

**GENERAL CONFERENCE OF THE
BRETHREN IN CHRIST
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT**

HAMILTON & MUSSER, P.C.
Certified Public Accountants

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

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For the Years Ended December 31, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of the
General Conference of the Brethren in Christ
Mechanicsburg, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the General Conference of the Brethren in Christ (a non-profit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Members of the American and Pennsylvania Institutes of CPAs

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the General Conference of the Brethren in Christ as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As further explained in Note 19, the General Conference of the Brethren in Christ is operating in an environment that has been economically impacted by the COVID-19 pandemic. Our opinion is not modified with respect to this matter.

June 16, 2020

Mechanicsburg, Pennsylvania



Certified Public Accountants

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statements of Financial Position

December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and Cash Equivalents		
Without Donor Restrictions	\$ 1,349,208	\$ 1,052,433
Board Designated (Note 12)	1,412,133	1,412,133
Investments (Note 4)		
Without Donor Restrictions	880,501	876,356
With Donor Restrictions	13,557,936	11,528,187
Education Loans Receivable (Note 6)	10,239	3,618
ASEL Receivable (Note 7)	88,941	88,941
Other Receivables (Note 8)	49,708	34,417
Notes Receivable (Note 9)	214,486	196,621
Other Assets	252,310	224,483
Fixed Assets, Net (Note 11)	<u>114,353</u>	<u>112,327</u>
 Total Assets	 <u>\$ 17,929,815</u>	 <u>\$ 15,529,516</u>
Liabilities		
Accounts Payable	\$ 122,001	\$ 119,588
Accrued Wages and Vacation Payable	14,260	14,867
Deposit Agreements	5,000	5,000
Notes Payable (Note 14)	186,486	196,621
Liability for Pension Benefit (Note 16)	<u>3,424,921</u>	<u>3,029,763</u>
 Total Liabilities	 <u>3,752,668</u>	 <u>3,365,839</u>
Net Assets		
Without Donor Restrictions	619,211	635,490
With Donor Restrictions (Note 13)	<u>13,557,936</u>	<u>11,528,187</u>
 Total Net Assets	 <u>14,177,147</u>	 <u>12,163,677</u>
 Total Liabilities and Net Assets	 <u>\$ 17,929,815</u>	 <u>\$ 15,529,516</u>

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statement of Activities

For the Year Ended December 31, 2019

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 2,660,864	\$ 3,160,564	\$ 5,821,428
Investment Income (Note 4)	106,459	1,607,325	1,713,784
Other	56,817	-	56,817
Net Assets Released From Restrictions	<u>2,738,140</u>	<u>(2,738,140)</u>	<u>-</u>
Total Revenue	<u>5,562,280</u>	<u>2,029,749</u>	<u>7,592,029</u>
Expenses			
Program Services	4,722,082	-	4,722,082
Supporting Services			
Management and General	718,313	-	718,313
Fundraising	<u>14,948</u>	<u>-</u>	<u>14,948</u>
Total Expenses	<u>5,455,343</u>	<u>-</u>	<u>5,455,343</u>
Increase in Net Assets	106,937	2,029,749	2,136,686
Net Assets, Beginning of Year	635,490	11,528,187	12,163,677
Pension-Related Changes Other Than Net Periodic Pension Cost	<u>(123,216)</u>	<u>-</u>	<u>(123,216)</u>
Net Assets, End of Year	<u>\$ 619,211</u>	<u>\$ 13,557,936</u>	<u>\$ 14,177,147</u>

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statement of Activities

For the Year Ended December 31, 2018

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 2,572,216	\$ 3,130,208	\$ 5,702,424
Investment Income (Loss) (Note 4)	87,333	(428,119)	(340,786)
Other	129,845	-	129,845
Net Assets Released From Restrictions	<u>2,516,321</u>	<u>(2,516,321)</u>	<u>-</u>
Total Revenue	<u>5,305,715</u>	<u>185,768</u>	<u>5,491,483</u>
Expenses			
Program Services	4,608,302	-	4,608,302
Supporting Services			
Management and General	632,878	-	632,878
Fundraising	<u>15,297</u>	<u>-</u>	<u>15,297</u>
Total Expenses	<u>5,256,477</u>	<u>-</u>	<u>5,256,477</u>
Increase in Net Assets	49,238	185,768	235,006
Net Assets, Beginning of Year	733,128	11,342,419	12,075,547
Pension-Related Changes Other Than Net Periodic Pension Cost	<u>(146,876)</u>	<u>-</u>	<u>(146,876)</u>
Net Assets, End of Year	<u>\$ 635,490</u>	<u>\$ 11,528,187</u>	<u>\$ 12,163,677</u>

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Business Meals	\$ 39,990	\$ 185	\$ -	\$ 40,175
Church Planting Grants – Domestic	169,900	-	-	169,900
Church Planting Grants – Global	28,760	-	-	28,760
Conferences & Events	12,379	-	-	12,379
Contracted Services	151,918	21,979	-	173,897
Depreciation Expense	25,984	1,310	-	27,294
Disability Insurance	25,664	628	-	26,292
Global Compassion Aid	120,945	-	-	120,945
Leadership Training Scholarships	51,996	-	-	51,996
Maintenance	28,087	-	-	28,087
Memberships	17,682	1,234	-	18,916
Ministry Project Grants	332,595	-	-	332,595
Office Expenses	85,479	23,716	-	109,195
Other	28,498	-	-	28,498
Periodic Pension Costs	-	271,942	-	271,942
Printing & Promotion	29,568	22	256	29,846
Regional Conference Ministry Grant	126,000	-	-	126,000
Rent Expense	50,051	9,849	-	59,900
Salary & Benefits	2,715,311	384,423	14,692	3,114,426
Seminary Grants	26,300	-	-	26,300
Shaping Leaders for Tomorrow Grant	22,385	-	-	22,385
SPICE Sponsorship Grants	156,804	-	-	156,804
Support of Related Organizations	121,667	-	-	121,667
Training & Development	65,441	1,951	-	67,392
Travel Expenses	<u>288,678</u>	<u>1,074</u>	<u>-</u>	<u>289,752</u>
 Total Expenses	 <u>\$ 4,722,082</u>	 <u>\$ 718,313</u>	 <u>\$ 14,948</u>	 <u>\$ 5,455,343</u>

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services	Supporting Services		Total
		Management & General	Fundraising	
Business Meals	\$ 32,273	\$ 93	\$ -	\$ 32,366
Church Planting Grants – Domestic	174,000	-	-	174,000
Church Planting Grants – Global	36,155	-	-	36,155
Conferences & Events	94,888	-	-	94,888
Contracted Services	131,439	19,416	-	150,855
Depreciation Expense	25,800	1,945	-	27,745
Disability Insurance	26,489	628	-	27,117
Global Compassion Aid	12,390	-	-	12,390
Leadership Training Scholarships	63,283	-	-	63,283
Maintenance	24,887	-	-	24,887
Memberships	17,379	1,304	-	18,683
Ministry Project Grants	268,692	-	-	268,692
Office Expenses	85,399	23,884	-	109,283
Other	40,968	-	-	40,968
Periodic Pension Costs	-	197,683	-	197,683
Printing & Promotion	48,009	51	759	48,819
Regional Conference Ministry Grant	167,468	-	-	167,468
Rent Expense	53,899	11,210	-	65,109
Salary & Benefits	2,613,305	371,037	14,538	2,998,880
Seminary Grants	27,200	-	-	27,200
Shaping Leaders for Tomorrow Grant	27,756	-	-	27,756
SPICE Sponsorship Grants	154,071	-	-	154,071
Support of Related Organizations	127,539	-	-	127,539
Training & Development	58,712	2,896	-	61,608
Travel Expenses	<u>296,301</u>	<u>2,731</u>	<u>-</u>	<u>299,032</u>
 Total Expenses	 <u>\$ 4,608,302</u>	 <u>\$ 632,878</u>	 <u>\$ 15,297</u>	 <u>\$ 5,256,477</u>

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statements of Cash Flows

For the Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 2,136,686	\$ 235,006
Adjustment to Reconcile Increase in Net Assets to		
Net Cash and Cash Equivalents Provided by Operating Activities:		
Realized Gain on Sale of Investments	(200,538)	(436,536)
Unrealized (Gain) Loss on Investments	(1,232,194)	986,956
Contributions Received Restricted for Perpetual Endowment	(51,664)	(2,000)
Depreciation	27,294	27,745
(Increase) Decrease in:		
Education Loans Receivable	(6,621)	6,126
Other Receivables	(15,291)	(3,647)
Notes Receivable	(17,865)	10,115
Other Assets	(27,827)	(13,797)
Increase (Decrease) in:		
Accounts Payable	2,413	(53,564)
Accrued Wages and Vacation Payable	<u>(607)</u>	<u>1,048</u>
Net Cash and Cash Equivalent Provided by Operating Activities	<u>613,786</u>	<u>757,452</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(909,169)	(2,005,573)
Proceeds from Sale of Investments	308,007	547,414
Purchase of Fixed Assets	<u>(29,320)</u>	<u>(6,773)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(630,482)</u>	<u>(1,464,932)</u>
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	(10,135)	(10,115)
Contributions Received Restricted for Perpetual Endowment	51,664	2,000
Change in Ministers Pension Fund Components	<u>271,942</u>	<u>135,183</u>
Net Cash and Cash Equivalents Provided by Financing Activities	<u>313,471</u>	<u>127,068</u>
Net Increase (Decrease) in Cash and Cash Equivalents	296,775	(580,412)
Cash and Cash Equivalents, Beginning of the Year	<u>2,464,566</u>	<u>3,044,978</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,761,341</u>	<u>\$ 2,464,566</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Cash Paid for Interest	\$ 9,145	\$ 8,664
Cash Paid for Income Taxes	-	-

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities:

The General Conference of the Brethren in Christ (the BIC US) was incorporated on June 18, 1940 in the Commonwealth of Pennsylvania as a charitable, non-profit religious organization. The BIC US is supported by contributions from Brethren in Christ congregations as well as direct contributions from individuals and other entities.

Basis of Accounting:

The financial statements of the BIC US have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Basis of Presentation:

Financial statement presentation follows the *Not-for-Profit Entities* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) which requires the BIC US to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Contributions:

Contributions received are recorded as increases in net assets with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

The BIC US recognizes receipts when given by the supporting congregations. As a result, approximately twenty business days are required after year-end to properly recognize these December receipts. Additionally, the BIC US allows the Common Ministry Program to make the appropriate allocations to other BIC US programs and external organizations before the year-end close.

Ministry Activities:

The BIC US is strongly committed to functioning as one organization, in support of various ministries, as we seek to accomplish the mission of the church to make and grow disciples. The following list is illustrative of the ministry activities supported by the BIC US in 2019 and 2018:

- Regional Conference Leadership
- Commission on Ministry and Doctrine
 - Equipping for Ministry
- General Assembly Meeting
- Denominational Communications
- World Missions
 - Missionary Support
 - International Leadership Development
 - Global Compassion Fund
- Ministers Pension Fund

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fixed Assets:

It is the policy of the BIC US to record purchased fixed assets at cost and donated assets at their fair value at the date of donation. Depreciation is provided on the straight-line method over the estimated useful lives of the assets.

New acquisitions of fixed assets having a low acquisition cost, or which are not expected to last for more than a year, are expensed in the year of acquisition. Repairs and maintenance charges are capitalized and depreciated when they materially extend the useful life of the related asset.

Taxation:

The BIC US is exempt from federal income tax as provided by Code Section 501(c)(3) of the Internal Revenue Code. Donors are entitled to deductions for federal income tax purposes for contributions made to the BIC US in accordance with the Internal Revenue Code. Accordingly, no income tax is incurred unless the BIC US earns income considered to be unrelated business income. The BIC US conducted no activities that were subject to income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the BIC US, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the BIC US had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes has been included in the financial statements. With few exceptions, the BIC US is no longer subject to income tax examinations by the U.S. federal, state or local tax authorities for years before December 31, 2016.

Receivables:

Receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of outstanding balances, it has concluded that losses on balances outstanding at year-end will be immaterial.

Investments:

Investments are valued at their fair market values on a recurring basis in the Statements of Financial Position.

Fair Value Reporting requires an establishment of a hierarchy that ranks the quality and reliability of inputs, or assumptions, used in the determination of fair value and requires financial assets and liabilities carried at fair value to be classified and disclosed in one of the following three categories:

- Level 1 – Quoted prices in active markets for identical assets and liabilities
- Level 2 – Directly or indirectly observable inputs other than Level 1 quoted prices
- Level 3 – Unobservable inputs not corroborated by market data

For investments that have quoted market prices in active markets, the BIC US uses the quoted market prices as fair values and includes those investments in Level 1 of the fair value hierarchy. When quoted market prices in active markets are not available, various pricing services are used to determine fair value of investments that are included in Level 2 of the fair value hierarchy. Level 3 represents financial assets whose fair value is determined based upon inputs that are unobservable and include the BIC US's own determinations of the assumptions that a market participant would use in pricing the asset.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments (Continued):

Investment income, including realized and unrealized gains restricted by donors, is reported as an increase in net assets without donor restrictions if the restrictions are met (either a stipulated time period or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments are exposed to various risks, such as interest rate, market and credit. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible changes in risks in the near term would materially affect investment assets reported in the Statements of Financial Position and Activities.

Contributed Services:

The BIC US receives a substantial amount of donated services in carrying out the various ministries of the BIC US. No amounts have been reflected in the financial statements for those services since they do not meet the criteria for recognition.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash and Cash Equivalents:

For the purpose of the Statements of Cash Flows, cash and cash equivalents include all highly liquid investments with an initial maturity of three months or less.

Functional Allocation of Expenses:

The cost of providing the various programs and activities has been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 2 PENDING NEW ACCOUNTING PRONOUNCEMENT

In February 2016, FASB issued ASU No. 2016-02, *Leases*. The ASU introduces a lessee's model that brings most leases onto the Statement of Financial Position and aligns many of the underlying principles of the new lessor model with those in the new revenue recognition standard (ASU No. 2014-09). ASU No. 2016-02 is effective for annual periods beginning after December 15, 2020. The BIC US is currently assessing the impact this standard will have on its financial statements.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 3 AVAILABILITY AND LIQUIDITY

The following represents the BIC US's financial assets at December 31:

	<u>2019</u>	<u>2018</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 2,761,341	\$ 2,464,566
Investments	14,438,437	12,404,543
Other Receivables	<u>49,708</u>	<u>34,417</u>
Total Financial Assets	<u>17,249,486</u>	<u>14,903,526</u>
Less Amounts Not Available to be Used Within One Year		
Net Assets with Donor Restrictions	13,557,936	11,528,187
Board Designated Cash and Cash Equivalents	<u>1,412,133</u>	<u>1,412,133</u>
	<u>14,970,069</u>	<u>12,940,320</u>
Financial Assets Available to Meet Expenses Over the Next Year	<u>\$ 2,279,417</u>	<u>\$ 1,963,206</u>

The BIC US's plan is generally to maintain financial assets to meet 90 days of operating expenses.

NOTE 4 INVESTMENTS

Investments are summarized as follows at December 31, 2019 and 2018:

	<u>2019</u>	
	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 268,610	\$ 268,610
Stewardship Investment Certificates (SICs)	4,021,352	4,021,352
Trust Investments and Deposit Accounts (BICF)	<u>9,128,869</u>	<u>10,148,475</u>
Total	<u>\$ 13,418,831</u>	<u>\$ 14,438,437</u>
	<u>2018</u>	
	<u>Cost</u>	<u>Market Value</u>
Stewardship Investment Certificates (SICs)	\$ 3,915,461	\$ 3,915,461
Trust Investments and Deposit Accounts (BICF)	<u>8,702,134</u>	<u>8,489,082</u>
Total	<u>\$ 12,617,595</u>	<u>\$ 12,404,543</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 4 INVESTMENTS (CONTINUED)

Investment income (loss) is summarized as follows for the years ended December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Realized Gain on Sale of Investments	\$ 200,538	\$ 436,536
Unrealized Gain (Loss) on Investments	1,232,194	(986,956)
Interest and Dividends	326,742	254,859
Custodial Fees	<u>(45,690)</u>	<u>(45,225)</u>
Total	<u>\$ 1,713,784</u>	<u>\$ (340,786)</u>

NOTE 5 FAIR VALUE MEASUREMENTS

Fair values of investments and money markets are summarized as follows at December 31, 2019 and 2018:

	<u>December 31, 2019</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash & Cash Equivalents				
Money Market	\$ -	\$ 1,250,306	\$ -	\$ 1,250,306
Total Cash & Cash Equivalents	<u>-</u>	<u>1,250,306</u>	<u>-</u>	<u>1,250,306</u>
Investments				
Certificates of Deposit	-	268,610	-	268,610
Stewardship Investment Certificates (SICs)	-	4,021,352	-	4,021,352
Trust Investments and Deposit Accounts (BICF)	<u>-</u>	<u>10,148,475</u>	<u>-</u>	<u>10,148,475</u>
Total Investments	<u>-</u>	<u>14,438,437</u>	<u>-</u>	<u>14,438,437</u>
Total	<u>\$ -</u>	<u>\$ 15,688,743</u>	<u>\$ -</u>	<u>\$ 15,688,743</u>

	<u>December 31, 2018</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash & Cash Equivalents				
Money Market	\$ -	\$ 1,242,686	\$ -	\$ 1,242,686
Total Cash & Cash Equivalents	<u>-</u>	<u>1,242,686</u>	<u>-</u>	<u>1,242,686</u>
Investments				
Stewardship Investment Certificates (SICs)	-	3,915,461	-	3,915,461
Trust Investments and Deposit Accounts (BICF)	<u>-</u>	<u>8,489,082</u>	<u>-</u>	<u>8,489,082</u>
Total Investments	<u>-</u>	<u>12,404,543</u>	<u>-</u>	<u>12,404,543</u>
Total	<u>\$ -</u>	<u>\$ 13,647,229</u>	<u>\$ -</u>	<u>\$ 13,647,229</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2:

Money Market Funds – valued at the net asset value (NAV) of shares held by the BIC US at year-end. NAV is used as a practical expedient to fair value and shares may be redeemed on a daily basis. Money Market Funds are held with the Brethren in Christ Foundation, Inc. (BIC Foundation) and are considered to be Level 2.

BIC Foundation Stewardship Investment Certificates – investment in Stewardship Investment Certificates (SICs) are held with the BIC Foundation and considered to be a Level 2 Investment. These SICs are similar to a certificate of deposit and valued at cost.

Certificates of Deposit – investment in certificates of deposit (CDs) are held with the BIC Foundation and considered to be a Level 2 Investment. The CDs are valued at cost.

The BIC US's trust investments and deposit accounts held with the BIC Foundation are considered Level 2. A description of the various investments is as follows:

BIC Foundation Growth with Income Fund – a non-quoted investment fund which only invests in financial assets quoted in active markets. The Growth with Income Fund's investment objective is asset growth and protection against inflation by investing primarily in stocks, combined with secondary components in bonds and short-term/money market investments. Any amount can be withdrawn from an account up to the total account balance.

BIC Foundation Fixed Income Fund – a non-quoted investment fund which only invests in financial assets quoted in active markets. The Fixed Income Fund's investment objective is to seek a higher and more sustainable level of interest income and not long-term growth in capital by investing in fixed income holdings of U.S. government or U.S. government agencies with a 60% target allocation to U.S. agency mortgage-backed securities and 40% to U.S. short-term treasury securities. Any amount can be withdrawn from an account up to the total account balance.

Mutual Funds – valued at the net asset value (NAV) of share held by the Plan at year-end. NAV is used as a practical expedient to fair value and shares may be redeemed on a daily basis.

NOTE 6 EDUCATION LOANS RECEIVABLE

Individuals who are accepted for service with Brethren in Christ U.S. World Missions (BICUSWM), who have educational debts, may apply in writing for educational debt assistance. Educational debts approved for reimbursement will be paid based on ten percent (10%) of the original amount of the loan (at the time of appointment) per year for ten (10) years. Payments made will range from a minimum of \$1,000 to a maximum of \$2,500. Maximum lifetime education debt assistance is limited to \$25,000. For individuals accepted for service with BICUSWM but needing further education, BICUSWM will pay for such education as a loan. A "credit" is given to the missionaries for each year of service, based on an approved credit schedule. If the credits for years of service are less than the loan payments made by BICUSWM when a missionary completes his or her service, the difference will be paid back to BICUSWM by the missionary. The receivable due back to BICUSWM was \$10,239 and \$3,618 at December 31, 2019 and 2018, respectively.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 7 ASEL RECEIVABLE

From time to time, the BIC US makes Appreciation Sharing Equity Loans (ASEL) to BIC US executives for the purpose of purchasing their residence. These interest-free loans will be repaid upon the sale of the residence. Three loans were outstanding, totaling \$88,941, at December 31, 2019 and 2018. These notes are secured by a mortgage deed of trust or security deed.

NOTE 8 OTHER RECEIVABLES

Other receivables consisted of the following at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Shared Services Receivables	\$ 43,708	\$ 28,417
Administrative and Other Advances	<u>6,000</u>	<u>6,000</u>
Total	<u>\$ 49,708</u>	<u>\$ 34,417</u>

NOTE 9 NOTES RECEIVABLE

Notes receivable are summarized as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Missionary Loan	\$ 28,000	\$ -
Forest Gate Loan	3,030	8,746
Hoyo-Spain Church Receivable	<u>183,456</u>	<u>187,875</u>
Total Notes Receivable	<u>\$ 214,486</u>	<u>\$ 196,621</u>

During 2019, the BIC US entered into a note receivable agreement with a missionary for \$28,000. Starting in 2020, the missionary will begin paying interest at a rate of 1.68% per annum. The unpaid principal shall be payable in full on any future date on which the BIC US demands repayment. The BIC US will provide a 90-day notice to the missionary. The balance was \$28,000 and \$0 at December 31, 2019 and 2018, respectively.

During 1999, the BIC US entered into a note receivable agreement with a reverend for \$110,000. The reverend is to make monthly payments in the amount of \$408 at 5.5% and 5.0% interest during the years ended December 31, 2019 and 2018, respectively. The balance was \$3,030 and \$8,746 at December 31, 2019 and 2018, respectively.

During 2014, the BIC US entered into a note receivable agreement with a church for \$216,480. The church is to make monthly payments in the amount of \$1,102 and \$1,065 at 4.75% and 4.25% interest during the years ended December 31, 2019 and 2018, respectively. The balance was \$183,456 and \$187,875 at December 31, 2019 and 2018, respectively.

NOTE 10 MASP EMPLOYEE HEALTHCARE ASSISTANCE BENEFIT PROGRAM

The BIC US participates in a self-funded employee healthcare assistance benefit program, Mutual Aid Sharing Program (MASP). The MASP is a not-for-profit employee benefit plan whereby mission and service agencies of the Anabaptist Community share with each other the cost of providing healthcare assistance and death benefits to their employees.

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 10 MASP EMPLOYEE HEALTHCARE ASSISTANCE BENEFIT PROGRAM (CONTINUED)

Under the MASP, the BIC US is responsible for claims up to the retention of \$20,000 per person (retained claims). Claims in excess of the retention up to \$250,000 will be pooled with the other agencies. Claims in excess of the retention and the \$250,000 are reinsured by a stop loss policy that covers all MASP agencies. The stop loss reinsurance defines a claim as the total medical claims per individual per MASP fiscal year (October 1 through September 30). The BIC US has expensed its retained claims and its monthly payments to the MASP for its expected share of pooled claims and administrative costs including stop loss premiums. The payments include the actuarially projected amount to cover claims that exceed the agency retention up to \$250,000. The actual amount may differ from this estimate based on the organization's and pooled agencies' actual experience.

The MASP maintains a reserve fund, which can be drawn upon in the event of a large single claim or a series of large claims or if the MASP chooses to allocate a portion of the reserve fund to lower the aggregate shared claims limit. Claims are expensed as incurred. The BIC US has determined its estimated share of the reserve fund to be \$145,381 and \$151,278 at December 31, 2019 and 2018, respectively. These funds are included in Other Assets.

NOTE 11 FIXED ASSETS

Fixed assets are summarized as follows at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Real Estate	\$ 145,966	\$ 145,966
Furniture and Equipment	<u>127,648</u>	<u>111,072</u>
	273,614	257,038
Less: Accumulated Depreciation	<u>(159,261)</u>	<u>(144,711)</u>
Fixed Assets, Net	<u>\$ 114,353</u>	<u>\$ 112,327</u>

The estimated useful lives for purposes of computing depreciation are as follows:

Real Estate	40 years
Furniture and Equipment	3-10 years

Depreciation expense was \$27,294 and \$27,745 for the years ended December 31, 2019 and 2018, respectively.

NOTE 12 BOARD DESIGNATED CASH AND CASH EQUIVALENTS

Board designated cash and cash equivalents at December 31, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Other – Global	\$ 687,358	\$ 687,358
Honor the Past – Build the Future	<u>724,775</u>	<u>724,775</u>
Total	<u>\$ 1,412,133</u>	<u>\$ 1,412,133</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Perpetually Restricted Net Assets – Endowment Funds

Interpretation of Relevant Law

In August 2008, The Financial Accounting Standards Board issued FASB ASC 958-204-45-28 through 45-31, “Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act and Enhanced Disclosures for all Endowment Funds.”

The staff position provides guidance on the net asset classification of donor-restricted endowment funds and requires additional disclosures about an organization’s endowment funds, both donor-restricted and board-designated.

The BIC US has interpreted the law that underlies the net asset classification of donor-restricted endowment funds as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit instructions. As a result of this interpretation, the BIC US classifies as perpetually restricted net assets (1) the original value of gifts to the perpetual endowment, (2) the original value of subsequent gifts to the perpetual endowment, and (3) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument. Absent explicit instructions from the donor, investment income from perpetually restricted funds is classified as purpose restricted and expensed as permitted by established endowment fund spending policies.

The BIC US considers the following factors when receiving 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 the appreciation of investments
6. Other resources of the organization
7. The investment policies of the organization

Investment Management Policy

Perpetually donor-restricted gifts are generally given with the donors’ expectations that the funds will stay intact and grow from or at a minimum provide earnings that can be used to fund the purposes specified in the corresponding trust instrument. Therefore, the funds should be invested in accordance with these general policies:

1. *Preservation of Capital* – Both with respect to the overall Fund and to the assets assigned to each investment manager, the Finance Committee and the investment managers should make conscious efforts to preserve capital, understanding that losses may occur in individual securities.
2. *Risk Aversion* – Understanding that risk is present in all types of securities and investment styles, the Finance Committee recognizes that some risk is necessary to produce long-term investment results sufficient to meet the Fund’s objectives. However, investment managers are to make reasonable efforts to control risk, and they will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. *Adherence to Investment Discipline* – Investment managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Investment Objectives

Specifically, the primary objective in the investment management of fund assets shall be:

- To preserve purchasing power after spending
- To achieve returns that are more than the rate of inflation plus spending over the investment horizon in order to preserve purchasing power of fund assets
- To control risk in the investment of fund assets

Handling of Income from Endowment Fund Investments

All income earned, whether interest income, dividend income, or gains realized and unrealized will be classified as purpose restricted until appropriated for expenditure by the BIC US. There are no restrictions on the use of the income other than time and purpose restrictions established by the trust instrument or board-designated.

Changes in endowment net assets for the year ended December 31, 2019 are as follows:

	<u>Perpetual</u>
Contributions to Perpetual Endowment	\$ 51,664
Amounts Appropriated for Expenditure	<u>-</u>
Total Change in Endowment Funds	<u>\$ 51,664</u>

Changes in endowment net assets for the year ended December 31, 2018 are as follows:

	<u>Perpetual</u>
Contributions to Perpetual Endowment	\$ 2,000
Amounts Appropriated for Expenditure	<u>-</u>
Total Change in Endowment Funds	<u>\$ 2,000</u>

Perpetually restricted net assets at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Leadership Training Endowment	\$ 641,375	\$ 641,375
New Frontiers Endowment	445,038	445,038
Shaping Leaders for Tomorrow (Formerly Seminary Students)	1,535,549	1,485,885
Spouses Training	13,745	13,745
Smith Pastoral Training	65,458	63,458
Renewal/Refocus Endowment	11,801	11,801
World Missions – S. Africa Women’s Ed. Fund	<u>71,561</u>	<u>71,561</u>
Total	<u>\$ 2,784,527</u>	<u>\$ 2,732,863</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Time and Purpose Restricted Net Assets

Purpose restricted net assets at December 31, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Other – National	\$ 18,926	\$ 18,599
Shaping Leaders for Tomorrow	437,259	253,570
Honoring Leaders of Yesterday	70,489	69,982
CMD – Special Projects	9,039	9,089
Kipe Seminary Special Training	16,120	12,938
Smith Pastoral Training	8,303	1,723
Renewal/Refocus	18,029	14,851
Honor the Past – Build the Future	3,246,329	2,274,312
Other – Global	1,229,710	1,337,370
Thrive – Global	2,403	2,403
Global Special Projects	520,502	364,371
Spice Gift – Global	39,953	48,754
Leadership Training – Global	1,405,625	1,139,681
Personnel Training – Global	982,927	861,713
New Frontiers – Global	354,957	243,017
So. African Women’s Ed. Fund – Global	48,898	31,482
ECP – Global	371,485	328,149
Emergency Risk Mgt. – Global	543,841	535,343
Global Compassion – Global	115,694	92,483
Crisis Management – Global	59,553	44,258
Missionaries – Global	<u>1,273,367</u>	<u>1,111,236</u>
 Total	 <u>\$ 10,773,409</u>	 <u>\$ 8,795,324</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 13,557,936</u>	 <u>\$ 11,528,187</u>

NOTE 14 NOTES PAYABLE

Note 1

During 1999, the BIC US entered into a thirty-year note payable with the Brethren in Christ Foundation for \$110,000. Interest of 5.5% and 5.0% is charged on the remaining balance with a monthly principal and interest payment of \$408 at December 31, 2019 and 2018, respectively. Interest expense was \$340 and \$585 for the years ended December 31, 2019 and 2018, respectively. Minimum principal maturities for the subsequent year are as follows:

<u>Year</u>	<u>Amount</u>
2020	<u>\$ 3,030</u>
Total	<u>\$ 3,030</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 14 NOTES PAYABLE (CONTINUED)

Note 2

During 2013, the BIC US entered into a thirty-year note payable with the Brethren in Christ Foundation for \$216,480. The interest rate is variable at the sole discretion of the lender and was 4.75% and 4.25% at December 31, 2019 and 2018, respectively. Monthly installments of principal and interest are \$1,102 and \$1,065 during the years ended December 31, 2019 and 2018, respectively. Interest expense was \$8,805 and \$8,079 for the years ended December 31, 2019 and 2018, respectively.

Minimum principal maturities for each of the subsequent five years are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 4,633
2021	4,858
2022	5,094
2023	5,341
2024	5,601
Thereafter	<u>157,929</u>
Total	<u>\$ 183,456</u>

Total notes payable at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Note 1	\$ 3,030	\$ 8,746
Note 2	<u>183,456</u>	<u>187,875</u>
Total	<u>\$ 186,486</u>	<u>\$ 196,621</u>

NOTE 15 RELATED ENTITY

The BIC Foundation owns the building in Pennsylvania which serves as facilities for its principal office. The building is utilized by the BIC Foundation and the BIC US. No rental or lease payments are made to the BIC Foundation, but operating and maintenance costs of the building are shared by the BIC Foundation and the BIC US on a pro rata basis. Operating and maintenance costs paid to the BIC Foundation were \$34,209 and \$39,249 during the years ended December 31, 2019 and 2018, respectively.

The BIC US provided services to the BIC Foundation for personnel services including, but not limited to, accounting, communications, human resources, benefit placement, and operational management. Costs for these services paid to the BIC US totaled \$23,843 and \$28,043 during the years ended December 31, 2019 and 2018, respectively.

The BIC US owed the BIC Foundation \$12,959 and \$14,439 at December 31, 2019 and 2018, respectively.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 16 RETIREMENT PLANS

The BIC US has a 403(b)(9) Retirement Income Account plan. This plan covers all employees of the BIC US beginning at date of hire. Employees can contribute a percentage of their compensation each year up to specified limits. The BIC US made contributions to this plan on behalf of employees at a rate of 5.0% along with matching up to an additional 5.0% for 2019. The BIC US made contributions to this plan on behalf of employees at a rate of 5.5% along with matching up to an additional 4.5% for 2018. The BIC US contributed \$218,356 and \$208,707 to the plan during December 31, 2019 and 2018, respectively.

The BIC US maintains the Brethren in Christ Minister's Pension Fund (the Plan) which is a single-employer defined-benefit pension plan. The Plan covers all ordained or licensed senior pastors and pastors of single-pastor congregations; ordained or licensed full-time associate pastors, Christian education, or youth ministers; and ordained or licensed ministers of other denominational boards and agencies. Normal monthly retirement benefits are equal to \$9.00 multiplied by the years of benefit service up to a maximum of 40 years of benefit service. In addition, the Plan provides for death benefits for eligible participants. As of December 31, 2009, the Plan was "frozen," allowing no new participants to be added after that point.

The BIC US pays the full cost of the Plan, and employee contributions are not required. During 2019 and 2018, the BIC US requested that the congregation for each eligible participant contribute \$1,200 into the Plan to provide the necessary funding of the Plan's obligations. A \$0 and \$62,500 contribution, in addition to the annual contribution for the ordained or licensed ministers of the BIC US, was provided by the BIC US during the years ended December 31, 2019 and 2018, respectively.

The annual measurement date is December 31 for the pension benefits. The following tables provide further information about the BIC US's pension plan.

The following sets forth the Plan's actuarially determined funded status at December 31, 2019:

Obligations and Funded Status for 2019:

Benefit Obligation at December 31, 2019	\$ <u>8,639,224</u>
Fair Value of Plan Assets at December 31, 2018	5,460,012
Employer Contributions	8,190
Actual Return on Assets	392,715
Benefit Payments	(646,614)
Fair Value of Plan Assets at December 31, 2019	<u>5,214,303</u>
Net Unfunded Status of the Plan at December 31, 2019	<u>\$ 3,424,921</u>

Net Periodic Pension Cost for 2019:

Service Cost	\$ -
Interest Cost	306,200
Expected Return on Plan Assets	(237,849)
Amortization of Net Transition (Asset) or Obligation	-
Amortization of Prior Service Cost	-
Amortization of Net (Gain) or Loss	<u>203,591</u>
Net Periodic Pension Cost for Period 1/1/2019 to 12/31/2019	<u>\$ 271,942</u>

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 16 RETIREMENT PLANS (CONTINUED)

Items Not Yet Recognized as a Component of Net Periodic Pension Cost for 2019:

Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2018	\$ 4,367,599
Amortization of Net Transition Asset or (Obligation)	-
Amortization of Prior Service Cost	-
Amortization of Net Gain or (Loss)	(203,591)
Change Due to Change in Experience and Assumptions at 12/31/2019	327,621
Change Due to Plan Amendment	-
Experience (Gain) or Loss at 1/1/2019	162,242
Asset (Gain) or Loss	<u>(154,866)</u>
 Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2019	 <u>\$ 4,499,005</u>

Assumptions:

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31, 2019:

Discount Rate	3.00 %
Rate of Compensation Increase	0.00 %

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Year Ended December 31, 2019:

Discount Rate	3.00 %
Expected Return on Plan Assets	5.50 %
Rate of Compensation Increase	0.00 %

The BIC US's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

Plan Assets:

The BIC US's pension plan weighted-average asset allocations at December 31, 2019, by asset category are as follows:

<u>Asset Category</u>	<u>Percentage</u>
Real Estate	5.37 %
Cash/Money Market Funds/SICs	68.63 %
International Equities	4.50 %
Large Cap Equities	8.02 %
Fixed Income – US	10.90 %
Fixed Income – International	<u>2.58 %</u>
 Total	 <u>100.00 %</u>

All assets are considered Level 1 or 2.

Mutual Funds – Valued at the net asset value (NAV) of share held by the Plan at year-end. NAV is used as a practical expedient to fair value and shares may be redeemed on a daily basis.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 16 RETIREMENT PLANS (CONTINUED)

BIC Foundation Stewardship Investment Certificates – The Plan’s investment in Stewardship Investment Certificates (SICs) are held with the Foundation and considered to be a Level 2 Investment. These SICs are similar to a certificate of deposit and valued at cost.

Cash Flows:

Contributions – The BIC US expects contributions of \$0 to its pension plan in 2020.

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2020	\$ 721,235
2021	722,651
2022	671,405
2023	656,143
2024	623,473
Years 2025-2029	<u>2,742,445</u>
Total	<u>\$ 6,137,352</u>

The following sets forth the Plan’s actuarially determined funded status at December 31, 2018:

Obligations and Funded Status for 2018:

Benefit Obligation at December 31, 2018	\$ <u>8,489,775</u>
Fair Value of Plan Assets at December 31, 2017	6,099,176
Employer Contributions	76,663
Actual Return on Assets	(5,028)
Benefit Payments	(710,799)
Fair Value of Plan Assets at December 31, 2018	<u>5,460,012</u>
Net Unfunded Status of the Plan at December 31, 2018	\$ <u>3,029,763</u>

Net Periodic Pension Cost for 2018:

Service Cost	\$ -
Interest Cost	316,091
Expected Return on Plan Assets	(295,990)
Amortization of Net Transition (Asset) or Obligation	-
Amortization of Prior Service Cost	-
Amortization of Net (Gain) or Loss	<u>177,582</u>
Net Periodic Pension Cost for Period 1/1/2018 to 12/31/2018	\$ <u>197,683</u>

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 16 RETIREMENT PLANS (CONTINUED)

Items Not Yet Recognized as a Component of Net Periodic Pension Cost for 2018:

Items Not Yet Recognized as a Component of	
Net Period Pension Cost at 12/31/2017	\$ 4,206,560
Amortization of Net Transition Asset or (Obligation)	-
Amortization of Prior Service Cost	-
Amortization of Net Gain or (Loss)	(177,582)
Change Due to Change in Experience and Assumptions at 12/31/2018	(20,385)
Change Due to Plan Amendment	-
Experience (Gain) or Loss at 1/1/2018	57,988
Asset (Gain) or Loss	<u>301,018</u>

Items Not Yet Recognized as a Component of	
Net Period Pension Cost at 12/31/2018	<u>\$ 4,367,599</u>

Assumptions:

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31, 2018:

Discount Rate	3.75 %
Rate of Compensation Increase	0.00 %

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Year Ended December 31, 2018:

Discount Rate	3.75 %
Expected Return on Plan Assets	5.50 %
Rate of Compensation Increase	0.00 %

The BIC US's expected rate of return on plan assets is determined by the plan assets' historical long-term investment performance, current asset allocation, and estimates of future long-term returns by asset class.

Plan Assets:

The BIC US's pension plan weighted-average asset allocations at December 31, 2018, by asset category are as follows:

<u>Asset Category</u>	<u>Percentage</u>
Real Estate	4.57 %
Cash/Money Market Funds/SICs	62.62 %
International Equities	6.76 %
Large Cap Equities	11.46 %
Fixed Income – US	10.47 %
Fixed Income – International	<u>4.12 %</u>
 Total	 <u>100.00 %</u>

All assets are considered Level 1 or 2.

Mutual Funds – Valued at the net asset value (NAV) of share held by the Plan at year-end. NAV is used as a practical expedient to fair value and shares may be redeemed on a daily basis.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 16 RETIREMENT PLANS (CONTINUED)

BIC Foundation Stewardship Investment Certificates – The Plan’s investment in Stewardship Investment Certificates (SICs) are held with the Foundation and considered to be a Level 2 Investment. These SICs are similar to a certificate of deposit and valued at cost.

Cash Flows:

Contributions – The BIC US expects contributions of \$10,104 to its pension plan in 2019.

Estimated Future Benefit Payments – The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

2019	\$ 717,843
2020	706,641
2021	716,115
2022	662,132
2023	649,135
Years 2024-2028	<u>2,874,961</u>
Total	<u>\$ 6,326,827</u>

NOTE 17 CONCENTRATED CREDIT RISK

The BIC Foundation is a denominationally owned and sponsored corporation consisting of two divisions which holds investments for the BIC US. The Trust Division handles investments on behalf of church agencies. The Brotherhood Loan Fund Division serves the church in a manner similar to that of a credit union. This division accepts deposits from individuals and church agencies and loans funds to congregations and pastors for real estate transactions. The investments of the BIC US are held by the BIC Foundation, which are neither insured by any private or governmental agency, nor are the balances fully collateralized. Therefore, an off-balance-sheet and a concentrated credit risk exist.

Financial instruments that potentially subject the BIC US to concentrations of credit risk consist principally of cash and cash equivalents held with financial institutions. Accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. The BIC US’s accounts at a financial institution exceeded the insurance obtained through the FDIC. Amounts in excess of the FDIC limit totaled \$789,276 and \$562,265 at December 31, 2019 and 2018, respectively.

NOTE 18 RECLASSIFICATIONS

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

NOTE 19 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 16, 2020, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2019, the BIC US has been operating in an environment that has been economically impacted by the COVID-19 pandemic. The full impact of the pandemic on the BIC US is not known as of the release of these financial statements. However, management is monitoring the current conditions and their potential impact.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2019 and 2018

NOTE 19 SUBSEQUENT EVENTS (CONTINUED)

Subsequent to December 31, 2019, as part of the CARES Act, the BIC US received a Paycheck Protection Program loan from the Small Business Administration for \$480,814. The BIC US intends to apply for the loan forgiveness feature of this program. However, as of the release of these financial statements, these funds are considered a loan.