

**GENERAL CONFERENCE OF THE
BRETHREN IN CHRIST
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2020 AND 2019
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, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying financial statements of General Conference of the Brethren in Christ (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of General Conference of the Brethren in Christ as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of General Conference of the Brethren in Christ 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 a Matter

As further explained in Note 19, 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.

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 General Conference of the Brethren in Christ's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Members of the American and Pennsylvania Institutes of CPAs

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

June 10, 2021

Mechanicsburg, Pennsylvania



Certified Public Accountants

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statements of Financial Position

December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash and Cash Equivalents	\$ 5,018,903	\$ 2,761,341
Investments (Note 4)	11,232,910	11,653,909
Investments Restricted for Perpetual Endowments (Note 4, Note 13)	2,786,528	2,784,528
Education Loans Receivable (Note 6)	13,109	10,239
ASEL Receivable (Note 7)	88,941	88,941
Other Receivables (Note 8)	41,978	49,708
Notes Receivable (Note 9)	207,975	214,486
Other Assets	204,343	252,310
Fixed Assets, Net (Note 11)	<u>151,261</u>	<u>114,353</u>
 Total Assets	 <u>\$ 19,745,948</u>	 <u>\$ 17,929,815</u>
Liabilities		
Accounts Payable	\$ 143,570	\$ 122,001
Accrued Wages and Vacation Payable	24,323	14,260
Deposit Agreements	5,000	5,000
Notes Payable (Note 14)	179,975	186,486
Liability for Pension Benefit (Note 16)	<u>3,184,804</u>	<u>3,424,921</u>
 Total Liabilities	 <u>3,537,672</u>	 <u>3,752,668</u>
Net Assets		
Without Donor Restrictions	1,563,463	619,211
With Donor Restrictions (Note 13)	<u>14,644,813</u>	<u>13,557,936</u>
 Total Net Assets	 <u>16,208,276</u>	 <u>14,177,147</u>
 Total Liabilities and Net Assets	 <u>\$ 19,745,948</u>	 <u>\$ 17,929,815</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, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Operating Revenue			
Contributions	\$ 2,852,837	\$ 2,904,651	\$ 5,757,488
Investment Income (Note 4)	118,611	1,132,696	1,251,307
Other	54,230	-	54,230
Net Assets Released From Restrictions	<u>2,950,470</u>	<u>(2,950,470)</u>	<u>-</u>
Total Operating Revenue	<u>5,976,148</u>	<u>1,086,877</u>	<u>7,063,025</u>
Operating Expenses			
Program Services	4,468,170	-	4,468,170
Supporting Services			
Management and General	711,056	-	711,056
Fundraising	<u>17,114</u>	<u>-</u>	<u>17,114</u>
Total Operating Expenses	<u>5,196,340</u>	<u>-</u>	<u>5,196,340</u>
Non-Operating Revenue			
Paycheck Protection Program Loan Forgiveness (Note 17)	-	480,814	480,814
Net Assets Released from Restrictions	<u>480,814</u>	<u>(480,814)</u>	<u>-</u>
Total Non-Operating Revenue	<u>480,814</u>	<u>-</u>	<u>480,814</u>
Increase in Net Assets	1,260,622	1,086,877	2,347,499
Net Assets, Beginning of Year	619,211	13,557,936	14,177,147
Pension-Related Changes Other Than			
Net Periodic Pension Cost	<u>(316,370)</u>	<u>-</u>	<u>(316,370)</u>
Net Assets, End of Year	<u>\$ 1,563,463</u>	<u>\$ 14,644,813</u>	<u>\$ 16,208,276</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 Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Business Meals	\$ 12,663	\$ 82	\$ -	\$ 12,745
Church Planting Grants – Domestic	169,900	-	-	169,900
Church Planting Grants – Global	18,568	-	-	18,568
Conferences & Events	2,106	-	-	2,106
Contracted Services	147,712	22,226	-	169,938
Depreciation Expense	22,331	1,137	-	23,468
Disability Insurance	19,030	628	-	19,658
Global Compassion Aid	111,789	-	-	111,789
Leadership Training Scholarships	40,948	-	-	40,948
Maintenance	25,150	-	-	25,150
Memberships	18,476	1,124	-	19,600
Ministry Project Grants	379,139	-	-	379,139
Office Expenses	83,251	33,018	-	116,269
Other	37,355	-	-	37,355
Periodic Pension Costs	-	243,513	-	243,513
Printing & Promotion	14,560	395	1,837	16,792
Regional Conference Ministry Grant	126,000	-	-	126,000
Rent Expense	45,255	9,039	-	54,294
Salary & Benefits	2,648,951	398,119	15,277	3,062,347
Seminary Grants	23,000	-	-	23,000
Shaping Leaders for Tomorrow Grant	22,824	-	-	22,824
SPICE Sponsorship Grants	154,871	-	-	154,871
Support of Related Organizations	164,242	-	-	164,242
Training & Development	35,273	1,736	-	37,009
Travel Expenses	144,776	39	-	144,815
	<u>\$ 4,468,170</u>	<u>\$ 711,056</u>	<u>\$ 17,114</u>	<u>\$ 5,196,340</u>
Total Expenses				

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, 2019

	Program Services	Supporting Services		Total
		Management and 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

Statements of Cash Flows

For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Increase in Net Assets	\$ 2,347,499	\$ 2,136,686
Adjustment to Reconcile Increase in Net Assets to		
Net Cash and Cash Equivalents Provided by Operating Activities:		
Realized Gain on Sale of Investments	(476,615)	(200,538)
Unrealized Gain on Investments	(509,852)	(1,232,194)
Contributions Received Restricted for Perpetual Endowment	(2,000)	(51,664)
Paycheck Protection Program Loan Forgiveness	(480,814)	-
Depreciation Expense	23,468	27,294
(Increase) Decrease in:		
Education Loans Receivable	(2,870)	(6,621)
Other Receivables	7,730	(15,291)
Notes Receivable	6,511	(17,865)
Other Assets	47,967	(27,827)
Increase (Decrease) in:		
Accounts Payable	21,569	2,413
Accrued Wages and Vacation Payable	<u>10,063</u>	<u>(607)</u>
Net Cash and Cash Equivalents Provided by Operating Activities	<u>992,656</u>	<u>613,786</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(508,645)	(909,169)
Proceeds from Sale of Investments	1,914,111	308,007
Purchase of Fixed Assets	<u>(60,376)</u>	<u>(29,320)</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities	<u>1,345,090</u>	<u>(630,482)</u>
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	(6,511)	(10,135)
Contributions Received Restricted for Perpetual Endowment	2,000	51,664
Proceeds from Paycheck Protection Program Loan	480,814	-
Change in Ministers Pension Fund Components	<u>(556,487)</u>	<u>271,942</u>
Net Cash and Cash Equivalents Provided (Used) by Financing Activities	<u>(80,184)</u>	<u>313,471</u>
Net Increase in Cash and Cash Equivalents	2,257,562	296,775
Cash and Cash Equivalents, Beginning of the Year	<u>2,761,341</u>	<u>2,464,566</u>
Cash and Cash Equivalents, End of Year	<u>\$ 5,018,903</u>	<u>\$ 2,761,341</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Cash Paid for Interest	\$ 8,725	\$ 9,145
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, 2020 and 2019

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 2020 and 2019:

- 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, 2020 and 2019

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, 2017.

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. Therefore, an allowance has not been established.

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, 2020 and 2019

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.

Paycheck Protection Program Loan:

The BIC US has elected to account for the Paycheck Protection Program Loan as a donor restricted contribution up to the amount eligible for loan forgiveness in accordance with FASB ASC 958-605.

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, 2021. 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, 2020 and 2019

NOTE 3 AVAILABILITY AND LIQUIDITY

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

	<u>2020</u>	<u>2019</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 5,018,903	\$ 2,761,341
Investments	14,019,438	14,438,437
Other Receivables	<u>41,978</u>	<u>49,708</u>
Total Financial Assets	<u>19,080,319</u>	<u>17,249,486</u>
Less Amounts Not Available to be Used		
Within One Year		
Net Assets with Donor Restrictions	14,644,813	13,557,936
Board-Designated Funds	<u>1,562,598</u>	<u>1,412,133</u>
	<u>16,207,411</u>	<u>14,970,069</u>
Financial Assets Available to Meet Expenses		
Over the Next Year	<u>\$ 2,872,908</u>	<u>\$ 2,279,417</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, 2020 and 2019:

	<u>2020</u>	
	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 303	\$ 303
Stewardship Investment Certificates (SICs)	4,190,208	4,190,208
Trust Investments and Deposit Accounts (BICF)	<u>8,300,975</u>	<u>9,828,927</u>
Total	<u>\$ 12,491,486</u>	<u>\$ 14,019,438</u>
	<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>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 4 INVESTMENTS (CONTINUED)

Investment income is summarized as follows for the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Realized Gain on Sale of Investments	\$ 476,615	\$ 200,538
Unrealized Gain on Investments	509,852	1,232,194
Interest and Dividends	312,448	326,742
Custodial Fees	<u>(47,608)</u>	<u>(45,690)</u>
Total	<u>\$ 1,251,307</u>	<u>\$ 1,713,784</u>

NOTE 5 FAIR VALUE MEASUREMENTS

Fair values of investments and money markets are summarized as follows at December 31, 2020 and 2019:

	<u>December 31, 2020</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and Cash Equivalents				
Money Market	<u>\$ -</u>	<u>\$ 2,512,762</u>	<u>\$ -</u>	<u>\$ 2,512,762</u>
Total Cash and Cash Equivalents	<u>-</u>	<u>2,512,762</u>	<u>-</u>	<u>2,512,762</u>
Investments				
Certificates of Deposit	-	303	-	303
Stewardship Investment Certificates (SICs)	-	4,190,208	-	4,190,208
Trust Investments and Deposit Accounts (BICF)	<u>-</u>	<u>9,828,927</u>	<u>-</u>	<u>9,828,927</u>
Total Investments	<u>-</u>	<u>14,019,438</u>	<u>-</u>	<u>14,019,438</u>
Total	<u>\$ -</u>	<u>\$ 16,532,200</u>	<u>\$ -</u>	<u>\$ 16,532,200</u>
	<u>December 31, 2019</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash and Cash Equivalents				
Money Market	<u>\$ -</u>	<u>\$ 1,250,306</u>	<u>\$ -</u>	<u>\$ 1,250,306</u>
Total Cash and 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>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)

Level 2:

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:

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.

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 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.

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 \$13,109 and \$10,239 at December 31, 2020 and 2019, respectively.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019. 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, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Shared Services Receivables	\$ 34,978	\$ 43,708
Administrative and Other Advances	<u>7,000</u>	<u>6,000</u>
Total	<u>\$ 41,978</u>	<u>\$ 49,708</u>

NOTE 9 NOTES RECEIVABLE

Notes receivable are summarized as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Missionary Loan	\$ 28,000	\$ 28,000
Forest Gate Loan	-	3,030
Hoyo-Spain Church Receivable	<u>179,975</u>	<u>183,456</u>
Total Notes Receivable	<u>\$ 207,975</u>	<u>\$ 214,486</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 at December 31, 2020 and 2019.

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 \$92 at 5.5% interest during the years ended December 31, 2020 and 2019. The balance was \$0 and \$3,030 at December 31, 2020 and 2019, 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 at 4.75% interest during the years ended December 31, 2020 and 2019. The balance was \$179,975 and \$183,456 at December 31, 2020 and 2019, 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 BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

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 BIC US'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 \$144,228 and \$145,381 at December 31, 2020 and 2019, respectively. These funds are included in Other Assets.

NOTE 11 FIXED ASSETS

Fixed assets are summarized as follows at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Real Estate	\$ 145,966	\$ 145,966
Furniture and Equipment	<u>178,649</u>	<u>127,648</u>
	324,615	273,614
Less: Accumulated Depreciation	<u>(173,354)</u>	<u>(159,261)</u>
Fixed Assets, Net	<u>\$ 151,261</u>	<u>\$ 114,353</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 \$23,468 and \$27,294 for the years ended December 31, 2020 and 2019, respectively.

NOTE 12 BOARD-DESIGNATED FUNDS

Board-designated funds at December 31, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Other – Global	\$ 687,358	\$ 687,358
Project 250 – National	150,465	-
Build the Future	<u>724,775</u>	<u>724,775</u>
Total	<u>\$ 1,562,598</u>	<u>\$ 1,412,133</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019

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 years ended December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Beginning of Year	\$ 2,784,528	\$ 2,732,864
Contributions to Perpetual Endowment	<u>2,000</u>	<u>51,664</u>
End of Year	<u>\$ 2,786,528</u>	<u>\$ 2,784,528</u>

Perpetually restricted net assets at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Leadership Training Endowment	\$ 641,376	\$ 641,376
New Frontiers Endowment	445,038	445,038
Shaping Leaders for Tomorrow (Formerly Seminary Students)	1,535,549	1,535,549
Spouses Training	13,745	13,745
Smith Pastoral Training	67,458	65,458
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>\$ 2,786,528</u>	<u>\$ 2,784,528</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Purpose Restricted Net Assets

Purpose restricted net assets at December 31, 2020 and 2019 are available for the following purposes:

	<u>2020</u>	<u>2019</u>
Other – National	\$ 20,698	\$ 18,926
Shaping Leaders for Tomorrow	540,041	437,259
Honoring Leaders of Yesterday	72,482	70,489
CMD – Special Projects	32,784	9,039
Kipe Seminary Special Training	18,645	16,120
Smith Pastoral Training	12,680	8,303
Renewal/Refocus	20,307	18,029
Honor the Past	2,816,345	3,246,328
Build the Future	232,672	-
Other – Global	1,392,442	1,229,710
Thrive – Global	2,403	2,403
Global Special Projects	681,907	520,502
Project 250 – Global	100,000	-
Spice Gift – Global	16,076	39,953
Leadership Training – Global	1,607,036	1,405,625
Personnel Training – Global	1,068,563	982,927
New Frontiers – Global	449,227	354,957
So. African Women’s Ed. Fund – Global	63,540	48,898
ECP – Global	396,548	371,485
Emergency Risk Mgt. – Global	559,471	543,841
Global Compassion – Global	97,947	115,694
Crisis Management – Global	88,578	59,553
Missionaries – Global	<u>1,567,893</u>	<u>1,273,367</u>
Total	<u>\$ 11,858,285</u>	<u>\$ 10,773,408</u>
Total Net Assets with Donor Restrictions	<u>\$ 14,644,813</u>	<u>\$ 13,557,936</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% is charged on the remaining balance with a monthly principal and interest payment of \$92 at December 31, 2020 and 2019. Interest expense was \$51 and \$340 for the years ended December 31, 2020 and 2019, respectively.

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% at December 31, 2020 and 2019. Monthly installments of principal and interest are \$1,102 during the years ended December 31, 2020 and 2019. Interest expense was \$8,674 and \$8,805 for the years ended December 31, 2020 and 2019, respectively.

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 14 NOTES PAYABLE (CONTINUED)

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

<u>Year</u>	<u>Amount</u>
2021	\$ 5,594
2022	5,839
2023	6,095
2024	6,363
2025	6,642
Thereafter	<u>149,442</u>
Total	<u>\$ 179,975</u>

Total notes payable at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Note 1	\$ -	\$ 3,030
Note 2	<u>179,975</u>	<u>183,456</u>
Total	<u>\$ 179,975</u>	<u>\$ 186,486</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 \$34,852 and \$34,209 during the years ended December 31, 2020 and 2019, 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 \$23,878 and \$23,843 during the years ended December 31, 2020 and 2019, respectively.

The BIC US owed the BIC Foundation \$13,432 and \$12,959 at December 31, 2020 and 2019, respectively.

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 2020 and 2019. The BIC US contributed \$190,637 and \$218,356 to the plan during the years ended December 31, 2020 and 2019, respectively.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 16 RETIREMENT PLANS (CONTINUED)

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 2010, the Plan Trustees requested that employers of eligible participants of the Plan contribute \$1,200 for participants who had not yet reached 55 years of age with 20 years of service or normal retirement year. This request expired at December 31, 2019, and was not renewed for future years. An \$800,002 and \$8,190 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, 2020 and 2019, 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, 2020:

Obligations and Funded Status for 2020:

Benefit Obligation at December 31, 2020	<u>\$ 8,780,678</u>
Fair Value of Plan Assets at December 31, 2019	5,214,303
Employer Contributions	800,002
Actual Return on Assets	247,439
Benefit Payments	(665,870)
Fair Value of Plan Assets at December 31, 2020	<u>5,595,874</u>
Net Unfunded Status of the Plan at December 31, 2020	<u>\$ 3,184,804</u>

Net Periodic Pension Cost for 2020:

Service Cost	\$ -
Interest Cost	247,666
Expected Return on Plan Assets	(237,278)
Amortization of Net Transition (Asset) or Obligation	-
Amortization of Prior Service Cost	-
Amortization of Net (Gain) or Loss	<u>233,125</u>
Net Periodic Pension Cost for Period 1/1/2020 to 12/31/2020	<u>\$ 243,513</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 16 RETIREMENT PLANS (CONTINUED)

Items Not Yet Recognized as a Component of Net Periodic Pension Cost for 2020:

Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2019	\$ 4,499,005
Amortization of Net Transition Asset or (Obligation)	-
Amortization of Prior Service Cost	-
Amortization of Net Gain or (Loss)	(233,125)
Change Due to Change in Experience and Assumptions at 12/31/2020	454,200
Change Due to Plan Amendment	-
Experience (Gain) or Loss at 1/1/2020	105,458
Asset (Gain) or Loss	<u>(10,161)</u>
 Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2020	 <u>\$ 4,815,377</u>

Assumptions:

Weighted-Average Assumptions Used to Determine Benefit Obligations at December 31, 2020:

Discount Rate	2.25 %
Rate of Compensation Increase	0.00 %

Weighted-Average Assumptions Used to Determine Net Periodic Benefit Cost for Year Ended December 31, 2020:

Discount Rate	2.25 %
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, 2020, by asset category are as follows:

<u>Asset Category</u>	<u>Percentage</u>
Real Estate	4.39 %
Cash/Money Market Funds/SICs	64.72 %
International Equities	2.29 %
Large Cap Equities	11.37 %
Fixed Income	<u>17.23 %</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 BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 16 RETIREMENT PLANS (CONTINUED)

BIC Foundation Stewardship Investment Certificates – The Plan’s 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.

Cash Flows:

Contributions – The BIC US expects contributions of \$800,000 to its pension plan in 2021.

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

2021	\$	724,760
2022		674,974
2023		661,203
2024		629,700
2025		609,997
Years 2026-2030		<u>2,657,180</u>
Total	\$	<u>5,957,814</u>

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 BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

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, 2020 and 2019

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:

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>

NOTE 17 PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, as part of the CARES Act, the BIC US received a Paycheck Protection Program loan from Centric Bank through the U.S. Small Business Administration for \$480,814. The BIC US has met the Program’s eligibility criteria, applied for forgiveness, and received 100% forgiveness as of December 31, 2020. Therefore, in accordance with FASB ASC 958-605, the BIC US is including these funds as a restricted contribution in the Statement of Activities for the year ending December 31, 2020.

NOTE 18 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 \$1,911,643 and \$789,276 at December 31, 2020 and 2019, respectively.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2020 and 2019

NOTE 19 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 10, 2021, which is the date the financial statements were available to be issued.

Subsequent to December 31, 2020, 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.