

Reports

The following reports are attached:

1. Partnership Fee Received and Disbursed (2021 through 2022).
2. UB National Office Statement of Financial Position (2021 through 2022).
3. UB Global Statement of Financial Position (2021 through 2022).
4. Ministers and Missionaries Defined Benefit Pension Plan Activity (2021 through 2022).
5. Independent Auditor Report (2021 and 2022).



Marci Hammel
*Director of
Finance*

Partnership Fee Receipts

The partnership fee receipts were:

- 2021: \$994,389.46
- 2022: \$1,005,190.64

We ended 2022 at 91.1% of our 2022 partnership fee budget compared to 2021, when we ended at 90.9% of our 2021 partnership fee budget.

The Partnership Fee Received and Disbursed report shows how the partnership fees were distributed for 2021 and 2022.

UB National Office

UB National Office ended 2022 with a change in fund balance of (\$387,353), compared to 2021 with a change in fund balance of \$481,796.

The UB National Office Statement of Financial Position shows the combined changes in the net assets for 2021 and 2022.

UB Global

UB Global ended 2022 with a change in fund balance of (\$249,881), compared to 2021 with a change in fund balance of \$201,626.

The UB Global Statement of Financial Position shows the combined changes in net assets for 2021 and 2022.

Ministers and Missionaries

The Church of the United Brethren in Christ USA, Inc., Ministers and Missionaries Defined Benefit Pension Plan Fund Activity Report shows the fund activity for 2021 and 2022. There are 191 active, terminated, and retired participants in this plan.

The G74337 Church of the United Brethren in Christ USA, Inc. 403(b) Tax Deferred Annuity Plan for Ministers and Missionaries has 207 active, terminated, and retired participants. The G75389 Church of the United Brethren in Christ USA, Inc. Non-Licensed Employees 403(b) plan has 27 active, terminated, and retired non-licensed participants.

Partnership Fee
Received and Disbursed
January 1, 2021 through December 31, 2022

Fund	2021	2022	Total	% of Total
General				
Administration	172,525.06	166,773.01	339,298.07	16.97%
Bishop's Office	213,363.06	214,080.65	427,443.71	21.38%
Communications	121,637.60	69,427.98	191,065.58	9.56%
Event Coordinator		12,668.85	12,668.85	0.63%
General UB Building	45,410.88	54,685.65	100,096.53	5.01%
UB Global	92,070.58	97,650.36	189,720.94	9.49%
National Ministries	156,227.07	193,819.61	350,046.68	17.51%
Ministerial Licensing	12,192.83	12,431.87	24,624.70	1.23%
Leadership Teams				
Associate Ministry Team	1,362.32	3,645.70	5,008.02	0.25%
Crisis Management Leadership Team	454.15	227.90	682.05	0.03%
Executive Leadership Team	10,217.45	10,253.55	20,471.00	1.02%
Higher Education Leadership Team	3,178.75	3,189.98	6,368.73	0.32%
Pastoral Ministry Leadership Team	5,449.30	5,468.57	10,917.87	0.55%
Women's Ministry Team	8,628.07	8,658.57	17,286.64	0.86%
Youth Ministry Team	5,449.30	5,468.57	10,917.87	0.55%
Conferences				
General Conference	908.20	911.44	1,819.64	0.09%
US National Conference	22,705.45	22,785.71	45,491.16	2.28%
Huntington University				
Huntington University	113,527.22	113,928.40	227,455.62	11.38%
Archives	9,082.17	9,114.27	18,196.44	0.91%
Total	994,389.46	1,005,190.64	1,999,580.10	100.00%

Church of the United Brethren in Christ USA
Statement of Financial Position
 January 1, 2021 through December 31, 2022

	Net Assets 1/1/2021	Add: Receipts	Less: Expenses	Change in Net Assets	Net Assets 12/31/2022
<u>Unrestricted/Unreserved</u>					
<u>US National Adm. Fund</u>					
Administration		414,209.07	415,305.94	(1,096.87)	
Bishop's Office		463,446.23	484,278.70	(20,832.47)	
Communications		191,335.17	187,932.89	3,402.28	
General UB Building		100,096.53	138,087.82	(37,991.29)	
UB Global		189,720.94	205,236.30	(15,515.36)	
National Ministries		399,219.45	401,143.46	(1,924.01)	
Ministerial Licensing		24,624.70	27,722.37	(3,097.67)	
Event Coordinator		12,668.85	12,277.16	391.69	
Associate Ministry Team		5,008.02	0.00	5,008.02	
Crisis Management Leadership Team		682.05	0.00	682.05	
Executive Leadership Team		20,471.00	13,209.35	7,261.65	
Higher Education Leadership Team		6,368.73	3,925.92	2,442.81	
Pastoral Ministry Leadership Team		10,917.87	2,797.39	8,120.48	
Youth Ministry Team		32,979.78	38,045.30	(5,065.52)	
General Conference		1,819.64	1,649.84	169.80	
Subtotal Unrestricted/Unreserved:	585,937.64	1,873,568.03	1,931,612.44	(58,044.41)	527,893.23
<u>Reserve Funds</u>					
UB Licensing Seminars	8,334.99	5,450.00	6,353.51	(903.51)	7,431.48
Women's Ministry Team	13,488.48	23,660.64	33,703.51	(10,042.87)	3,445.61
US National Conference	65,751.33	100,595.84	101,244.82	(648.98)	65,102.35
Brotherhood Dividend	164,356.82	42,745.62	12.79	42,732.83	207,089.65
Church Multiplication	1,525,916.31	588,594.54	684,910.62	(96,316.08)	1,429,600.23
Building & Equipment Reserve	102,438.56	296,264.13	184.91	296,079.22	398,517.78
<u>Temporarily Restricted</u>					
Church Planting Endowment	510,432.91	181,570.44	207,690.00	(26,119.56)	484,313.35
Leadership Development Fund	2,175.27	5.45	3.87	1.58	2,176.85
Christian Education Endowment	55,108.49	(1,125.18)	22.77	(1,147.95)	53,960.54
Clergy Financial Health	124,589.17	(1,354.25)	49,793.32	(51,147.57)	73,441.60
<u>Permanently Restricted</u>					
Church Planting Endowment	222,300.65	0.00	0.00	0.00	222,300.65
Christian Education Endowment	10,000.00	0.00	0.00	0.00	10,000.00
Meadows/Gates International Student Endowment	44,962.49	0.00	0.00	0.00	44,962.49
Total US National Church:	3,435,793.11	3,109,975.26	3,015,532.56	94,442.70	3,530,235.81
<u>Escrow Funds</u>					
Pastor Personal TDA Contribution	0.00	859,168.20	859,168.20	0.00	0.00
NonLicensed Personal TDA Contribution	0.00	153,183.63	153,183.63	0.00	0.00
Huntington University	0.00	246,558.77	246,558.77	0.00	0.00
Escrow Subtotal:	0.00	1,258,910.60	1,258,910.60	0.00	0.00
Grand Total:	3,435,793.11	4,368,885.86	4,274,443.16	94,442.70	3,530,235.81

UB Global
Statement of Financial Position
January 1, 2021 through December 31, 2022

	Net Assets 1/1/2021	Add: Receipts	Less: Expenses	Change in Net Assets	Net Assets 12/31/2022
General Fund	298,809.14	1,437,037.19	1,439,140.01	(2,102.82)	296,706.32
UB Missionary Contingency Fund	93,104.98	18,711.03	0.00	18,711.03	111,816.01
UB Missionary Support Fund	165,885.46	824,527.16	795,899.57	28,627.59	194,513.05
Restricted Fund	660,155.31	1,451,052.14	1,035,206.46	415,845.68	1,076,000.99
Annuity & Loan Fund	163,845.75	(1,149.23)	26,183.74	(27,332.97)	136,512.78
Price Trust Fund	10,725.31	114.70	0.00	114.70	10,840.01
Arnold Bible Fund	15,320.73	511.28	0.00	511.28	15,832.01
Reserve Fund	720,751.48	(10,528.74)	17,065.20	(27,593.94)	693,157.54
Antioch Fund	149,745.39	(2,473.84)	887.18	(3,361.02)	146,384.37
Caleb Fund	145,475.87	(3,218.95)	11,000.00	(14,218.95)	131,256.92
Meadows/Gates International Student Endowment	36,357.70	(2,103.24)	0.00	(2,103.24)	34,254.46
Grand Total:	2,460,177.12	3,712,479.50	3,325,382.16	387,097.34	2,847,274.46

**Ministers and Missionaries Defined Benefit Pension Plan
Activity Report
January 1, 2021 through December 31, 2022**

	<u>2021</u>	<u>2022</u>
Fund Balance - January 1	3,881,089.62	4,103,100.98
Fund Income		
Contributions	54,459.15	52,958.58
Investment Return / Loss	498,840.91	(566,535.34)
Total Fund Income	553,300.06	(513,576.76)
Disbursements		
Benefit Payments	310,343.31	229,080.15
Life Insurance Premiums	17,625.60	17,040.00
Administration Charges	3,319.79	27,532.69
Total Disbursements	331,288.70	273,652.84
Net Credits to Plan	222,011.36	(787,229.60)
Fund Balance - December 31	<u><u>4,103,100.98</u></u>	<u><u>3,315,871.38</u></u>

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.

AUDIT REPORT

DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

To the Investment Committee
Church of the United Brethren in Christ USA, Inc.
Huntington, Indiana

Opinion

We have audited the accompanying financial statements of Church of the United Brethren in Christ USA, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities 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 Church of the United Brethren in Christ USA, Inc. as of December 31, 2022 and 2021, 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 Church of the United Brethren in Christ USA, Inc. 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 Church of the United Brethren in Christ USA, Inc.'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, 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 Church of the United Brethren in Christ USA Inc.'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 Church of the United Brethren in Christ USA Inc.'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.

Culp CPA Group

Culp CPA Group
Certified Public Accountants

Huntington, Indiana
March 10, 2023

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.STATEMENTS OF FINANCIAL POSITIONDECEMBER 31, 2022 AND 2021ASSETS

	<u>2022</u>	<u>2021</u>
<u>Current Assets:</u>		
Cash and cash equivalents - Notes 1 and 2	\$2,600,484	\$2,643,810
Inventory - Note 1	10,371	9,966
Investments - Note 3	3,203,632	3,748,687
Prepaid pension - Note 5	173,373	561,013
Notes receivable - Current - Note 6	<u>125,400</u>	<u>4,800</u>
Total current assets	6,113,260	6,968,276
<u>Fixed Assets - Net</u> - Notes 1 and 7	346,938	383,697
Right of Use Asset - Operating lease - Note 11	3,569	-
<u>Long-Term Assets:</u>		
Notes receivable - Long-term - Note 6	<u>111,500</u>	<u>32,800</u>
Total assets	<u>\$6,575,267</u>	<u>\$7,384,773</u>

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Annuity contracts - Note 8	\$ 1,952	\$ 4,049
Operating lease liability - Note 11	<u>3,569</u>	<u>-</u>
Total current liabilities	5,521	4,049
<u>Long-Term Liabilities:</u>		
Annuity contracts - Note 8	<u>10,562</u>	<u>12,513</u>
Total liabilities	<u>16,083</u>	<u>16,562</u>
<u>Net Assets:</u>		
Without donor restrictions	4,376,324	5,317,615
With donor restrictions - Note 9	<u>2,182,860</u>	<u>2,050,596</u>
Total net assets	<u>6,559,184</u>	<u>7,368,211</u>
Total liabilities and net assets	<u>\$6,575,267</u>	<u>\$7,384,773</u>

The accompanying notes are an integral part of these financial statements.

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
<u>Changes in net assets -</u>				
Support, revenues and gains -				
Benevolence and assessments	\$ 882,148	\$ -	\$ 871,780	\$ -
Other contributions	310,754	1,587,317	707,403	1,343,538
Fees and appropriations	5,600	-	40,317	-
Sales - Net of cost of sales of \$557 in 2022 and \$636 in 2021	4,658	-	2,747	-
Investment income	94,185	17,542	90,625	22,906
Other income (loss)	(279,515)	-	199,031	-
Net realized and unrealized gains (losses) on investments	(449,851)	(133,301)	244,939	71,889
Gain on sale of fixed assets	-	-	10,471	-
Net assets released from restrictions -				
Satisfaction of program requirements	1,339,294	(1,339,294)	1,191,228	(1,191,228)
	<u>1,907,273</u>	<u>132,264</u>	<u>3,358,541</u>	<u>247,105</u>
Total support, revenues and gains		<u>2,039,537</u>		<u>3,605,646</u>
Expenses and losses -				
Program Management and general	2,175,554	-	1,902,721	-
	<u>673,010</u>	<u>-</u>	<u>820,947</u>	<u>-</u>
Total expenses	<u>2,848,564</u>	<u>-</u>	<u>2,723,668</u>	<u>-</u>
Changes in net assets	(941,291)	132,264	634,873	247,105
Net assets, beginning of year	5,317,615	2,050,596	4,682,742	1,803,491
Net assets, end of year	<u>\$ 4,376,324</u>	<u>\$ 2,182,860</u>	<u>\$ 5,317,615</u>	<u>\$ 2,050,596</u>
		<u>\$6,559,184</u>		<u>\$7,368,211</u>

The accompanying notes are an integral part of these financial statements.

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CHURCH OF THE UNITED BROTHERS IN CHRIST USA, INC.STATEMENTS OF CASH FLOWSFOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<u>Cash flows from operating activities:</u>		
Change in net assets	\$ (809,027)	\$ 881,978
Adjustments to reconcile change in net net assets to net cash provided by operating activities -		
Depreciation	44,371	43,553
(Gain) on sale of fixed assets	-	(10,471)
(Gain) Loss on investments	471,425	(316,828)
Change in annuity valuation	6,413	4,209
(Increase) Decrease in -		
Prepaid pension	387,640	(41,096)
Inventory	(405)	636
	<u>100,417</u>	<u>561,981</u>
 <u>Cash flows from investing activities:</u>		
Advance on notes receivable	(200,000)	-
Payments received on notes receivable	700	103,782
Purchase of fixed assets	(7,612)	(41,290)
Proceeds from sale of fixed assets	-	15,500
Purchase of investments	(883,654)	(1,070,084)
Proceeds from sale of investments	957,284	943,103
Payments on annuities	(10,461)	(10,671)
	<u>(143,743)</u>	<u>(59,660)</u>
 <u>Net increase (decrease) in cash and cash equivalents</u>	 (43,326)	 502,321
 <u>Cash and cash equivalents, beginning of year</u>	 <u>2,643,810</u>	 <u>2,141,489</u>
 <u>Cash and cash equivalents, end of year</u>	 <u>\$ 2,600,484</u>	 <u>\$ 2,643,810</u>
 <u>Supplemental cash flow information:</u>		
Non-cash investing activity -		
Recording of Right of Use Asset	\$ (3,569)	\$ -
Non-cash financing activity -		
Lease liability for Right of Use Asset	\$ 3,569	\$ -

The accompanying notes are an integral part of these financial statements.

CHURCH OF THE UNITED BROTHERS IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTSDECEMBER 31, 2022 AND 2021Note 1: Accounting policies -

Nature of organization's activities - The Organization is a non-profit religious organization for the Church of the United Brethren in Christ. It is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code and is not classified as a private foundation. The Organization sells religious materials and publications to other religious organizations, churches and individuals throughout the world, but its primary focus is the United States. It also carries on various religious programs.

UB Global, the Organization's international operation, supports missions throughout the world. The international operation is funded by individual contributions.

Basis of accounting - The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. Under this method, revenues are recognized when earned and expenses are recognized when liabilities are incurred.

Basis of presentation - Financial statement presentation follows Financial Accounting Standards Board Accounting Standards Update (ASU) No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU No. 2016-14, the Organization is required 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.

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Executive Leadership Team or may otherwise be limited by contractual agreements with outside parties. Donor-imposed stipulations are reported as net assets without donor restrictions if the stipulations expire in the reporting period in which the revenue is recognized.

Net assets with donor restrictions - Net assets whose use by the Organization is subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by passage of time. Also amounts whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently, but permits the Organization to expend the income derived from the donated assets for either net assets without donor restrictions or net assets with donor restrictions purposes. Resources arising from the results of operations or assets set aside by the Executive Leadership Team are not considered to be donor restricted.

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2022 AND 2021Note 1: Accounting policies (Continued) -

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

Cash and cash equivalents - For purposes of the statement of cash flows, the Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Revenue recognition - All contributions are available for unrestricted use unless specifically restricted by the donor. Gifts of cash and other assets are reported as net assets with donor restrictions support if they are received with donor stipulations that limit their use. When a donor restriction expires, 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. Donor-restricted contributions are recorded in the net assets with donor restrictions class for restrictions expiring during the fiscal year, and then reclassified to the net assets without donor restrictions. By definition, donor-imposed restrictions which stipulate that resources be maintained permanently must be maintained in perpetuity. Restrictions do not expire and no assets are reclassified in the statements of activities.

Allowance for doubtful accounts - The Organization uses the reserve method to account for bad debts. The allowance for doubtful accounts is \$-0- for the years ended December 31, 2022 and 2021. The accounts receivable are presented net of the allowance in the statement of financial position.

Inventories - Quantities are determined by physical count and are valued at the lower of cost or market. Cost is determined by using the first-in, first-out method. Inventory consists of books and materials.

Fixed assets - The Organization depreciates fixed assets over their estimated useful lives using the straight-line and modified ACRS methods. Estimated useful lives for computing depreciation were as follows:

<u>Assets</u>	<u>Years</u>
Building	20-39
Equipment	5-15

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2022 AND 2021Note 1: Accounting policies (Continued) -Fixed assets (Continued) -

Maintenance and repairs are charged against income as incurred. Improvements which increase the useful life or productive capacity of the assets are capitalized.

The Organization recognizes gain or loss on fixed assets at the time of retirement or sale prior to the end of the estimated useful life of the asset. Cost and accumulated depreciation are removed from the asset and reserve accounts at retirement or sale.

Depreciation - Depreciation charged against income for the years ended December 31, 2022 and 2021, was \$44,371 and \$43,553, respectively.

Income tax status - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, and state income taxes under corresponding provisions of Indiana tax law. Additionally, the Organization is not considered a private foundation under Section 509(a) of the Internal Revenue Code.

The Organization has adopted the accounting standard on accounting for uncertainty in income taxes. This standard addresses the determination of whether tax benefits claimed, or expected to be claimed, on a tax return should be recorded in the financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits that could be recognized in the financial statements from such positions would be measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses derecognition, classification, interest and penalties on income taxes, and accounting in interim periods. At December 31, 2022 and 2021, there were no unrecognized tax benefits identified or recorded as liabilities.

Note 2: Credit risk and concentrations - The Organization maintains its cash accounts at local banks. The cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per institution. At December 31, 2022 and 2021, deposits in excess of the insured amount totaled \$1,742,092 and \$2,143,610, respectively.

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2022 AND 2021

Note 3: Investments - The Organization's investments at December 31, 2022 and 2021 include the following:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 241,645	\$ 308,268
Money funds	86,910	100,931
Annuities	209,534	201,497
Equities	1,862,228	2,066,079
Fixed income	515,620	1,071,912
Bonds	<u>287,695</u>	<u>-</u>
Total	<u>\$3,203,632</u>	<u>\$3,748,687</u>

Net investment income (loss) for the years ended December 31, 2022 and 2021 is detailed as follows:

	<u>2022</u>	<u>2021</u>
Interest	\$ 17,542	\$ 15,105
Dividends	94,185	98,427
Net realized gains (losses)	(198,107)	109,008
Net unrealized gains (losses)	<u>(385,045)</u>	<u>207,820</u>
Total	<u>\$ (471,425)</u>	<u>\$ 430,360</u>

Note 4: Fair value measurements - FASC 820 defines fair value as the price that would be received by the Organization for an asset or paid by the Organization to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date in the Organization's principal or most advantageous market for the asset or liability. The effect of a change in valuation technique or its application on a fair value estimate is accounted for prospectively as a change in accounting estimate. When evaluating indications of fair value resulting from the use of multiple valuation techniques, the Organization is to select the point within the resulting range of reasonable estimates of fair value that is most representative of fair value under current market conditions. FASC 820 establishes a fair value hierarchy which requires the Organization to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The hierarchy places the highest priority on unadjusted quoted market prices in active market for identical assets or liabilities (level 1 measurements) and gives the lowest priority to unobservable inputs (level 3 measurements). The three levels of inputs within the fair value hierarchy are defined as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the Organization has the ability to access as of the measurement date.

Level 2 Inputs: Significant other observable inputs other than level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2022 AND 2021Note 4: Fair value measurements (Continued) -

Level 3 Inputs: Significant unobservable inputs that reflect the Organization's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

In many cases, a valuation technique used to measure fair value includes inputs from multiple levels of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy.

The following descriptions of the valuation methods and assumptions used by the Organization to estimate the fair values of investments apply to investments held directly by the Organization. There have been no changes in methodologies used at December 31, 2022 and 2021.

Cash and cash equivalents, money funds, annuities, equities, fixed income, and bonds: The fair values of investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2022 and 2021:

	Fair Value Measurements at December 31, 2022		
	Quoted Prices In Active Markets For Identical Assets (Level 1)	Signifi- cant Other Observable Inputs (Level 2)	Signifi- cant Un- observable Inputs (Level 3)
Cash and cash equivalents	\$ 241,645	\$ -	\$ -
Money funds	86,910	-	-
Annuities	209,534	-	-
Equities	1,862,228	-	-
Fixed income	515,620	-	-
Bonds	287,695	-	-
Total	<u>\$3,203,632</u>	<u>\$ -</u>	<u>\$ -</u>

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

Note 4: Fair value measurements (Continued) -

	Fair Value Measurements at December 31, 2021		
	Quoted Prices In Active Markets For Identifi- cal Assets (Level 1)	Signifi- cant Other Observable Inputs (Level 2)	Signifi- cant Un- observable Inputs (Level 3)
Cash and cash equivalents	\$ 308,268	\$ -	\$ -
Money funds	100,931	-	-
Annuities	201,497	-	-
Equities	2,066,079	-	-
Fixed income	1,071,912	-	-
Bonds	-	-	-
Total	<u>\$ 3,748,687</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5: Pension plan - There is a tax-deferred annuity, which is funded by both the individual and the employer. In order to be eligible to participate in the defined benefit plan, the individual must contribute at least 3% of his or her salary (up to the maximum determined by the National Board) to the tax deferred annuity. Benefits are based on a percentage of the designated monthly salary multiplied by the participant's years of service. The amount of retirement plan expense was \$9,356 and \$9,114 for the years ended December 31, 2022 and 2021, respectively.

The Organization also has a defined benefit pension plan that covers ministers and missionaries from the National Conference and is funded entirely by the Church of the United Brethren in Christ.

The following table sets forth the Plan's funded status:

	<u>2022</u>	<u>2021</u>
Actuarial present value of benefit obligations -		
Accrued benefit obligation	\$ (3,121,684)	\$ (3,185,703)
Market value of assets	<u>3,295,057</u>	<u>3,746,716</u>
Prepaid pension cost	<u>\$ 173,373</u>	<u>\$ 561,013</u>
Net periodic pension cost -		
(Gain) Loss on plan assets	\$ 132,362	\$ (481,686)
Cost for plan year	<u>255,278</u>	<u>440,590</u>
Net periodic cost (benefit)	<u>\$ 387,640</u>	<u>\$ (41,096)</u>

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

Note 5: Pension plan (Continued) -

Any qualified, non-ordained Church of the United Brethren in Christ USA, Inc. headquarters employees who contributed at least 3% of his or her salary to the employer designated individual retirement annuity is entitled to an employer contribution of 6% of the employee's base salary. The amount of retirement plan expense was \$21,746 and \$25,934 for the years ended December 31, 2022 and 2021, respectively.

Note 6: Notes receivable - The Organization holds the following notes receivable at December 31, 2022 and 2021:

<u>Date</u>	<u>Due Date</u>	<u>Monthly/ Quarterly Payment</u>	<u>Rate</u>	<u>Balance</u>	
				<u>2022</u>	<u>2021</u>
12/31/08	8/31/28	\$ 450	0.00%	\$ 36,900	\$ 37,600
9/01/22	8/31/24	\$ 30,000	0.00%	200,000	-
<u>Total</u>				<u>\$236,900</u>	<u>\$ 37,600</u>

The future maturities of the notes receivable are as follows:

Years ending December 31:

2023	\$125,400
2024	85,400
2025	5,400
2026	5,400
2027	5,400
Thereafter	9,900
<u>Total</u>	<u>\$236,900</u>

Note 7: Fixed assets - Components of fixed assets for the years ended December 31, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 79,333	\$ 79,333
Buildings and improvements	799,059	799,059
Vehicles	87,163	87,163
Office furniture and equipment	463,919	456,307
	1,429,474	1,421,862
<u>Less: Accumulated depreciation</u>	<u>1,082,536</u>	<u>1,038,165</u>
<u>Total fixed assets</u>	<u>\$ 346,938</u>	<u>\$ 383,697</u>

Note 8: Annuity contracts - Annuity contracts are valued at the amount of the present value of the expected cash flows. Annuity payments are made at least once a year in amounts ranging from 4.2% to 8.3% of the principal balance. At the death of the annuitant, the principal balance of the contract is transferred to the General Fund.

CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.NOTES TO FINANCIAL STATEMENTS (CONTINUED)DECEMBER 31, 2022 AND 2021

Note 9: Net assets - Net assets with donor restrictions are restricted for the following purposes:

	<u>2022</u>	<u>2021</u>
Annuity & Loan Fund	\$ 123,999	\$ 158,033
Antioch Fund	146,384	170,734
Caleb Fund	131,257	152,724
Price Trust Fund	10,840	11,811
Arnold Bible Fund	15,832	16,646
Various Special Projects	698,710	315,050
Christian Education	53,961	61,663
Clergy Financial Health	73,442	127,554
Church Planting Endowment	484,313	583,020
Leadership Development	2,177	2,174
Meadow Gates Endowment	34,254	48,281
Missionary Contingency	111,816	113,389
Stationing Fund	18,612	12,254
Permanent Endowment Fund	<u>277,263</u>	<u>277,263</u>
Total	<u>\$2,182,860</u>	<u>\$2,050,596</u>

Note 10: Operating lease - The Organization has entered into an agreement to lease a postage meter. The lease payments are month-to-month. The Organization paid \$2,952 and \$3,125 for this lease for the years ended December 31, 2022 and 2021, respectively.

Note 11: Right of Use Asset - Operating lease - In February 2016, the FASB issued ASU 2016-02. This update recognizes the capitalization of operating leases of more than 12 months beginning in January 2022. An organization is required to record a "right of use" asset and a lease liability payable for the present value of the lease payments. At December 31, 2022, the present value was calculated on the remaining lease payments of a four-year copier lease using an incremental borrowing rate of 6.25% at the lease inception of March 9, 2020. Monthly lease payments are \$265 per month for 48 months. Rent expense for the years ended December 31, 2022 and 2021 was \$3,180 for both years.

At December 31, 2022, future minimum lease payments under the capital lease obligations and the net present value of the future minimum lease payments are as follows:

Years ending December 31:

2023	\$ 3,180
2024	<u>530</u>
Total future minimum lease payments	3,710
<u>Less:</u> Amount representing interest	<u>(141)</u>
Present value of future minimum lease payments	<u>\$ 3,569</u>

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come together

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CHURCH OF THE UNITED BRETHREN IN CHRIST USA, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2022 AND 2021

Note 12: Subsequent events - Management has evaluated the activities and transactions subsequent to December 31, 2022 for potential recognition and/or disclosure within the financial statements for the year ended December 31, 2022. This analysis was performed through March 10, 2023, the date the financial statements were available to be issued.