

**GENERAL CONFERENCE OF THE
BRETHREN IN CHRIST
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2023 AND 2022
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, 2023 and 2022

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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, 2023 and 2022, 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, 2023 and 2022, 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.

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.

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 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 6, 2024

Mechanicsburg, Pennsylvania



Certified Public Accountants

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Statements of Financial Position

December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and Cash Equivalents	\$ 4,594,370	\$ 4,921,179
Investments (Note 3)	13,058,645	10,790,688
Investments Restricted for Perpetual Endowments (Note 13)	2,792,528	2,790,528
Education Loans Receivable (Note 5)	9,972	10,142
ASEL Receivable (Note 6)	541	48,941
Other Receivables (Note 7)	64,486	52,379
Notes Receivable (Note 8)	221,147	197,918
Other Assets	170,568	211,853
Fixed Assets, Net (Note 10)	104,934	125,860
Right-of-Use Assets, Net (Note 11)	<u>58,134</u>	<u>51,938</u>
Total Assets	<u>\$ 21,075,325</u>	<u>\$ 19,201,426</u>
Liabilities		
Accounts Payable	\$ 195,744	\$ 165,962
Accrued Wages and Vacation Payable	21,849	19,799
Deposit Agreements	5,000	5,000
Note Payable (Note 14)	165,147	169,918
Liability for Pension Benefit (Note 16)	97,222	1,047,194
Lease Liabilities, Net (Note 11)	<u>58,134</u>	<u>51,938</u>
Total Liabilities	<u>543,096</u>	<u>1,459,811</u>
Net Assets		
Without Donor Restrictions	4,986,967	3,818,012
With Donor Restrictions (Note 13)	<u>15,545,262</u>	<u>13,923,603</u>
Total Net Assets	<u>20,532,229</u>	<u>17,741,615</u>
Total Liabilities and Net Assets	<u>\$ 21,075,325</u>	<u>\$ 19,201,426</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, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 3,115,326	\$ 4,232,278	\$ 7,347,604
Investment Income (Note 3)	244,998	1,134,324	1,379,322
Other	82,774	-	82,774
Net Assets Released From Restrictions	<u>3,744,943</u>	<u>(3,744,943)</u>	<u>-</u>
 Total Revenue	 <u>7,188,041</u>	 <u>1,621,659</u>	 <u>8,809,700</u>
Expenses			
Program Services	5,487,340	-	5,487,340
Supporting Services			
Management and General	758,962	-	758,962
Fundraising	<u>165,423</u>	<u>-</u>	<u>165,423</u>
 Total Expenses	 <u>6,411,725</u>	 <u>-</u>	 <u>6,411,725</u>
 Increase in Net Assets	 776,316	 1,621,659	 2,397,975
Net Assets, Beginning of Year	3,818,012	13,923,603	17,741,615
Pension-Related Changes Other Than Net Periodic Pension Cost	<u>392,639</u>	<u>-</u>	<u>392,639</u>
Net Assets, End of Year	<u>\$ 4,986,967</u>	<u>\$ 15,545,262</u>	<u>\$ 20,532,229</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue			
Contributions	\$ 3,018,433	\$ 3,052,134	\$ 6,070,567
Investment Income (Loss) (Note 3)	129,416	(1,398,879)	(1,269,463)
Other	36,681	-	36,681
Net Assets Released From Restrictions	<u>3,852,445</u>	<u>(3,852,445)</u>	<u>-</u>
 Total Revenue	 <u>7,036,975</u>	 <u>(2,199,190)</u>	 <u>4,837,785</u>
Expenses			
Program Services	5,589,771	-	5,589,771
Supporting Services			
Management and General	671,962	-	671,962
Fundraising	<u>164,301</u>	<u>-</u>	<u>164,301</u>
 Total Expenses	 <u>6,426,034</u>	 <u>-</u>	 <u>6,426,034</u>
 Increase (Decrease) in Net Assets	 610,941	 (2,199,190)	 (1,588,249)
Net Assets, Beginning of Year	2,579,335	16,122,793	18,702,128
Pension-Related Changes Other Than Net Periodic Pension Cost	<u>627,736</u>	<u>-</u>	<u>627,736</u>
Net Assets, End of Year	<u>\$ 3,818,012</u>	<u>\$ 13,923,603</u>	<u>\$ 17,741,615</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, 2023

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Business Meals	\$ 42,691	\$ 348	\$ 1,617	\$ 44,656
Church Planting Grants – Domestic	175,000	-	-	175,000
Church Planting Grants – Global	45,707	-	-	45,707
Conferences & Events	19,994	-	-	19,994
Contracted Services	142,238	22,333	6,407	170,978
Depreciation Expense	17,898	4,947	574	23,419
Disability Insurance	18,998	628	169	19,795
Global Compassion Aid	121,935	-	-	121,935
Leadership Training Scholarships	91,849	-	-	91,849
Maintenance	29,349	-	-	29,349
Memberships	18,477	1,419	50	19,946
Ministry Project Grants	708,327	-	-	708,327
Office Expenses	92,849	29,778	1,344	123,971
Other	11,377	-	-	11,377
Periodic Pension Costs	-	242,667	-	242,667
Printing & Promotion	12,713	885	2,303	15,901
Regional Conference Ministry Grant	126,000	-	-	126,000
Rent Expense	51,200	10,329	2,081	63,610
Salary, Taxes, & Benefits	2,927,241	439,256	144,479	3,510,976
Seminary Grants	12,500	-	-	12,500
Shaping Leaders for Tomorrow Grant	12,824	-	-	12,824
SPICE Sponsorship Grants	155,741	-	-	155,741
Support of Related Organizations	187,284	-	-	187,284
Training & Development	64,094	3,554	416	68,064
Travel Expenses	<u>401,054</u>	<u>2,818</u>	<u>5,983</u>	<u>409,855</u>
Total Expenses	<u>\$ 5,487,340</u>	<u>\$ 758,962</u>	<u>\$ 165,423</u>	<u>\$ 6,411,725</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, 2022

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Business Meals	\$ 39,318	\$ 226	\$ 936	\$ 40,480
Church Planting Grants – Domestic	175,000	-	-	175,000
Church Planting Grants – Global	27,970	-	-	27,970
Conferences & Events	63,699	-	-	63,699
Contracted Services	204,554	24,239	11,049	239,842
Depreciation Expense	18,166	5,767	574	24,507
Disability Insurance	18,895	628	169	19,692
Global Compassion Aid	97,948	-	-	97,948
Leadership Training Scholarships	72,431	-	-	72,431
Maintenance	21,550	-	-	21,550
Memberships	17,796	1,722	170	19,688
Ministry Project Grants	942,739	-	-	942,739
Office Expenses	97,425	32,073	1,398	130,896
Other	5,660	-	-	5,660
Periodic Pension Costs	-	138,212	-	138,212
Printing & Promotion	13,632	235	5,202	19,069
Regional Conference Ministry Grant	189,000	-	-	189,000
Rent Expense	46,007	9,750	1,964	57,721
Salary, Taxes, & Benefits	2,775,811	452,339	135,473	3,363,623
Seminary Grants	12,000	-	-	12,000
Shaping Leaders for Tomorrow Grant	26,518	-	-	26,518
SPICE Sponsorship Grants	155,602	-	-	155,602
Support of Related Organizations	188,626	-	-	188,626
Training & Development	58,768	2,927	770	62,465
Travel Expenses	<u>320,656</u>	<u>3,844</u>	<u>6,596</u>	<u>331,096</u>
Total Expenses	<u>\$ 5,589,771</u>	<u>\$ 671,962</u>	<u>\$ 164,301</u>	<u>\$ 6,426,034</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, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Increase (Decrease) in Net Assets	\$ 2,397,975	\$ (1,588,249)
Adjustment to Reconcile Increase (Decrease) in Net Assets to Net Cash and Cash Equivalents Provided (Used) by Operating Activities:		
Realized Gain on Sale of Investments	(213,397)	(384,532)
Unrealized (Gain) Loss on Investments	(709,372)	1,881,579
Contributions Received Restricted for Perpetual Endowment	(2,000)	(2,000)
Depreciation Expense	23,419	24,507
Right-of-Use Asset Amortization	18,719	17,439
(Increase) Decrease in:		
Education Loans Receivable	170	4,877
ASEL Receivable	48,400	40,000
Other Receivables	(12,107)	(9,862)
Notes Receivable	(23,229)	5,087
Other Assets	41,285	20,401
Increase (Decrease) in:		
Accounts Payable	29,782	(15,957)
Accrued Wages and Vacation Payable	2,050	1,810
Lease Liabilities, Net	<u>(18,719)</u>	<u>(17,439)</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities	<u>1,582,976</u>	<u>(22,339)</u>
Cash Flows from Investing Activities:		
Purchase of Investments	(3,691,631)	(1,504,167)
Proceeds from Sale of Investments	2,344,443	1,086,242
Purchase of Fixed Assets	<u>(2,493)</u>	<u>(15,569)</u>
Net Cash and Cash Equivalents Used by Investing Activities	<u>(1,349,681)</u>	<u>(433,494)</u>
Cash Flows from Financing Activities:		
Principal Payments on Note Payable	(4,771)	(5,087)
Contributions Received Restricted for Perpetual Endowment	2,000	2,000
Change in Ministers Pension Fund Components	<u>(557,333)</u>	<u>(661,788)</u>
Net Cash and Cash Equivalents Used by Financing Activities	<u>(560,104)</u>	<u>(664,875)</u>
Net Decrease in Cash and Cash Equivalents	(326,809)	(1,120,708)
Cash and Cash Equivalents, Beginning of the Year	<u>4,921,179</u>	<u>6,041,887</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,594,370</u>	<u>\$ 4,921,179</u>
<u>Supplemental Cash Flow Disclosures:</u>		
Cash Paid for Interest	\$ 9,226	\$ 7,743
Cash Paid for Income Taxes	-	-
<u>Supplemental Disclosures of Non-Cash Activities:</u>		
Establishment of Right-of-Use Assets	\$ 24,915	\$ 69,377
Establishment of Lease Liabilities	24,915	69,377

The Accompanying Notes are an Integral Part of the Financial Statements

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

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 they 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 2023 and 2022:

- 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, 2023 and 2022

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, 2020.

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.

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.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

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

Investments (Continued):

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.

Right-of-Use Assets and Liabilities:

The BIC US determines if an arrangement is or contains a lease at inception of the contract. The right-of-use (ROU) assets represent the right to use the underlying assets for the lease term, and the lease liabilities represent the obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized based on the present value of the future minimum lease payments over the lease term at the commencement date. As the BIC US's leases generally do not provide an implicit rate, the BIC US's incremental borrowing rate or a risk-free borrowing rate at commencement date is used to determine the present value of future payments. Both finance and operating leases are recorded at the present value of future lease payments. The operating ROU asset is reduced based on the lease amortization schedule. Lease terms may include options to extend the lease, terminate the lease, or purchase the leased asset. The value of a lease option is reflected in the valuation if it is reasonably certain management will exercise the option. Leases with a term of twelve months or less are considered short term, and no asset or liability needs to be recognized. BIC US has elected not to separate the lease components from non-lease components for all asset classes.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 2 AVAILABILITY AND LIQUIDITY

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

	<u>2023</u>	<u>2022</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 4,594,370	\$ 4,921,179
Investments	15,851,173	13,581,216
Other Receivables	<u>64,486</u>	<u>52,379</u>
Total Financial Assets	<u>20,510,029</u>	<u>18,554,774</u>
Less Amounts Not Available to be Used Within One Year:		
Net Assets with Donor Restrictions	15,545,262	13,923,603
Board-Designated Funds	<u>1,528,755</u>	<u>1,553,601</u>
Total	<u>17,074,017</u>	<u>15,477,204</u>
Financial Assets Available to Meet Expenses Over the Next Year	<u>\$ 3,436,012</u>	<u>\$ 3,077,570</u>

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

NOTE 3 INVESTMENTS

Investments are summarized as follows at December 31, 2023 and 2022:

	<u>2023</u>	
	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 3,121,550	\$ 3,129,024
Stewardship Investment Certificates (SICs)	4,968,123	4,968,123
Trust Investments and Deposit Accounts (BICF)	<u>7,070,553</u>	<u>7,754,026</u>
Total	<u>\$ 15,160,226</u>	<u>\$ 15,851,173</u>
	<u>2022</u>	
	<u>Cost</u>	<u>Market Value</u>
Certificates of Deposit	\$ 1,203,015	\$ 1,203,015
Stewardship Investment Certificates (SICs)	4,811,117	4,811,117
Trust Investments and Deposit Accounts (BICF)	<u>7,582,304</u>	<u>7,567,084</u>
Total	<u>\$ 13,596,436</u>	<u>\$ 13,581,216</u>

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

	<u>2023</u>	<u>2022</u>
Realized Gain on Sale of Investments	\$ 213,397	\$ 384,532
Unrealized Gain (Loss) on Investments	709,372	(1,881,579)
Interest and Dividends	507,722	278,818
Custodial Fees	<u>(51,169)</u>	<u>(51,234)</u>
Total	<u>\$ 1,379,322</u>	<u>\$ (1,269,463)</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 4 FAIR VALUE MEASUREMENTS

Fair values of investments and money markets are summarized as follows at December 31, 2023 and 2022:

	December 31, 2023			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and Cash Equivalents				
Money Market	\$ -	\$ 1,981,845	\$ -	\$ 1,981,845
Total Cash and Cash Equivalents	-	1,981,845	-	1,981,845
Investments				
Certificates of Deposit	3,129,024	-	-	3,129,024
Stewardship Investment Certificates (SICs)	-	4,968,123	-	4,968,123
Trust Investments and Deposit Accounts (BICF)	-	7,754,026	-	7,754,026
Total Investments	3,129,024	12,722,149	-	15,851,173
Total	\$ 3,129,024	\$ 14,703,994	\$ -	\$ 17,833,018

	December 31, 2022			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Cash and Cash Equivalents				
Money Market	\$ -	\$ 2,600,735	\$ -	\$ 2,600,735
Total Cash and Cash Equivalents	-	2,600,735	-	2,600,735
Investments				
Certificates of Deposit	1,203,015	-	-	1,203,015
Stewardship Investment Certificates (SICs)	-	4,811,117	-	4,811,117
Trust Investments and Deposit Accounts (BICF)	-	7,567,084	-	7,567,084
Total Investments	1,203,015	12,378,201	-	13,581,216
Total	\$ 1,203,015	\$ 14,978,936	\$ -	\$ 16,181,951

Level 2:

The BIC US's trust investments and deposit accounts held with the Brethren in Christ Foundation, Inc. (BICF) 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 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.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Trust Investments and Deposit Accounts:

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 5 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 received 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 \$9,972 and \$10,142 at December 31, 2023 and 2022, respectively.

NOTE 6 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. One and two loans were outstanding, totaling \$541 and \$48,941 at December 31, 2023 and 2022 respectively. These notes are secured by a mortgage deed of trust or security deed.

NOTE 7 OTHER RECEIVABLES

Other receivables consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Shared Services Receivables	\$ 57,486	\$ 45,379
Administrative and Other Advances	<u>7,000</u>	<u>7,000</u>
Total	<u>\$ 64,486</u>	<u>\$ 52,379</u>

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Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 8 NOTES RECEIVABLE

Notes receivable are summarized as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Missionary Loan	\$ 56,000	\$ 28,000
Hoyo-Spain Church Receivable	<u>165,147</u>	<u>169,918</u>
Total Notes Receivable	<u>\$ 221,147</u>	<u>\$ 197,918</u>

During 2023, the BIC US entered into a note receivable agreement with a missionary for \$28,000. The unpaid principal shall be payable in full on any future date on which the BIC US demands repayment. Starting in June 2023, interest shall be payable every month at a rate of 2.82% per annum. The balance was \$28,000 at December 31, 2023.

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, 2023 and 2022.

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 \$1,213 at 6.00% and \$1,095 at 5.50% interest during the years ended December 31, 2023 and 2022, respectively. The balance was \$165,147 and \$169,918 at December 31, 2023 and 2022, respectively.

NOTE 9 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.

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 \$58,881 and \$78,624 at December 31, 2023 and 2022, respectively. These funds are included in Other Assets.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 10 FIXED ASSETS

Fixed assets are summarized as follows at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Real Estate	\$ 145,966	\$ 145,966
Furniture and Equipment	<u>186,250</u>	<u>190,119</u>
	332,216	336,085
Less: Accumulated Depreciation	<u>(227,282)</u>	<u>(210,225)</u>
Fixed Assets, Net	<u>\$ 104,934</u>	<u>\$ 125,860</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 \$23,419 and \$24,507 for the years ended December 31, 2023 and 2022, respectively.

NOTE 11 LEASES

BIC US adopted ASU 2016-02, *Leases* (Topic 842) and related ASUs effective for the year ended December 31, 2022. The ASU was applied on January 1, 2022 using the alternative method described in ASU 2018-11. BIC US entered into a five-year operating lease for a copier in October 2018 with monthly payments of \$530. BIC US also entered into a five-year operating lease for office space in September 2021 with monthly payments of \$972, increasing 3% annually. BIC US recognized as of January 1, 2022, right-of-use assets and operating lease liabilities of \$69,377. In November 2023, BIC US entered into a five-year operating lease for a copier with monthly payments of \$445. At that time, BIC US recognized an operating lease right-of-use asset and lease liability of \$24,915.

BIC US recognized the following lease costs associated with the leases during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
2023 Copier Lease	\$ 890	\$ -
2018 Copier Lease	6,365	6,365
Office Space Lease	<u>12,135</u>	<u>11,782</u>
Total Lease Cost	<u>\$ 19,390</u>	<u>\$ 18,147</u>

BIC US had the following cash and non-cash activities associated with the operating leases during the years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities	\$ 19,390	\$ 18,147
Right-of-use assets obtained in exchange for new lease liabilities	\$ 24,915	\$ 69,377
Weighted average remaining lease term for leases (years)	3.74	3.33
Weighted average discount rate	2.75 %	1.29 %

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 11 LEASES (CONTINUED)

The future minimum lease payments due under the operating leases as of December 31, 2023, are as follows:

2024		\$	18,369
2025			18,214
2026			14,092
2027			5,340
2028			5,340
Thereafter			<u>444</u>
 Total Lease Payments			 <u>61,799</u>
 Imputed Interest			 <u>(3,665)</u>
 Total Operating Lease Liabilities			 <u>\$ 58,134</u>

NOTE 12 BOARD-DESIGNATED FUNDS

Board-designated funds at December 31, 2023 and 2022 are available for the following purposes:

		<u>2023</u>		<u>2022</u>
Other – Global	\$	687,358	\$	687,358
Project 250 – National		116,622		141,468
Build the Future		<u>724,775</u>		<u>724,775</u>
 Total		 <u>\$ 1,528,755</u>		 <u>\$ 1,553,601</u>

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS

Perpetually Restricted Net Assets – Endowment Funds

Interpretation of Relevant Law

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

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

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.

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 or board-designated 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 restrictions.

Changes in endowment net assets for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Beginning of Year	\$ 2,790,528	\$ 2,788,528
Contributions to Perpetual Endowment	<u>2,000</u>	<u>2,000</u>
End of Year	<u>\$ 2,792,528</u>	<u>\$ 2,790,528</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 13 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Perpetually restricted net assets at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</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	73,458	71,458
Renewal/Refocus Endowment	11,801	11,801
World Missions – So. African Women’s Ed. Fund	<u>71,561</u>	<u>71,561</u>
 Total	 <u>2,792,528</u>	 <u>2,790,528</u>

Purpose Restricted Net Assets

Purpose restricted net assets at December 31, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
Other – National	\$ 48,965	\$ 29,618
Shaping Leaders for Tomorrow	455,261	276,882
Honoring Leaders of Yesterday	77,162	74,624
CMD – Special Projects	71,030	29,905
Kipe Seminary Special Training	20,088	16,782
Smith Pastoral Training	11,404	4,075
Renewal/Refocus	21,239	18,474
Honor the Past	536,487	1,216,918
Build the Future	308,002	261,292
Thriving Congregations Initiative	1,252,694	-
Other – Global	2,092,761	2,269,012
Thrive – Global	2,403	2,403
Global Special Projects	979,249	833,528
Project 250 – Global	95,526	96,426
Spice Gift – Global	32,753	32,049
Leadership Training – Global	1,701,986	1,474,160
Personnel Training – Global	1,097,367	982,315
New Frontiers – Global	482,979	396,387
So. African Women’s Ed. Fund – Global	220,595	59,087
ECP – Global	386,793	345,123
Emergency Risk Mgt. – Global	607,748	587,858
Global Compassion – Global	159,583	142,622
Crisis Management – Global	72,087	84,664
Missionaries – Global	<u>2,018,572</u>	<u>1,898,871</u>
 Total	 <u>12,752,734</u>	 <u>11,133,075</u>
 Total Net Assets with Donor Restrictions	 <u>\$ 15,545,262</u>	 <u>\$ 13,923,603</u>

GENERAL CONFERENCE OF THE BRETHERN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 14 **NOTE PAYABLE**

During 2013, the BIC US entered into a thirty-year note payable with the BIC Foundation for \$216,480. The interest rate is variable at the sole discretion of the lender and was 6.00% and 5.50% at December 31, 2023 and 2022, respectively. Monthly installments of principal and interest were \$1,166 and \$1,095 during the years ended December 31, 2023 and 2022, respectively. Interest expense was \$9,226 and \$7,743 for the years ended December 31, 2023 and 2022, respectively.

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

<u>Year</u>	<u>Amount</u>
2024	\$ 5,037
2025	5,321
2026	5,621
2027	5,938
2028	6,273
Thereafter	<u>136,957</u>
Total	<u>\$ 165,147</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 \$36,622 and \$35,073 during the years ended December 31, 2023 and 2022, 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 \$16,611 and \$16,277 during the years ended December 31, 2023 and 2022, respectively.

The BIC US owed the BIC Foundation \$15,098 and \$16,947 at December 31, 2023 and 2022, 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 2023 and 2022. The BIC US contributed \$212,094 and \$184,814 to the plan during the years ended December 31, 2023 and 2022, 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.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 16 RETIREMENT PLANS (CONTINUED)

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 \$803,577 and \$809,180 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, 2023 and 2022, 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, 2023:

Obligations and Funded Status for 2023:

Benefit Obligation at December 31, 2023	<u>\$ 6,521,244</u>
Fair Value of Plan Assets at December 31, 2022	5,822,914
Employer Contributions	803,577
Actual Return on Assets	443,790
Benefit Payments	(646,259)
 Fair Value of Plan Assets at December 31, 2023	 <u>6,424,022</u>
 Net Unfunded Status of the Plan at December 31, 2023	 <u>\$ 97,222</u>

Net Periodic Pension Cost for 2023:

Service Cost	\$ -
Interest Cost	286,610
Expected Return on Plan Assets	(252,524)
Amortization of Net Transition (Asset) or Obligation	-
Amortization of Prior Service Cost	-
Amortization of Net (Gain) or Loss	<u>208,581</u>
 Net Periodic Pension Cost for Period 1/1/2023 to 12/31/2023	 <u>\$ 242,667</u>

Items Not Yet Recognized as a Component of Net Periodic Pension Cost for 2023:

Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2022	\$ 4,014,604
Amortization of Net Transition Asset or (Obligation)	-
Amortization of Prior Service Cost	-
Amortization of Net Gain or (Loss)	(208,581)
Change Due to Change in Experience and Assumptions at 12/31/2023	-
Change Due to Plan Amendment	-
Experience (Gain) or Loss at 1/1/2023	10,785
Asset (Gain) or Loss	<u>(191,266)</u>
 Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2023	 <u>\$ 3,625,542</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 16 RETIREMENT PLANS (CONTINUED)

Assumptions:

Weighted-Average Assumptions Used to Determine Benefit

Obligations at December 31, 2023:

Discount Rate	4.50 %
Rate of Compensation Increase	0.00 %

Weighted-Average Assumptions Used to Determine Net Periodic Benefit

Cost for Year Ended December 31, 2023:

Discount Rate	4.50 %
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.

The discount rate is based on the FTSE Pension Liability Index rounding to the nearest 0.50%.

Plan Assets:

The BIC US's pension plan weighted-average asset allocations at December 31, 2023, by asset category are as follows:

<u>Asset Category</u>	<u>Percentage</u>
Real Estate	3.96 %
Cash/Money Market Funds/SICs	56.22 %
International Equities	6.14 %
Large Cap Equities	18.06 %
Fixed Income	<u>15.62 %</u>
Total	<u>100.00 %</u>

All assets are considered Level 1 or 2.

Mutual Funds – Valued at the net asset value (NAV) of shares 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.

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 no contributions to its pension plan in 2024.

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Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 16 RETIREMENT PLANS (CONTINUED)

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

2024	\$ 716,881
2025	695,900
2026	658,048
2027	655,886
2028	616,776
Years 2029-2033	<u>2,347,396</u>
Total	<u>\$ 5,690,887</u>

The following sets forth the Plan's actuarially determined funded status at December 31, 2022:

Obligations and Funded Status for 2022:

Benefit Obligation at December 31, 2022	\$ <u>6,870,108</u>
Fair Value of Plan Assets at December 31, 2021	6,072,280
Employer Contributions	809,180
Actual Return on Assets	(387,537)
Benefit Payments	(671,009)
Fair Value of Plan Assets at December 31, 2022	<u>5,822,914</u>
Net Unfunded Status of the Plan at December 31, 2022	\$ <u>1,047,194</u>

Net Periodic Pension Cost for 2022:

Service Cost	\$ -
Interest Cost	198,549
Expected Return on Plan Assets	(300,010)
Amortization of Net Transition (Asset) or Obligation	-
Amortization of Prior Service Cost	-
Amortization of Net (Gain) or Loss	<u>239,673</u>
Net Periodic Pension Cost for Period 1/1/2022 to 12/31/2022	\$ <u>138,212</u>

Items Not Yet Recognized as a Component of Net Periodic Pension Cost for 2022:

Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2021	\$ 4,633,160
Amortization of Net Transition Asset or (Obligation)	-
Amortization of Prior Service Cost	-
Amortization of Net Gain or (Loss)	(239,673)
Change Due to Change in Experience and Assumptions at 12/31/2022	(1,113,652)
Change Due to Plan Amendment	-
Experience (Gain) or Loss at 1/1/2022	47,222
Asset (Gain) or Loss	<u>687,547</u>
Items Not Yet Recognized as a Component of Net Period Pension Cost at 12/31/2022	\$ <u>4,014,604</u>

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 16 RETIREMENT PLANS (CONTINUED)

Assumptions:

Weighted-Average Assumptions Used to Determine Benefit

Obligations at December 31, 2022:

Discount Rate	4.50 %
Rate of Compensation Increase	0.00 %

Weighted-Average Assumptions Used to Determine Net Periodic Benefit

Cost for Year Ended December 31, 2022:

Discount Rate	4.50 %
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.

The discount rate is based on the FTSE Pension Liability Index rounding to the nearest 0.50%.

Plan Assets:

The BIC US's pension plan weighted-average asset allocations at December 31, 2022, by asset category are as follows:

<u>Asset Category</u>	<u>Percentage</u>
Real Estate	4.54 %
Cash/Money Market Funds/SICs	59.18 %
International Equities	4.18 %
Large Cap Equities	16.82 %
Fixed Income	<u>15.28 %</u>
Total	<u>100.00 %</u>

All assets are considered Level 1 or 2.

Mutual Funds – Valued at the net asset value (NAV) of shares 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.

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 2023.

GENERAL CONFERENCE OF THE BRETHREN IN CHRIST

Notes to Financial Statements

For the Years Ended December 31, 2023 and 2022

NOTE 16 RETIREMENT PLANS (CONTINUED)

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

2023	\$ 686,798
2024	655,325
2025	633,757
2026	595,767
2027	593,920
Years 2028-2032	<u>2,477,900</u>
Total	<u>\$ 5,643,467</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 \$952 and \$191 at December 31, 2023 and 2022.

NOTE 18 SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 6, 2024, which is the date the financial statements were available to be issued.