December 31, 2022, which did not have a significant impact on the combined financial statements.

**Recent accounting pronouncements:** 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 Generally Accepted Accounting Principles (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.

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 October 12, 2023, the date the combined financial statements were available to be issued.

## Note 3. Investments

Investments at December 31 are as follows:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | Total |
| UCF UCC Endowment Fund | $ - | $ - | $ 112,918,034 | $ 135,503,080 | $ 248,421,114 |
| UCF Moderate Balanced Fund | 4,658,232 | 997,478 | 15,830,698 | 491,779 | 21,978,187 |
| UCF Beyond Fossil Fuels Fund | 14,396,234 | 22,583,596 | 5,980,589 | - | 42,960,419 |
| Term Investment Notes | 381,829 | 599,507 | 15,824,872 | 1,948,397 | 18,754,605 |
| Money Market Funds | 1,178,852 | - | 352,495 | 609,780 | 2,141,127 |
| Other | - | - | 1,401,315 | 309,996 | 1,711,311 |
| Total investments | $ 20,615,147 | $ 24,180,581 | $ 152,308,003 | $ 138,863,032 | $ 335,966,763 |

| | 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 |

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 | 20-40% | 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.

## Note 3. Investments (Continued)

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

| | 2022 | 2021 |
|---|---|---|
| Total return draw | $ 9,133,786 | $ 8,361,089 |
| Interest and dividends, net of total return draw | (5,813,224) | (4,853,542) |
| Investment fees | (2,854,899) | (3,394,269) |
| (Depreciation) appreciation in the value of investments | (47,498,664) | 40,770,577 |
| Total | $ (47,033,001) | $ 40,883,855 |
| | | |
| Realized gains on sale of investments, net | $ 5,507,701 | $ 7,978,760 |
| Unrealized (loss) gain on investments, net | (55,861,264) | 29,397,548 |
| Interest and dividends | 3,320,562 | 3,507,547 |
| Total | $ (47,033,001) | $ 40,883,855 |

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 $2,854,899 and $3,394,269 were paid to a related party to manage an investment portfolio with a fair market value of $301,911,024 and $354,324,256 during 2022 and 2021, respectively.

## Note 4. Fair Value Measurements

The Organization adopted ASC 820, Fair Value Measurements and Disclosures, which provides a framework for measuring fair value under generally accepted accounting principles. ASC 820 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 years ended December 31, 2022 and 2021, 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.

## Note 4. Fair Value Measurements (Continued)

**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 40-60% total equity, 20-40% fixed income, and 10-30% alternatives. 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.

**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.

## Note 4. Fair Value Measurements (Continued)

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

| | 2022 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Financial assets: | | | | |
| Investments—UCF: | | | | |
| UCF UCC Endowment Fund | $ - | $ 248,421,114 | $ - | $ 248,421,114 |
| UCF Moderate Balanced Fund | - | 21,978,187 | - | 21,978,187 |
| UCF Beyond Fossil Fuels Fund | - | 42,960,419 | - | 42,960,419 |
| | - | 313,359,720 | - | 313,359,720 |
| Term investment notes, money market funds and other | | | | 22,607,043 |
| Total investments | | | | $ 335,966,763 |
| Other assets: | | | | |
| Beneficial interest in trusts held by others | $ - | $ - | $ 14,182,363 | $ 14,182,363 |
| Split-interest agreements* | $ - | $ - | $ 1,617,077 | $ 1,617,077 |
| Financial liability: | | | | |
| Funds held for others | $ - | $ 2,476,446 | $ - | $ 2,476,446 |

| | 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 |

*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, 2022 and 2021.

## Note 4. Fair Value Measurements (Continued)

**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 $842,472 and $884,116 at December 31, 2022 and 2021, respectively. There was no property and equipment impaired at December 31, 2022 and 2021.

## Note 5. Church Building Loans Receivable, Net

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

| | 2022 | 2021 |
|---|---|---|
| Church building loans receivable for: | | |
| Commercial real estate: | | |
| Church loans | $ 40,400,847 | $ 37,376,027 |
| Church construction loans | 1,292,285 | 653,983 |
| | 41,693,132 | 38,030,010 |
| Allowance for loan loss | (917,145) | (917,145) |
| Total | $ 40,775,987 | $ 37,112,865 |

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

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| | Principal | Interest | Total | Principal | Interest | Total |
| Church loans | $ 40,400,847 | $ 197,979 | $ 40,598,826 | $ 37,376,027 | $ 231,909 | $ 37,607,936 |
| Church construction loans | 1,292,285 | 3,457 | 1,295,742 | 653,983 | 4,879 | 658,862 |
| Total church building loans receivable and accrued interest | $ 41,693,132 | $ 201,436 | $ 41,894,568 | $ 38,030,010 | $ 236,788 | $ 38,266,798 |

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

| | |
|---|---|
| 2023 | $ 1,239,076 |
| 2024 | 1,081,689 |
| 2025 | 1,271,705 |
| 2026 | 1,173,924 |
| 2027 | 5,449,011 |
| Thereafter | 31,477,727 |
| | $ 41,693,132 |

## 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:

| | 2022 | | | | |
|---|---|---|---|---|---|
| | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days or More Past Due | Total |
| Church loans | $ 38,795,096 | $ - | $ 1,494,139 | $ 111,612 | $ 40,400,847 |
| Church construction loans | 1,292,285 | - | - | - | 1,292,285 |
| | $ 40,087,381 | $ - | $ 1,494,139 | $ 111,612 | $ 41,693,132 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | Current | 30-59 Days Past Due | 60-89 Days Past Due | 90 Days or More Past Due | Total |
| Church loans | $ 35,623,527 | $ 695,222 | $ - | $ 1,057,278 | $ 37,376,027 |
| Church construction loans | 653,983 | - | - | - | 653,983 |
| | $ 36,277,510 | $ 695,222 | $ - | $ 1,057,278 | $ 38,030,010 |

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:

| | 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Excellent | Good | Satisfactory | Watch | Marginal | Nonperforming | Total |
| Church loans | $ 33,156,873 | $ 1,637,790 | $ 3,890,059 | $ 873,653 | $ - | $ 842,472 | $ 40,400,847 |
| Church construction loans | 1,292,285 | - | - | - | - | - | 1,292,285 |
| | $ 34,449,158 | $ 1,637,790 | $ 3,890,059 | $ 873,653 | $ - | $ 842,472 | $ 41,693,132 |

| | 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Excellent | Good | Satisfactory | Watch | Marginal | Nonperforming | 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 |

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 nonperforming 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, 2022 and 2021, all church building loans are collateralized by a mortgage or deed of trust, including $14,185,960 and $12,452,022, respectively, collateralized by second mortgages on church buildings. Interest rates on outstanding loans range from 0.0% to 5.5%. At December 31, 2022 and 2021, 0% loans totaled $348,445 and $358,111, respectively, and below market rate loans totaled $41,344,688 and $16,051,230, respectively. It is anticipated that 0% loans will be paid in full. For 0% 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 7.0% and 4.16% at December 31, 2022 and 2021, respectively. The rate of 7.0% and 4.16% used at both December 31, 2022 and 2021 is based on the assumption that this is a reasonable rate that a nonprofit with a similar credit rating would pay to borrow funds. Imputed interest income and in-kind grant expense of $1,055,212 and $61,497 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, to be $37,612,185 and $36,276,895, 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, 2022 and 2021, commitments for future church loans of $380,625 and $1,651,400, 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:

| | 2022 | | |
|---|---|---|---|
| | Church Loans | Church Construction Loans | Total |
| Allowance for loan losses: | | | |
| Beginning balance | $ 917,145 | $ - | $ 917,145 |
| Provision | - | - | - |
| Ending balance | $ 917,145 | $ - | $ 917,145 |
| Period-ended amount allocated to: | | | |
| Individually evaluated for impairment | $ 842,472 | $ - | $ 842,472 |
| Collectively evaluated for impairment | 74,673 | - | 74,673 |
| | $ 917,145 | $ - | $ 917,145 |
| Loans: | | | |
| Individually evaluated for impairment | $ 842,472 | $ - | $ 842,472 |
| Collectively evaluated for impairment | 39,558,375 | 1,292,285 | 40,850,660 |
| | $ 40,400,847 | $ 1,292,285 | $ 41,693,132 |

| | 2021 | | |
|---|---|---|---|
| | Church Loans | Church Construction Loans | 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 |

## 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:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | 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 | 842,472 | 842,472 | 842,472 | 842,472 | 46,593 | - |
| Church construction loans | - | - | - | - | - | - |
| | $ 842,472 | $ 842,472 | $ 842,472 | $ 842,472 | $ 46,593 | $ - |

| | 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 | $ - |

## Note 7. Support Receivable, Net

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

| | 2022 | 2021 |
|---|---|---|
| Our Church's Wider Mission: | | |
| National Basic Support | $ 1,035,996 | $ 1,239,329 |
| Neighbors in Need | 455,003 | 563,862 |
| Strengthen the Church | 85,723 | 112,594 |
| One Great Hour of Sharing | 501,830 | 520,419 |
| Directed gifts | 52,611 | 209,426 |
| Total Our Church's Wider Mission support receivable | 2,131,163 | 2,645,630 |
| Make a Difference! capital campaign, split-interest agreements receivable, net | 227,213 | 346,388 |
| Total | $ 2,358,376 | $ 2,992,018 |

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

| | 2022 | 2021 |
|---|---|---|
| Due after five years | $ 435,573 | $ 485,575 |
| Net present value adjustment (3.88% in 2022 and 1.52% in 2021) | (208,360) | (139,187) |
| Make a Difference! contributions receivable, net | $ 227,213 | $ 346,388 |

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:

| | 2022 | 2021 |
|---|---|---|
| Gross receivable | $ 5,833,330 | $ 6,460,720 |
| Net present value adjustment | (2,624,336) | (3,106,740) |
| Net receivable at present value | $ 3,208,994 | $ 3,353,980 |

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:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | 700 Prospect | Total |
| Split-interest agreements | $ 231,642 | $ 17,178 | $ 272,231 | $ 869,007 | $ - | $ 1,390,058 |
| Other receivables | 953,462 | 19 | 710,587 | 1,758,884 | - | 3,422,952 |
| Trade | 28,725 | - | 56,100 | - | - | 84,825 |
| Affiliated organizations | 156,712 | - | - | - | - | 156,712 |
| Accrued interest | - | - | 201,436 | - | - | 201,436 |
| Total | $ 1,370,541 | $ 17,197 | $ 1,240,354 | $ 2,627,891 | $ - | $ 5,255,983 |

| | 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 |

At December 31, 2022, the amount of receivables expected to be collected within one year is $2,116,369, 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 3.88% in 2022 and 1.52% in 2021.

## Note 10. Property and Equipment, Net

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

| | 2022 | 2021 |
|---|---|---|
| Land and building leased to others under operating leases | $ 5,087,151 | $ 5,087,151 |
| Building improvements | - | 356,224 |
| Office furniture, equipment and computers | 4,341,550 | 2,171,765 |
| Total property and equipment | 9,428,701 | 7,615,140 |
| Accumulated depreciation | (2,379,955) | (2,238,841) |
| Property and equipment, net | $ 7,048,746 | $ 5,376,299 |

Depreciation expense for the years ended December 31, 2022 and 2021, totaled $604,036 and $496,074, 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, 2022 and 2021, respectively. At December 31, 2022 and 2021, 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, 2022 and 2021, were $0. Interest expense for 2022 and 2021 amounted to $0. Subsequent to December 31, 2022, the line of credit was closed.

## 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 required annual principal payments through March 1, 2022 and monthly interest payments at a modified rate of 30-day LIBOR plus 220 basis points, or 0.0% and 2.7% at December 31, 2022 and 2021, respectively. The loan had a covenant requirement that required the Organization to maintain a certain debt service coverage ratio, in addition to complying with certain other reporting covenants. The loan was guaranteed in its entirety by LCM. The loan balance was $925,000 at December 31, 2021. 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 $1,091,923 and $1,027,384 for the years ended December 31, 2022 and 2021, respectively. The Organization's policy is to fund retirement plan expense as incurred. There were no unfunded liabilities under the plan at December 31, 2022 and 2021.

**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 $185,698 and $192,654 for 2022 and 2021, respectively. The following summarizes the unfunded status of the plan at December 31:

| | 2022 | 2021 |
|---|---|---|
| Accumulated postretirement benefit obligation | $ (1,447,660) | $ (1,800,607) |
| Plan assets | - | - |
| Unfunded status at December 31 | (1,447,660) | (1,800,607) |
| Total accrued postretirement cost accrued in the combined statements of financial position | $ (1,447,660) | $ (1,800,607) |
| | | |
| Amounts not yet recognized in the net post retirement periodic benefit cost: | | |
| Unrecognized net loss | $ 629,181 | $ 959,881 |
| | | |
| Components of net periodic pension cost: | | |
| Interest cost | $ 37,674 | $ 36,957 |
| Amortization of net loss | 125,777 | 151,470 |
| Net periodic postretirement cost | $ 163,451 | $ 188,427 |
| | | |
| Net gain and net transition obligation recognized in the combined statements of activities and changes in net assets: | | |
| Net loss (gain) arising during current period | $ (204,923) | $ (27,673) |
| Amounts reclassified as components of net periodic benefit cost: | | |
| Amortization of net gain | (125,777) | (151,470) |
| | $ (330,700) | $ (179,143) |
| | | |
| Estimated amounts to be recognized in the next fiscal year: | | |
| Amortization of net loss | $ 125,777 | $ 151,470 |

The weighted-average assumptions as of December 31, 2022, are as follows:

| | |
|---|---|
| Discount rate | 4.75% in 2022 and 2.25% in 2021 |
| Health care cost trend rate | 5.00% remaining at 5.00% in 2022 |

A 1% increase in the health care cost trend rate assumption would increase the liability by $64,593 on the amounts reported. A 1% decrease in the health care cost trend rate assumption would decrease the liability by $59,552 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:

| | Expected Benefit Payment |
|---|---|
| Years ending December 31: | |
| 2023 | $ 218,693 |
| 2024 | 197,409 |
| 2025 | 176,986 |
| 2026 | 157,828 |
| 2027 | 140,105 |
| 2028-2032 | 484,965 |

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

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | 700 Prospect | Total |
| Other accrued expenses | $ 390,714 | $ - | $ 428,183 | $ 57,185 | $ - | $ 876,082 |
| MAD! conference payable | 156,806 | - | - | - | - | 156,806 |
| Overseas field offices | - | - | - | 78,985 | - | 78,985 |
| Royalties | - | - | 9,962 | - | - | 9,962 |
| Total other accrued liabilities | $ 547,520 | $ - | $ 438,145 | $ 136,170 | $ - | $ 1,121,835 |

| | 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 |

## Note 15. Other Liabilities

Other liabilities consist of the following as of December 31:

| | 2022 | | | | | |
|---|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | 700 Prospect | Total |
| Deferred revenue | $ 178,649 | $ - | $ 71,450 | $ - | $ - | $ 250,099 |
| Segregated reserves: | | | | | | |
| Conditional gifts | - | - | 23,211 | - | - | 23,211 |
| Total | $ 178,649 | $ - | $ 94,661 | $ - | $ - | $ 273,310 |

| | 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 |

## Note 16. Net Assets With Donor Restrictions

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

| | 2022 | | | | |
|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | Total |
| Net assets with donor restrictions: | | | | | |
| Subject to expenditure for specified purpose: | | | | | |
| Mission | $ 2,977,861 | $ 6,143,668 | $ 360,319 | $ 9,834,680 | $ 19,316,528 |
| Subject to passage of time: | | | | | |
| Split-interest agreements | 458,855 | 16,984 | 272,231 | 869,007 | 1,617,077 |
| Subject to the Organization's spending policy and appropriation: | | | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor: | 2,154,611 | 59,359 | 18,021,062 | 20,719,486 | 40,954,518 |
| Accumulated investment gains | 7,335,195 | 525,534 | 68,260,466 | 86,569,052 | 162,690,247 |
| Beneficial interest in trusts held by others | - | 689,524 | 3,892,910 | 9,599,929 | 14,182,363 |
| | 9,489,806 | 1,274,417 | 90,174,438 | 116,888,467 | 217,827,128 |
| Total net assets with donor restrictions | $ 12,926,522 | $ 7,435,069 | $ 90,806,988 | $ 127,592,154 | $ 238,760,733 |

| | 2021 | | | | |
|---|---|---|---|---|---|
| | OGMP | JWM | LCM | WCM | Total |
| Net assets with donor restrictions: | | | | | |
| Subject to expenditure for specified purpose: | | | | | |
| Mission | $ 3,206,588 | $ 5,405,050 | $ 1,394,989 | $ 7,175,527 | $ 17,182,154 |
| Subject to passage of time: | | | | | |
| Split-interest agreements | 776,295 | 32,440 | 406,517 | 1,513,679 | 2,728,931 |
| Subject to the Organization's spending policy and appropriation: | | | | | |
| Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor: | 2,192,411 | 50 | 18,019,677 | 20,746,159 | 40,958,297 |
| Accumulated investment gains | 9,069,887 | 484,333 | 81,887,856 | 102,735,787 | 194,177,863 |
| Beneficial interest in trusts held by others | - | 849,061 | 4,863,549 | 11,150,435 | 16,863,045 |
| | 11,262,298 | 1,333,444 | 104,771,082 | 134,632,381 | 251,999,205 |
| Total net assets with donor restrictions | $ 15,245,181 | $ 6,770,934 | $ 106,572,588 | $ 143,321,587 | $ 271,910,290 |

## 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 $4,885,688 and $4,732,553 for the years ended December 31, 2022 and 2021, 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, 2022 and 2021, was $14,182,363 and $16,863,045, 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 GAAP, deficiencies of this nature exist at December 31, 2022, in two donor-restricted endowment funds, which have an original gift value of $117,211, a current fair market value of $99,694, and a deficiency of $17,517. 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 $6,658. 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-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-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.

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

| | 2022 | | |
|---|---|---|---|
| | 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 | $ - | $ 40,954,518 | $ 40,954,518 |
| Accumulated investment gains | - | 162,690,247 | 162,690,247 |
| Board-designated endowment | 100,420,008 | - | 100,420,008 |
| Total | $ 100,420,008 | $ 203,644,765 | $ 304,064,773 |

| | 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 | $ - | $ 40,958,297 | $ 40,958,297 |
| Accumulated investment gains | - | 194,177,863 | 194,177,863 |
| Board-designated endowment | 119,699,266 | - | 119,699,266 |
| Total | $ 119,699,266 | $ 235,136,160 | $ 354,835,426 |

## 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, December 31, 2020 | $ 109,687,718 | $ 215,523,387 | $ 325,211,105 |
| Contributions/transfers in | 372,180 | 514,262 | 886,442 |
| Income earned on investments | 1,242,538 | 1,927,390 | 3,169,928 |
| Net realized gains on investments sold | 1,943,386 | 5,208,833 | 7,152,219 |
| Unrealized appreciation on investments | 10,357,190 | 18,069,792 | 28,426,982 |
| Endowment assets released from restrictions | - | (1,359,417) | (1,359,417) |
| Expenditure of board designated endowments | (290,744) | - | (290,744) |
| Total return draw | (3,613,002) | (4,748,087) | (8,361,089) |
| Net change | 10,011,548 | 19,612,773 | 29,624,321 |
| Endowment assets, December 31, 2021 | 119,699,266 | 235,136,160 | 354,835,426 |
| Contributions/transfers in | 3,791,819 | 2,212,933 | 6,004,752 |
| Income earned on investments | 1,468,571 | 2,272,216 | 3,740,787 |
| Net realized gains on investments sold | 4,228,096 | 1,103,197 | 5,331,293 |
| Unrealized depreciation on investments | (21,754,853) | (30,797,103) | (52,551,956) |
| Endowment assets released from restrictions | - | (1,259,673) | (1,259,673) |
| Expenditure of board designated endowments | (2,902,070) | - | (2,902,070) |
| Reclassification | (87,386) | 87,386 | - |
| Total return draw | (4,023,435) | (5,110,351) | (9,133,786) |
| Net change | (19,279,258) | (31,491,395) | (50,770,653) |
| Endowment assets, December 31, 2022 | $ 100,420,008 | $ 203,644,765 | $ 304,064,773 |

The total return draw above includes a receivable of investment income drawn from the endowment investments but not yet received by the Organization of $0 and $1,051,250 at December 31, 2022 and 2021, 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:

| | | |
|---|---|---|
| 2023 | $ | 47,250 |
| 2024 | | 5,950 |
| Total | $ | 53,200 |

The Organization has two lease agreements for office space and storage in Cleveland, Ohio and one lease agreement for office space in Washington, DC. The leases have terms ranging from 3 to 15 years. Some leases include one or more options to exercise renewal terms that can extend the lease term from one to five years or more, generally at the Organization's sole discretion. Certain leases contain rights to terminate whereby those termination options are held by either the Organization, the lessor, or both parties. These options to extend or terminate a lease are included in the lease terms only when it is reasonably certain that the Organization will exercise that option. The Organization's leases generally do not contain any material restrictive covenants.

The aggregate future lease payments for the three office space leases as of December 31, 2022, were as follows:

| | | |
|---|---|---|
| 2023 | $ | 705,728 |
| 2024 | | 875,269 |
| 2025 | | 776,350 |
| 2026 | | 793,842 |
| 2027 | | 811,368 |
| Thereafter | | 8,278,953 |
| Total lease payments | | 12,241,510 |
| Less imputed interest | | (2,403,033) |
| Present value of lease liabilities | $ | 9,838,477 |

The components of lease expense and supplemental cash flow information related to leases for the year ended December 31, 2022, are as follows:

| | | |
|---|---|---|
| Operating lease expense | $ | 491,530 |
| Right of use assets obtained for new lease obligations | | 9,756,739 |

Lease payments totaled $158,681 during the year ended December 31, 2022.

The remaining weighted average lease term and discount rate for the three office space leases was as follows at December 31, 2022:

| | |
|---|---|
| Remaining lease term—operating leases | 13.9 years |
| Discount rate—operating leases | 2.90% |

## Note 18. Leases (Continued)

Supplemental statement of financial position information related to leases is as follows:

| | December 31, 2022 |
|---|---|
| Operating lease right-of-use assets | $ 9,506,663 |
| Current portion of operating lease liabilities | 425,158 |
| Long-term operating lease liabilities | 9,413,319 |
| Total operating lease liabilities | $ 9,838,477 |

## Note 19. Liquidity and Availability

The following reflects the Organization's financial assets as of the combined 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:

| | 2022 | 2021 |
|---|---|---|
| Financial assets at year-end: | | |
| Cash and cash equivalents | $ 9,406,977 | $ 19,438,853 |
| Investments | 335,966,763 | 383,212,518 |
| Receivables: | | |
| Church building loans, net | 40,775,987 | 37,112,865 |
| Support, net | 2,358,376 | 2,992,018 |
| Other, net | 5,255,983 | 5,438,120 |
| Total financial assets | 393,764,086 | 448,194,374 |
| Less amounts not available to be used within one year: | | |
| Funds held for others | (2,476,446) | (2,824,820) |
| Church building loan receivables due after one year, net | (41,371,201) | (36,857,420) |
| Other receivables due after one year, net | (201,436) | (236,788) |
| Split interest agreements | (1,617,077) | (2,728,931) |
| Donor restricted by time due after one year or purpose | (18,280,532) | (15,121,746) |
| Donor restricted in perpetuity | (40,954,518) | (40,958,297) |
| Accumulated investment gains on endowment | (162,690,247) | (194,177,863) |
| Expected draw within one year | 12,672,249 | 9,142,804 |
| Board-designated funds | (100,420,008) | (119,699,266) |
| Financial assets not available to be used within one year | (355,339,216) | (403,462,327) |
| Financial assets available to meet general expenditures within one year | $ 38,424,870 | $ 44,732,047 |

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.

## Note 19. Liquidity and Availability (Continued)

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.

## Note 20. Guarantee

During the years ended December 31, 2022 and 2021, 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.

# Supplementary Information

## The United Church of Christ Board and Certain Affiliated Entities

## Details of Combined Statement of Financial Position
## December 31, 2022

| | Office of General Minister and President | Justice and Witness Ministries | Local Church Ministries and Wholly Controlled Subsidiaries: Local Church Ministries | Local Church Ministries and Wholly Controlled Subsidiaries: Local Church Ministries Church Building and Loan Fund | Wider Church Ministries | 700 Prospect | Total |
|---|---|---|---|---|---|---|---|
| **Assets** | | | | | | | |
| Cash and cash equivalents | $ (6,159,633) | $ 978,121 | $ 1,341,244 | $ 2,769,036 | $ 10,478,209 | $ - | $ 9,406,977 |
| Investments | 20,615,147 | 24,180,581 | 136,600,613 | 15,707,390 | 138,863,032 | - | 335,966,763 |
| Receivables: | | | | | | | |
| Church building loans, net | - | - | - | 40,775,987 | - | - | 40,775,987 |
| Support, net | 2,358,376 | - | - | - | - | - | 2,358,376 |
| Property sale, net | - | - | - | - | 3,208,994 | - | 3,208,994 |
| Other, net | 1,370,541 | 17,197 | 328,360 | 911,994 | 2,627,891 | - | 5,255,983 |
| Inventory, prepaid expenses and other assets | 656,665 | 6,959 | 154,723 | 303,207 | 12,423 | - | 1,133,977 |
| Right of use assets | 8,696,158 | 217,862 | - | 592,643 | - | - | 9,506,663 |
| Beneficial interest in trusts held by others | - | 689,524 | 3,892,910 | - | 9,599,929 | - | 14,182,363 |
| Property and equipment, net | 2,345,796 | - | 448,221 | 4,254,729 | - | - | 7,048,746 |
| **Total assets** | $ 29,883,050 | $ 26,090,244 | $ 142,766,071 | $ 65,314,986 | $ 164,790,478 | $ - | $ 428,844,829 |
| **Liabilities and Net Assets** | | | | | | | |
| Accounts payable | $ 417,128 | $ - | $ - | $ 10,737 | $ - | $ - | $ 427,865 |
| Other accrued liabilities | 547,520 | - | 8,984 | 429,161 | 136,170 | - | 1,121,835 |
| Accrued pension and other postretirement benefits | - | - | - | - | 1,447,660 | - | 1,447,660 |
| Funds held for others | 14,278 | 18,209 | - | - | 2,443,959 | - | 2,476,446 |
| Lease liabilities | 8,994,159 | 222,212 | - | 622,106 | - | - | 9,838,477 |
| Other liabilities | 178,649 | - | 23,211 | 71,450 | - | - | 273,310 |
| **Total liabilities** | 10,151,734 | 240,421 | 32,195 | 1,133,454 | 4,027,789 | - | 15,585,593 |
| Net assets: | | | | | | | |
| Without donor restrictions | 6,804,794 | 18,414,754 | 51,926,888 | 64,181,532 | 33,170,535 | - | 174,498,503 |
| With donor restrictions | 12,926,522 | 7,435,069 | 90,806,988 | - | 127,592,154 | - | 238,760,733 |
| **Total net assets** | 19,731,316 | 25,849,823 | 142,733,876 | 64,181,532 | 160,762,689 | - | 413,259,236 |
| **Total liabilities and net assets** | $ 29,883,050 | $ 26,090,244 | $ 142,766,071 | $ 65,314,986 | $ 164,790,478 | $ - | $ 428,844,829 |

## 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, 2022

| | | | | | | | Local Church Ministries and Wholly Controlled Subsidiaries | | | | | | | | INTERMINISTRY | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | OFFICE OF GENERAL MINISTER AND PRESIDENT | | | JUSTICE AND WITNESS MINISTRIES | | | LOCAL CHURCH MINISTRIES | | | | WIDER CHURCH MINISTRIES | | | 700 PROSPECT | ELIMINATIONS | TOTAL | | |
| | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | Without Donor Restrictions | With Donor Restrictions | Total | 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 | $ 1,212,395 | $ - | $ 1,212,395 | $ 1,806,388 | $ - | $ 1,806,388 | $ 249,579 | $ - | $ 249,579 | $ - | $ 569,323 | $ - | $ 569,323 | $ - | $ - | $ 3,837,685 | $ - | $ 3,837,685 |
| Special support | 21,193 | 1,059,759 | 1,080,952 | - | 612,975 | 612,975 | - | 238,086 | 238,086 | - | - | 2,743,121 | 2,743,121 | - | (1,929,525) | 21,193 | 2,724,416 | 2,745,609 |
| Gifts, donations and trust income | 155,938 | 229,369 | 385,307 | 448,672 | 514,555 | 963,227 | 366,040 | - | 366,040 | - | 718,947 | - | 718,947 | - | - | 1,689,597 | 743,924 | 2,433,521 |
| Other revenues: | | | | | | | | | | | | | | | | | | |
| Publications and other resource sales | 413,671 | - | 413,671 | 36,746 | - | 36,746 | 261,064 | - | 261,064 | - | 657 | | 657 | - | - | 712,138 | - | 712,138 |
| Total return draw | 415,416 | - | 415,416 | 1,177,620 | - | 1,177,620 | 3,616,329 | - | 3,616,329 | - | 3,924,421 | - | 3,924,421 | - | - | 9,133,786 | - | 9,133,786 |
| Restricted funds draw | 397,000 | - | 397,000 | - | - | - | 88,046 | - | 88,046 | | 212,211 | 69,690 | 281,901 | - | - | 697,257 | 69,690 | 766,947 |
| Management fees and other reimbursements | 651,599 | - | 651,599 | - | - | - | 26,533 | - | 26,533 | - | 881,172 | 3,000 | 884,172 | - | - | 1,559,304 | 3,000 | 1,562,304 |
| Church loan interest | - | - | - | - | - | - | - | - | - | 2,782,159 | - | - | - | - | - | 2,782,159 | - | 2,782,159 |
| Other | 12,672 | - | 12,672 | 306,414 | - | 306,414 | 63,498 | - | 63,498 | 621,787 | - | - | - | 2,439,408 | (765,165) | 2,678,614 | - | 2,678,614 |
| Net assets released from restrictions | 1,331,605 | - | 1,331,605 | 35,868 | - | 35,868 | 812,752 | - | 812,752 | - | 4,634,988 | - | 4,634,988 | - | (1,929,525) | 4,885,688 | - | 4,885,688 |
| Net assets released from restrictions—temporarily restricted | - | (1,331,605) | (1,331,605) | - | (35,868) | (35,868) | - | (812,752) | (812,752) | - | - | (4,634,988) | (4,634,988) | - | 1,929,525 | - | (4,885,688) | (4,885,688) |
| **Total operating revenues and support** | 4,611,489 | (42,477) | 4,569,012 | 3,811,708 | 1,091,662 | 4,903,370 | 5,483,841 | (574,666) | 4,909,175 | 3,403,946 | 10,941,719 | (1,819,177) | 9,122,542 | 2,439,408 | (2,694,690) | 27,997,421 | (1,344,658) | 26,652,763 |
| Operating expenses: | | | | | | | | | | | | | | | | | | |
| Program services | (2,495,026) | - | (2,495,026) | 4,548,702 | - | 4,548,702 | 6,531,317 | - | 6,531,317 | 2,887,388 | 10,485,882 | - | 10,485,882 | 644,354 | (2,694,690) | 19,907,927 | - | 19,907,927 |
| Management and general | 6,901,643 | - | 6,901,643 | - | - | - | - | - | - | - | 42,780 | - | 42,780 | - | - | 6,944,423 | - | 6,944,423 |
| Fundraising | 940,761 | - | 940,761 | - | - | - | - | - | - | - | - | - | - | - | - | 940,761 | - | 940,761 |
| **Total operating expenses** | 5,347,378 | - | 5,347,378 | 4,548,702 | - | 4,548,702 | 6,531,317 | - | 6,531,317 | 2,887,388 | 10,528,662 | - | 10,528,662 | 644,354 | (2,694,690) | 27,793,111 | - | 27,793,111 |
| **Increase (decrease) from operating activity** | (735,889) | (42,477) | (778,366) | (736,994) | 1,091,662 | 354,668 | (1,047,476) | (574,666) | (1,622,142) | 516,558 | 413,057 | (1,819,177) | (1,406,120) | 1,795,054 | - | 204,310 | (1,344,658) | (1,140,348) |
| Nonoperating revenues and (expenses): | | | | | | | | | | | | | | | | | | |
| Gifts and donations | - | - | - | 19,322 | - | 19,322 | 549,857 | 28,317 | 578,174 | - | 311,314 | 4,905,189 | 5,216,503 | - | - | 880,493 | 4,933,506 | 5,813,999 |
| Interest and dividends, net of total return draw and restricted funds draw | (241,359) | (141,290) | (382,649) | (663,734) | (168,997) | (832,731) | (679,411) | (1,613,887) | (2,293,298) | 365,833 | (1,077,425) | (1,592,954) | (2,670,379) | - | - | (2,296,096) | (3,517,128) | (5,813,224) |
| Depreciation in value of investments | (2,228,781) | (1,835,452) | (4,064,233) | (4,966,091) | (83,537) | (5,049,628) | (6,087,395) | (12,583,768) | (18,671,163) | (3,175,356) | (4,202,034) | (15,191,149) | (19,393,183) | - | - | (20,659,657) | (29,693,906) | (50,353,563) |
| Change in value of beneficial interest in trusts held by others | - | - | - | - | (159,537) | (159,537) | - | (970,639) | (970,639) | - | - | (1,550,506) | (1,550,506) | - | - | - | (2,680,682) | (2,680,682) |
| Change in value of split interest agreements | - | (299,440) | (299,440) | - | (15,456) | (15,456) | - | (50,957) | (50,957) | - | - | (480,836) | (480,836) | - | - | - | (846,689) | (846,689) |
| **Total nonoperating revenues and (expenses)** | (2,470,140) | (2,276,182) | (4,746,322) | (5,610,503) | (427,527) | (6,038,030) | (6,216,949) | (15,190,934) | (21,407,883) | (2,809,523) | (4,968,145) | (13,910,256) | (18,878,401) | - | - | (22,075,260) | (31,804,899) | (53,880,159) |
| **Increase (decrease) in net assets before the effect of postretirement cost** | (3,206,029) | (2,318,659) | (5,524,688) | (6,347,497) | 664,135 | (5,683,362) | (7,264,425) | (15,765,600) | (23,030,025) | (2,292,965) | (4,555,088) | (15,729,433) | (20,284,521) | 1,795,054 | - | (21,870,950) | (33,149,557) | (55,020,507) |
| Postretirement related changes other then net periodic postretirement cost | - | - | - | - | - | - | - | - | - | - | 330,700 | - | 330,700 | - | - | 330,700 | - | 330,700 |
| **Increase (decrease) in net assets** | (3,206,029) | (2,318,659) | (5,524,688) | (6,347,497) | 664,135 | (5,683,362) | (7,264,425) | (15,765,600) | (23,030,025) | (2,292,965) | (4,224,388) | (15,729,433) | (19,953,821) | 1,795,054 | - | (21,540,250) | (33,149,557) | (54,689,807) |
| Transfer of net assets | (128,035) | - | (128,035) | 879,484 | - | 879,484 | 1,811,497 | - | 1,811,497 | - | 1,942,145 | - | 1,942,145 | (4,505,091) | - | - | - | - |
| Net assets—beginning 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 |
| Net assets—end of year | $ 6,804,794 | $ 12,926,522 | $ 19,731,316 | $ 18,414,754 | $ 7,435,069 | $ 25,849,823 | $ 51,926,888 | $ 90,806,988 | $ 142,733,876 | $ 64,181,532 | $ 33,170,535 | $ 127,592,154 | $ 160,762,689 | $ - | $ - | $ 174,498,503 | $ 238,760,733 | $ 413,259,236 |

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