The United Church of Christ Board and Certain Affiliated Entities

Combined Financial Report
December 31, 2019

Contents

Independent Auditor's Report

To the Audit Committee
The United Church of Christ Board and
Certain Affiliated Entities

Report on the Financial Statements
We have audited the accompanying combined financial statements of the United Church of Christ Board and Certain Affiliated Entities (the Organization) which comprise the combined statements of financial position as of December 31, 2019 and 2018, the related combined statements of activities and changes in net assets and cash flows for the years then ended and the related notes to the combined financial statements (collectively, financial statements).

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

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter
Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

RSM US LLP

Cleveland, Ohio
August 26, 2020

The United Church of Christ Board and Certain Affiliated Entities

Combined Statements of Financial Position
December 31, 2019 and 2018

	2019	2018
Assets		
Cash and cash equivalents	$ 6,237,483	$ 8,981,916
Investments	333,194,247	285,757,207
Receivables:		
Church building loans, net	36,838,864	35,434,126
Support, net	3,851,571	3,771,108
Property sale, net	3,329,261	3,385,109
Other, net	4,964,618	5,578,229
Inventory, prepaid expenses and other assets	782,577	629,063
Beneficial interest in trusts held by others	14,340,756	12,451,315
Property and equipment, net	8,115,499	14,464,509
Total assets	$ 411,654,876	$ 370,452,582
Liabilities and Net Assets		
Accounts payable	$ 594,443	$ 942,218
Other accrued liabilities	1,418,155	2,067,000
Loan payable	1,675,000	2,050,000
Accrued pension and other post-retirement benefits	2,145,425	1,763,300
Funds held for others	2,286,112	3,291,901
Other liabilities	1,715,588	1,787,392
Total liabilities	9,834,723	11,901,811
Net assets:		
Without donor restrictions	172,684,088	158,781,596
With donor restrictions	229,136,065	199,769,175
Total net assets	401,820,153	358,550,771
Total liabilities and net assets	$ 411,654,876	$ 370,452,582

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	**Totals**
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 4,868,269	$ -	**$ 4,868,269**
Special support	32,628	3,429,808	**3,462,436**
Gifts, donations and trust income	999,311	779,977	**1,779,288**
Other revenues:			
Publications and other resource sales	1,202,102	-	**1,202,102**
Total return draw	8,275,966	-	**8,275,966**
Management fees and other reimbursements	2,386,060	160,745	**2,546,805**
Church loan interest	1,730,836	-	**1,730,836**
Other	495,694	-	**495,694**
Hotel revenue	807,984	-	**807,984**
Net assets released from restrictions	6,164,478	(6,164,478)	**-**
Total operating revenues and support	26,963,328	(1,793,948)	**25,169,380**
Operating expenses:			
Program services	21,743,142	-	**21,743,142**
Management and general	4,526,114	-	**4,526,114**
Fundraising	1,704,272	-	**1,704,272**
Total operating expenses	27,973,528	-	**27,973,528**
Decrease from operating activity	(1,010,200)	(1,793,948)	**(2,804,148)**
Non-operating revenues and (expenses):			
Gifts and donations	137,880	1,757,941	**1,895,821**
Interest and dividends net of total return draw	(1,157,197)	(2,370,056)	**(3,527,253)**
Appreciation in value of investments, net	16,640,322	29,694,878	**46,335,200**
Change in value of beneficial interest of trusts held by others	-	1,889,441	**1,889,441**
Change in value of split interest agreements	-	188,634	**188,634**
Total non-operating revenues and support	15,621,005	31,160,838	**46,781,843**
Increase in net assets before the effect of postretirement cost	14,610,805	29,366,890	**43,977,695**
Postretirement related changes other than net periodic postretirement cost	(708,313)	-	**(708,313)**
Increase in net assets	13,902,492	29,366,890	**43,269,382**
Net assets - beginning of year	158,781,596	199,769,175	**358,550,771**
Net assets - end of year	$ 172,684,088	$ 229,136,065	**$ 401,820,153**

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Totals
Operating revenues and support:			
Our Church's Wider Mission:			
Basic support	$ 4,984,542	$ -	$ 4,984,542
Special support	29,702	3,450,745	3,480,447
Gifts, donations and trust income	1,211,024	353,119	1,564,143
Other revenues:			
Publications and other resource sales	1,234,045	-	1,234,045
Total return draw	8,175,239	-	8,175,239
Management fees and other reimbursements	1,902,484	150,447	2,052,931
Church loan interest	1,716,250	-	1,716,250
Other	684,684	-	684,684
Hotel revenue	5,351,191	-	5,351,191
Net assets released from restrictions	7,405,604	(7,405,604)	-
Total operating revenues and support	32,694,765	(3,451,293)	29,243,472
Operating expenses:			
Program services	25,670,570	-	25,670,570
Management and general	4,521,550	-	4,521,550
Fundraising	1,934,787	-	1,934,787
Total operating expenses	32,126,907	-	32,126,907
Increase (decrease) from operating activity	567,858	(3,451,293)	(2,883,435)
Non-operating revenues and (expenses):			
Gifts and donations	660,094	2,486,121	3,146,215
Interest and dividends net of total return draw	(948,518)	(2,412,992)	(3,361,510)
Depreciation in value of investments, net	(6,289,012)	(21,284,340)	(27,573,352)
Change in value of beneficial interest of trusts held by others	-	(1,781,570)	(1,781,570)
Change in value of split interest agreements	-	(495,684)	(495,684)
Total non-operating revenues and support	(6,577,436)	(23,488,465)	(30,065,901)
Decrease in net assets before the effect of postretirement cost	(6,009,578)	(26,939,758)	(32,949,336)
Postretirement related changes other than net periodic postretirement cost	101,663	-	101,663
Decrease in net assets	(5,907,915)	(26,939,758)	(32,847,673)
Net assets - beginning of year	164,689,511	226,708,933	391,398,444
Net assets - end of year	$ 158,781,596	$ 199,769,175	$ 358,550,771

See notes to combined financial statements.

The United Church of Christ Board and Certain Affiliated Entities

Combined Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	**$ 43,269,382**	$ (32,847,673)
Adjustments to reconcile increase (decrease) in net assets to net cash used in operating activities:		
Net (appreciation) depreciation in value of investments	**(46,335,200)**	27,573,352
Depreciation	**679,971**	925,891
Contributions restricted for long-term investment	**(542,664)**	(1,419,502)
Change in value of beneficial interest in trusts held by others	**(1,889,441)**	1,781,570
Changes in operating assets and liabilities:		
Support receivable	**(80,463)**	(299,476)
Property sale receivable	**55,848**	(489,251)
Other receivables	**613,611**	552,102
Prepaid expenses and other assets	**(153,514)**	(19,143)
Accounts payable	**(347,775)**	354,929
Accrued pension and other post-employment benefits	**382,125**	(383,364)
Other liabilities and funds held for others	**(1,726,438)**	(497,381)
Net cash used in operating activities	**(6,074,558)**	(4,767,946)
Cash flows from investing activities:		
Purchase of investments	**(20,883,859)**	(232,542,384)
Proceeds from sale of investments	**19,049,498**	236,816,406
Purchase of property and equipment	**(496,121)**	(191,075)
Proceeds from sale of hotel	**6,897,681**	-
Disbursements for church building loans	**(5,034,263)**	(5,710,986)
Repayments of church building loans	**3,629,525**	6,803,278
Net cash provided by investing activities	**3,162,461**	5,175,239
Cash flows from financing activities:		
Payment of loan payable	**(375,000)**	(125,000)
Proceeds from contributions restricted for long-term investment	**542,664**	1,419,502
Net cash provided by financing activities	**167,664**	1,294,502
Net (decrease) increase in cash and cash equivalents	**(2,744,433)**	1,701,795
Cash and cash equivalents:		
Beginning	**8,981,916**	7,280,121
Ending	**$ 6,237,483**	$ 8,981,916
Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	**$ 82,299**	$ 87,581
Disposal of fixed assets	**$ 6,165,160**	$ 891,493
Transfer of church building loans receivable to property and equipment	**$ 113,849**	$ 2,353,023

See notes to combined financial statements.

Note 1. Nature of Activities

The United Church of Christ (the UCC) is a Protestant denomination formed in 1957 by the Union of the Evangelical and Reformed Church and the General Council of the Congregational Christian Churches of the United States. The UCC is a "just peace" church that embraces all persons in an environment that is multiracial, multicultural, open and affirming and accessible to all who seek the Christian faith.

In 2013, the United Church of Christ restructured the national setting of the Church into its current structure. Several national ministries of the UCC are principally located in Cleveland, Ohio and include four separately incorporated entities, all of which are tax-exempt under Section 501(c)(3) of the Internal Revenue Code through the United Church of Christ's group ruling. National bodies forming the structure include:

United Church of Christ Board (UCCB): The UCCB is responsible for policies relating to the mission of the UCC in its national setting, to act as the General Synod ad interim and work in cooperation with the Collegium of Officers to provide coordination and evaluation of the work of the Church. The UCCB sits as the Board of Directors of Justice and Witness Ministries (JWM), Local Church Ministries (LCM) and Wider Church Ministries (WCM). It includes the functions of the Office of General Minister & President (OGMP), which represents the administrative functions of the UCCB.

Justice and Witness Ministries (a Covenanted Ministry of the United Church of Christ) (JWM): JWM's mission is to enable and encourage local churches, associations, conferences and national expressions of the UCC to engage in God's mission at the global, national and local level by direct involvement and action in the promotion of justice, peace and the integrity of creation.

Local Church Ministries (a Covenanted Ministry of the United Church of Christ) (LCM): LCM's mission is to encourage and support local churches of the UCC in the fulfillment of God's mission, to serve as a resource to constituents by providing special knowledge, understanding and guidance with respect to the mandates of LCM and to sustain relationships with other ministry partners.

Wider Church Ministries (a Covenanted Ministry of the United Church of Christ) (WCM): WCM's mission is to encourage and support local churches, associations, conferences and national expressions of the UCC to participate in the global mission of the Church; to support UCC ministries and those partner churches around the world; and to plan and conduct common global ministries with the Christian Church (Disciples of Christ).

Each Covenanted Ministry has autonomy and maintains its own funds and accounts but is in covenant with the other ministries.

A Common Services Corporation provides financial, legal, human resources, and other administrative functions for all the entities. The entity is controlled by and consolidated as part of the UCCB.

During 2007, Local Church Ministries Church Building & Loan Fund (CB&LF) became a separate legal entity in order to increase CB&LF's visibility and identity, preserve its history and enhance its fiduciary responsibility by establishing a separate Board with expertise in banking, real estate and investments. The entity is controlled by and consolidated as part of Local Church Ministries.

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

Note 1. Nature of Activities (Continued)

The Pension Boards, United Church Funds, Inc. (UCF), UCC Cornerstone Fund, Inc. (Cornerstone) and other organizations of the UCC are affiliated or associated organizations that maintain funds and accounts separate from the Covenanted Ministries and are not included in these combined financial statements because control and/or economic interest does not exist.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The combined financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization is required to report information regarding its financial position and activities based on the existence or absence of donor-imposed restrictions according to two classes of net assets: without donor restrictions and with donor restrictions.

Net assets without donor restrictions are net assets that are free of donor imposed restrictions as well as net assets that can be designated for specific purposes by formal action of the Board of Directors of each Covenanted Ministry.

Net assets with donor restrictions include net assets from grants, contributions, investment income or other inflows where the use is limited by donor imposed restrictions that either expire by the passage of time or can be fulfilled by actions of the Organization.

Also included in net assets with donor restrictions are net assets subject to donor imposed restrictions to be maintained permanently by the Organization, which include gifts and pledges for endowment wherein donors stipulate that the corpus of the gift be held in perpetuity and only the income is utilized. Other permanently restricted items in this net asset category include the Organization's interest in the values of certain perpetual trusts and annuity and life income gifts for which the principal is held in perpetuity and the income may or may not be subject to donor restrictions.

Revenues are reported as increases in net assets without donor restrictions unless the use of the related asset is limited by donor imposed restrictions. When a donor restriction expires, these net assets are reclassified to net assets without donor restrictions and reported in the combined statement of activities as net assets released from restrictions.

Principles of combination: The combined financial statements include the accounts of the UCCB, the OGMP, JWM, LCM, WCM and 700 Prospect Corporation (collectively referred to as the Organization), as well as the United Church of Christ Hotel Venture, LLC (Hotel Venture, LLC), and Local Church Ministries Church Building & Loan Fund, LCM's wholly controlled entities, whose activity is included in LCM. All significant interministry balances and transactions have been eliminated.

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

Note 2. Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents: The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash at financial institutions which may at times exceed federally insured amounts. Management does not feel there is a risk of loss due to balances that exceed insured amounts.

Investments: Investments are carried at cost or fair value as disclosed in Notes 3 and 4. Investment income or loss, including unrealized and realized gains and losses, is reported as a change in the appropriate net asset category according to donor restriction, if any.

A total return draw on investments concept is followed whereby investment income is drawn from endowment investments based on a 5 year trailing quarterly average market value at a 4% to 5% draw rate depending upon the ministry involved. The total return draw is recorded in the combined statements of activities and changes in net assets under operating revenues and support. The difference between the actual earned income and the total return draw is recorded as interest and dividends net of total return draw under non-operating revenues and support.

Term investment notes: Term investment notes consist of certificates of deposit on deposit with the Cornerstone Fund, an affiliated organization. Due to the short-term nature of these deposits the notes are carried at cost which approximates fair value.

Church building loans receivable: Management reports loans receivable at their outstanding unpaid principal balances reduced by an allowance for loan losses. Loans are made to fund the construction, acquisition and expansion of church facilities. The Board of Directors of CB&LF, at its discretion, can place delinquent loans in moratorium (not requiring principal and/or interest payments) or declare delinquent loans to be in good standing and revise the scheduled principal and interest payments. Interest is accrued on the outstanding balance and at December 31, 2019 and 2018 interest accrued totaled $202,270 and $179,475, respectively. The Organization generally continues to accrue interest income on delinquent loans. Accrued interest on delinquent loans is considered collectible.

Allowance on church building loans receivable: Management uses the allowance method in accounting for uncollectible receivables. The allowance is an amount that management believes will be adequate to absorb estimated losses relating to specifically identified loans, as well as probable credit losses inherent in the balance of the loan portfolio. This risk assessment is utilized to determine the necessary portfolio level allowance amount. The risk assessment has been computed based on management's judgment of current economic conditions and credit risks of the borrower. Increases to the allowance are made by charges to the provision for loan losses. Receivables deemed to be uncollectible are charged against the allowance. Recoveries of previously charged-off amounts are credited to the allowance. Although management believes that it uses the best information available to determine the adequacy of the allowance, future adjustments to the allowance may be necessary and results of operations could be significantly and adversely affected if circumstances differ substantially from the assumptions used in making the determinations. Management established an allowance for loan losses of $928,078 at both December 31, 2019 and 2018, for possible uncollectible receivables based on circumstances that occurred during the year.

A loan is considered impaired when it is probable, that based on current information and events, the Organization will be unable to collect all contractual principal and interest payments due in accordance with the terms of the loan agreement. Impaired loans are measured on an individual basis based on the loan's payment history and management's contact with the local church. Impaired loans are reserved at 90% of the loan balance at December 31, 2019 and 2018, respectively. For such loans that are classified as impaired, the amount of impairment, if any, and any subsequent changes are included in the allowance. The general component covers non-classified loans and is based on historical loss experience adjusted for qualitative factors.

Note 2. Summary of Significant Accounting Policies (Continued)

When establishing the allowance, management uses loan categories generally based on the nature of the loan. These loan categories and the relevant characteristics are as follows:

> **Church loans:** These receivables represent active loans made for either site acquisition or for the construction of either first unit construction or upgrades to existing construction. The payment from borrowers is usually applied to principal and interest unless other arrangements have been negotiated.
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> **Church construction loans:** These receivables represent current construction loans. A promissory note and commitment letter will indicate the maximum loan amount that the Organization has approved relative to the completed value of the project. Funds are taken from the loan through a draw process to pay material suppliers and contractors. The borrower is only charged interest on the amount borrowed during the construction period. The construction loan is reclassified as a church loan once the total amount of approved funds has been disbursed.

As part of the on-going monitoring of the credit quality of the Organization’s loan portfolio, management categorizes loans into risk categories based on relevant information about the ability of the borrowers to service their debt and comply with various terms of their loan agreements. The Organization considers historical payment experience, temporary loan modifications, current financial information, church membership, the length of time that the senior pastor has been installed in the church and an overall evaluation by management. Generally, all church building loans receive a financial review no less than annually to monitor and adjust, if necessary, the loan’s risk profile.

The Organization categorizes loans into the following risk categories based on relevant information about the ability of the borrowers to service their debt:

Excellent, Risk Rating 1: The evaluation process indicates strong loans with no identifiable risks. The loans are meeting their debt service obligation and the likelihood of realizing full repayment is excellent. There have been no temporary or permanent loan modifications to the loans in the past three years.

Good, Risk Rating 2: The evaluation process indicates solid loans with minimal risks. The loans have no indication of deteriorating operational or financial conditions. There is a good possibility of realizing full repayment. Historically, there was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Satisfactory, Risk Rating 3: The evaluation process indicates identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored, but overall presents little risk of loss. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Watch, Risk Rating 4: The evaluation process indicates additional identifiable risks. The loans may be underperforming compared to projections or standard expectations. The loans will likely experience occasional minor issues during the compliance period that should be monitored by management regularly. There is potential for risk of loss. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Marginal, Risk Rating 5: The evaluation process indicates significant identifiable risks. The loans exhibit signs of weakness in operating and financial condition. The loans may continually perform poorly, requiring significant oversight. The risk of loss is likely. There was at least one loan modification or at least one instance of a late payment made sixty days or more past the original due date.

Note 2. Summary of Significant Accounting Policies (Continued)

Non-performing, Risk Rating 6: Repayment of the loans has ceased or the property has been abandoned. Risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

Interest and fees on loans: Interest on loans is recognized over the term of each loan and is calculated using the effective interest method. The Organization determines a loan to be delinquent when payments have not been made according to contractual terms. Interest accrued in the current year and which is deemed uncollectible is reversed against interest income in the current year. Interest accrued in prior years which is deemed uncollectible is charged against the allowance. The Organization charges nominal origination fees and management has recorded these fees as earned in the year of origination. The deferral of these fees would be immaterial to the combined financial statements.

Pre-1985 grants and LRC loans: In prior years, the Organization made grants referred to as Pre-1985 grants and LRC loans for which repayment is required only if the grantee leaves the UCC. Therefore, no asset is currently recorded on the combined statements of financial position. The grant purposes are noted below:

> **Pre-1985 grants:** These assets had originally been recognized as expenses of the predecessor bodies to LCM (The Congregational Church Building Society, the Building Fund of the Board of National Missions) and legal documents filed with the stipulation that the "grants" were to be repaid if the church was ever to leave the UCC and/or close. The Organization has received sporadic payments on these grants. Management has determined that there is no value to be recorded on the books.
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> **LRC loans:** These assets result from actions taken on non-performing loans whereby the Organization, based on a vote taken, required that a grant mortgage be created with the stipulation that if the church was ever to leave the UCC and/or close, the funds were to be paid in full, otherwise these grants are maintained in perpetuity. Since the ultimate collection of these grants cannot be determined, management has determined that there is no value to be recorded on the books.

Allowance for doubtful receivables: The Organization determines its allowance for doubtful accounts for other receivables based on specific identification of uncollectible accounts and its historical collection experience. At December 31, 2019 and 2018, management has recorded an allowance of $17,013 and $10,078, respectively.

Property sale receivable, net: The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate.

Inventory, prepaid expenses and other assets: Inventory is valued at the lower of cost, generally on a first-in, first-out (FIFO) basis, or net realizable value. Prepaid expenses and other assets are recorded at their unamortized cost.

Property held: Real property, received in satisfaction of church building loans receivable and the Organization is actively marketing the sale of the property, is recorded at fair value at the time of transfer. There was no property held at December 31, 2019 or 2018.

Note 2. Summary of Significant Accounting Policies (Continued)

Beneficial interest in trusts held by others: The Organization is the beneficiary of an income stream of funds held by others. These resources are not in the Organization's possession, nor under its control. These funds are irrevocable and are held and administered by outside trustees. The beneficial interest of funds held by others are reported at fair value and total $14,340,756 and $12,451,315 at December 31, 2019 and 2018, respectively. The Organization's beneficial interest in funds held and administered by others generated $655,877 and $719,660 of cash sent to the Organization for the years ended December 31, 2019 and 2018, respectively. These amounts are included in gifts, donations, and trust income on the combined statements of activities and changes in net assets. In addition, the Organization serves as a custodian of funds for others.

Property and equipment: The Organization capitalizes expenditures for property, equipment, furniture and fixtures and leasehold improvements. Depreciation is calculated using a straight-line method over the estimated useful life of the asset, ranging from 3 to 40 years. Maintenance, repairs and minor expenditures for equipment are charged to expense as incurred. Major expenditures are capitalized and depreciated over their estimated useful lives. Leasehold improvements are amortized over the shorter of the useful life or remaining life of the lease.

Costs incurred related to the development of buildings and building improvements have been capitalized and are included with property and equipment in the accompanying combined statements of financial position. The Organization evaluates the recoverability of long-lived assets and measures the amount of impairment, if any, by assessing current and future levels of cash flows as well as other factors, such as business trends or economic conditions.

The Organization leases various property and equipment. Leased property that meets certain criteria are capitalized and the present value of the related lease payments are recorded as a liability. All other leases are accounted for as operating leases and the related payments are expensed ratably over the rental period. Amortization of assets under capital leases is computed utilizing the straight-line method over the shorter of the remaining lease term or the estimated useful life.

Valuation of long-lived assets: Financial Accounting Standards Board (FASB) guidance requires long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If the asset is considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reported at the lower of the carrying amount or fair value, less costs to sell. Management determined that the carrying values of long-lived assets at December 31, 2019 and 2018 were not impaired.

Other liabilities: Other liabilities are comprised of deferred revenue and amounts segregated for conditional gifts and UCF planned giving.

Funds held for others: Included in investments is $2,286,112 and $3,291,901 as of December 31, 2019 and 2018, respectively, of funds held by the Organization as custodian for affiliated entities. Income and losses attributable to these funds are not included in the accompanying combined statements of activities and changes in net assets but are recorded as adjustments to the liability reported in the combined statements of financial position.

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition: Support for Our Church's Wider Mission (OCWM) is recorded in the period contributed. Support receivable is recorded for actual contributions made through UCC churches during the period, which subsequently are forwarded by the conferences to the Organization.

Other revenues are recognized when the related good or service is provided and include income from Hotel Venture, LLC, publication subscriptions, administrative services and meeting registrations.

Gifts and donations: Unconditional promises to receive cash and other assets are reported at fair value at the date the promise is received. Gifts of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, donor restricted net assets are reclassified to net assets without donor restrictions and reported in the combined statements of activities and changes in net assets as net assets released from restrictions. The UCC classifies gifts as operating if they are included in the annual budget. Non-operating gifts include unanticipated and special fundraising initiatives.

General Synod revenues and expenses: The biennial General Synod meeting, which occurred in 2019, is funded primarily with OCWM National Basic Support receipts budgeted over a two-year period. In addition, attendees pay a registration fee. Income from the General Synod is included in other income and related expenses are included in program expenses in the combined statements of activities and changes in net assets.

Hotel revenue: Hotel revenue is derived from room rentals, banquet and conference facilities, and other related food and beverage services. Revenue is recognized when rooms are occupied or after services have been rendered.

On March 7, 2019, the Organization completed the sale of all tangible assets related to the hotel for the net cash consideration of $6,897,681. Hotel Venture, LLC will continue as a wholly-owned subsidiary until all obligations are settled and funds are disbursed to the respective owners. As a result of the sale, the Organization recorded a gain of $732,521 which is included in appreciation in value of investments on the combined statement of activities and changes in net assets.

Income taxes: The Covenanted Ministries of the United Church of Christ and Certain Affiliated Entities are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law, except for taxes pertaining to unrelated business income, if any.

The Organization applied the accounting standard on accounting for uncertainty in income taxes, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the combined financial statements. Under this guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization, the continued tax-exempt status of bonds issued by the Organization and various positions related to the potential sources of unrelated business taxable income (UBIT). The tax benefits recognized in the combined financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The guidance on accounting for uncertainty in income taxes also addresses de-recognition, classification, interest and penalties on income taxes and accounting in interim periods. At December 31, 2019 and 2018, there were no unrecognized tax benefits identified or recorded as liabilities.

Note 2. Summary of Significant Accounting Policies (Continued)

The covenanted ministries are exempt from filing tax returns, due to its status as a church, however, 700 Prospect Corporation files a Federal Form 990 in the U.S. federal jurisdiction and the state of Ohio. Hotel Venture, LLC files a Federal Form 1065 in the U.S. federal jurisdiction and a local tax return in the state of Ohio.

Troubled debt restructures: Troubled debt restructuring exists when the Organization, for economic or legal reasons related to the borrower's financial difficulties, grants a concession (either imposed by court order, law, or between the borrower and the Organization) to the borrower that it would not otherwise consider. These concessions could include restructuring of the loan repayment schedule, extension of the terms of the loan, other changes in the terms of the loan, forgiveness of principal and reduction of stated interest rates or accrued interest. The Executive Director negotiates loan restructuring only when such change is deemed to be the most cost-effective manner in which to maximize recovery of loan principal or interest and/or to ensure the completion or preservation of the financed project. Management has evaluated troubled debt restructurings and concluded they are not material to the combined financial statements.

Recent accounting pronouncements: During 2019, the Organization adopted Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaced most existing revenue recognition guidance in U.S. GAAP when it became effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. The Organization selected the modified retrospective transition method and there was no significant effect on the combined financial statements as a result of the adoption of this ASU.

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The objective of this statement is to assist entities in evaluating whether transactions should be accounted for as contributions within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange transactions subject to other guidance and determining whether a contribution is conditional. For transactions in which an entity is the resource recipient, the statement is effective for fiscal years beginning after December 15, 2018. For transactions in which the entity serves as a resource provider, the statement is effective for fiscal years beginning after December 15, 2019. The Organization adopted the portion of this standard applicable to transactions where they are the resource recipient effective January 1, 2019, which did not have a significant impact on the combined financial statements.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments—Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Organization adopted this standard effective January 1, 2019, which did not have a significant impact on the combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The Organization is currently evaluating the impact of the pending adoption of the new standard on its combined financial statements.

Note 2. Summary of Significant Accounting Policies (Continued)

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,* which applies to all entities and most financial assets that are not measured at fair value through net income, including trade and other receivables, loans and debt securities. The amendments in this update replace the incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to determine credit loss estimates. The allowance for credit losses should reflect management's current estimate of credit losses that are expected to occur over the remaining life of a financial asset. Financial assets measured at amortized cost should be presented at the net amount expected to be collected, through the allowance for credit losses that is deducted from the amortized cost basis. The amendments are effective in fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early adoption of the ASU is permitted for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Organization is currently evaluating the impact of this standard on its combined financial statements.

In August 2018, the FASB issued ASU 2018-13, *Changes to Disclosure Requirements for Fair Value Measurement*. The objective of this statement is to modify the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement.* The statement is effective for all entities for fiscal years beginning after December 15, 2019. Early adoption is permitted. The Organization is currently evaluating the impact this new standard will have on its combined financial statements.

Reclassification: Certain reclassifications of the 2018 amounts have been made to conform to the 2019 presentation.

Subsequent events: The Organization has evaluated subsequent events for potential recognition and/or disclosure through August 26, 2020, the date the combined financial statements were available to be issued.

Note 3. Investments

Investments at December 31 are as follows:

	2019				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 107,420,704	$ 111,157,279	$ 218,577,983
UCF Moderate Balanced Fund	6,405,085	558,976	25,003,897	2,986,815	34,954,773
UCF Beyond Fossil Fuels Fund	13,077,457	23,565,962	3,018,813	-	39,662,232
Term Investment Notes	-	-	8,180,984	-	8,180,984
Equity Securities	-	-	-	17,887,924	17,887,924
Corporate Bonds	-	-	5,940,364	-	5,940,364
Money Market Funds	1,193,371	-	2,036,656	1,664,108	4,894,135
U.S. Government Securities	-	-	281,556	-	281,556
Other	-	-	2,031,964	782,332	2,814,296
Total investments	$ 20,675,913	$ 24,124,938	$ 153,914,938	$ 134,478,458	$ 333,194,247

	2018				
	OGMP	JWM	LCM	WCM	Total
UCF UCC Endowment Fund	$ -	$ -	$ 94,724,015	$ 97,905,432	$ 192,629,447
UCF Moderate Balanced Fund	5,503,699	471,831	21,331,561	2,506,105	29,813,196
UCF Beyond Fossil Fuels Fund	11,798,095	21,113,207	2,572,825	-	35,484,127
Term Investment Notes	-	-	7,192,336	-	7,192,336
Equity Securities	-	-	-	14,313,570	14,313,570
Money Market Funds	1,104,112	-	1,872,647	637,237	3,613,996
U.S. Government Securities	-	-	291,169	-	291,169
Other	-	-	1,936,917	482,449	2,419,366
Total investments	$ 18,405,906	$ 21,585,038	$ 129,921,470	$ 115,844,793	$ 285,757,207

The UCF is an associated ministry of the UCC. The UCF Funds consist of approximately the following percentages of each type of security:

	Fixed Income Securities	Equity Securities	Alternatives Fund	Cash
UCF Moderate Balanced Fund	35-45%	55-65%		
UCF Alternatives Balanced Fund	20-40%	40-60%	10-30%	
UCF Beyond Fossil Fuels Fund	30-50%	50-70%		0-10%
UCF UCC Endowment Fund	22%	55%	23%	

Investments with UCF are held as units of ownership participation. The value of these units, based on quoted market prices, is recorded at the amounts reported by UCF. The Organization has term investment notes/savings accounts that are on deposit at Cornerstone.

Note 3. Investments (Continued)

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

	2019	2018
Total return draw	$ 8,275,966	$ 8,175,239
Interest and dividends, net of total return draw	(3,527,253)	(3,361,510)
Investment fees	(2,967,219)	(2,606,519)
Appreciation (depreciation) in the value of investments	49,302,419	(24,966,833)
Total	$ 51,083,913	$ (22,759,623)
Realized gains on sale of investments, net	$ 3,102,593	$ 61,318,027
Unrealized gain (loss) on investments, net	43,232,607	(88,891,379)
Interest and dividends	4,748,713	4,813,729
Total	$ 51,083,913	$ (22,759,623)

The Organization's investments are impacted significantly by the volatility of the financial markets and other economic events. This impact can result in gains and losses throughout the year.

Investment management fees of $2,861,505 and $2,508,000 were paid to a related party to manage an investment portfolio with a fair market value of $276,979,134 and $244,697,000 during 2019 and 2018, respectively.

Note 4. Fair Value Measurements

The Organization adopted ASC Topic *Fair Value Measurements and Disclosures* which provides a framework for measuring fair value under generally accepted accounting principles. ASC Topic *Fair Value Measurements and Disclosures* applies to all financial instruments that are being measured and reported on a fair value basis.

For assets and liabilities that are measured using quoted prices in active markets (Level 1), total fair value is the published market price per unit multiplied by the number of units held without consideration of transaction costs, discounts or blockage factors. Assets and liabilities that are measured using significant other observable inputs are valued by reference to similar assets or liabilities (Level 2), adjusted for contract restrictions and other terms specific to that asset or liability. For these items, a significant portion of fair value is derived by reference to quoted prices of similar assets or liabilities in active markets. For all remaining assets and liabilities, fair value is derived using other valuation methodologies, including option pricing models, discounted cash flow models and similar techniques (Level 3) and not based on market exchange, dealer, or broker traded transactions. These valuations incorporate certain assumptions and projections in determining the fair value assigned to such assets or liabilities.

For the year ended December 31, 2019 and 2018, the application of valuation techniques applied to similar assets and liabilities has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Investments: The fair value of investments, other than the pooled funds held at the UCF, is based on quoted market prices, when available, or market prices provided by recognized broker dealers. If listed prices or quotes are not available, due to the limited market activity of the instrument, fair value is based on net asset values reported by the underlying investment funds using unobservable inputs.

Note 4. Fair Value Measurements (Continued)

Investments – UCF: The UCF UCC Endowment Fund, UCF Moderate Balanced Fund, and UCF Beyond Fossil Fuels Fund are pooled investments funds managed by UCF. UCF provided the fair value of the Organization's interest in their pooled funds. The Organization's investments' fair value is determined by unit value as determined by UCF multiplied by the number of units held by the Organization.

UCF UCC Endowment Fund: The UCC Endowment has yet to develop its own asset allocation policy and the current investment policy and composition reflects the UCF Alternatives Balanced Fund. The Alternatives Balanced Fund is a non-diversified portfolio of private investment funds and publicly-traded equities and debt. UCF allocates the Alternatives Balanced Fund portfolio as follows: 30% in core fixed income (primarily intermediate and long-term US dollar-denominated government and investment-grade corporate fixed income obligations), 20% in US large capitalization stocks (typically with a weighted average market capitalization over $5 billion), 14% in hedge funds, 17.5% in international equities (typically the common stock of companies headquartered in developed countries), 5% in small capitalization stocks (typically with a weighted average market capitalization under $1.5 billion), 6% in real estate and real asset funds and 7.5% in emerging markets. Actual allocations will vary from time to time and the variances could be material. UCF's unit values in alternative investments are determined by net asset values reported by the underlying investment funds using unobservable inputs.

UCF Moderate Balanced Fund: Pursuing a middle-of-the-road approach that emphasizes stocks for higher capital appreciation potential, this fund maintains a significant fixed-income component to temper market volatility. UCF allocates the Moderate Balanced Fund portfolio as follows: 55-65% equity and 35-45% fixed-income. UCF's unit value of marketable equity and fixed income securities are determined by quoted market prices.

UCF Beyond Fossil Fuels Fund: A broadly diversified enhanced index portfolio invested in common stock of global corporations, the Beyond Fossil Fuels avoids investments in exploration and production companies in the oil and gas industries, and thermal coal companies. UCF's unit value of marketable equity and fixed income securities are determined by quoted market prices.

Beneficial interest in trusts held by others: The fair value of the beneficial interest in perpetual trusts represents the Organization's proportionate interest in the value of the trusts. The trusts are primarily invested in common and collective trust funds.

Split interest agreements: The Organization is a beneficiary of certain split interest agreements that are managed by Weston, Patrick, Willard and Redding, P.A. who provided the fair value of the UCC's interest in its split interest agreements. Fair value is based on net asset values reported by the underlying investment fund using unobservable inputs.

Funds held for others: The funds held for others are pooled funds held by UCF.

Note 4. Fair Value Measurements (Continued)

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

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments - UCF:				
UCF UCC Endowment Fund	$ -	$ 218,577,983	$ -	$ 218,577,983
UCF Moderate Balanced Fund	-	34,954,773	-	34,954,773
UCF Beyond Fossil Fuels Fund	-	39,662,232	-	39,662,232
Investments:				
Equity securities:				
Mid cap value	17,887,924	-	-	17,887,924
Fixed income securities:				
Corporate Bonds	-	5,940,364	-	5,940,364
U.S. Government Securities	-	281,556	-	281,556
	17,887,924	299,416,908	-	317,304,832
Term investment notes, money market funds and other				15,889,415
Total investments				$ 333,194,247
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 14,340,756	$ 14,340,756
Split interest agreements**	$ -	$ -	$ 2,733,071	$ 2,733,071
Financial liability:				
Funds held for others	$ -	$ 2,286,112	$ -	$ 2,286,112

Note 4. Fair Value Measurements (Continued)

	2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Investments - UCF:				
UCF UCC Endowment Fund	$ -	$ 192,629,447	$ -	$ 192,629,447
UCF Moderate Balanced Fund	-	29,813,196	-	29,813,196
UCF Beyond Fossil Fuels Fund	-	35,484,127	-	35,484,127
Investments:				
Equity securities:				
Mid cap value	14,313,570	-	-	14,313,570
Fixed income securities:				
U.S. Government Securities	-	291,169	-	291,169
Other	-	-	4,771	4,771
	14,313,570	258,217,939	4,771	272,536,280
Term investment notes, money market funds and other				13,220,927
Total investments				$ 285,757,207
Other assets:				
Beneficial interest in trusts held by others	$ -	$ -	$ 12,451,315	$ 12,451,315
Split interest agreements**	$ -	$ -	$ 2,822,257	$ 2,822,257
Financial liability:				
Funds held for others	$ -	$ 3,291,901	$ -	$ 3,291,901

Note 4. Fair Value Measurements (Continued)

The changes in fair value of Level 3 assets are summarized as follows:

	UCF Alternative Balanced Fund and Other Investments	Beneficial Interest in Trust Held by Others	Split Interest Agreements **	Total
Balance, January 1, 2018	$ 209,548,007	$ 14,232,885	$ 3,359,483	$ 227,140,375
Purchases and reinvestment	-	-	2,032	2,032
Sales, net	(209,543,236)	-	(43,574)	(209,586,810)
Changes in value of beneficial interest in trusts held by others	-	(1,781,570)	-	(1,781,570)
Changes in value of split interest agreements	-	-	(495,684)	(495,684)
Balance, December 31, 2018	4,771	12,451,315	2,822,257	15,278,343
Sales, net	(4,771)	-	(277,820)	(282,591)
Changes in value of beneficial interest in trusts held by others	-	1,889,441	-	1,889,441
Changes in value of split interest agreements	-	-	188,634	188,634
Balance, December 31, 2019	$ -	$ 14,340,756	$ 2,733,071	$ 17,073,827

** The value of the split interest agreements includes the split interest agreements included in Note 9 and the Make a Difference! split interest agreements included in Note 7.

Fair value on a nonrecurring basis: The Organization may be required, from time to time, to measure certain other financial assets at fair value on a nonrecurring basis in accordance with generally accepted accounting principles. These assets typically consist of impaired loans and property and equipment. There were no impaired loans with a carrying value at December 31, 2019 and 2018. There was no property and equipment impaired at December 31, 2019 and 2018.

Note 5. Church Building Loans Receivable, Net

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

	2019	2018
Church building loans receivable for:		
Commercial real estate:		
Church loans	$ 36,324,154	$ 36,078,148
Church construction loans	1,442,788	284,056
	37,766,942	36,362,204
Allowance for loan loss	(928,078)	(928,078)
Total	$ 36,838,864	$ 35,434,126

Note 5. Church Building Loans Receivable, Net (Continued)

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

	2019			2018		
	Principal	Interest	Total	Principal	Interest	Total
Church loans	$36,324,154	$194,310	$36,518,464	$36,078,148	$178,247	$36,256,395
Church construction loans	1,442,788	7,960	1,450,748	284,056	1,228	285,284
Total church building loans receivable and accrued interest	$37,766,942	$202,270	$37,969,212	$36,362,204	$179,475	$36,541,679

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

2020	$ 1,353,175
2021	1,244,507
2022	6,112,367
2023	1,162,021
2024	1,138,364
Thereafter	26,756,508
	$ 37,766,942

The following tables present the contractual aging of the church building loans receivable portfolio as of December 31:

	2019				
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 34,036,193	$ -	$ 1,531,048	$ 756,913	$ 36,324,154
Church construction loans	1,442,788	-	-	-	1,442,788
	$ 35,478,981	$ -	$ 1,531,048	$ 756,913	$ 37,766,942

	2018				
	Current	30-59 Days Past Due	60-89 Days Past Due	90 Days or More Past Due	Total
Church loans	$ 34,739,445	$ -	$ 642,282	$ 696,421	$ 36,078,148
Church construction loans	284,056	-	-	-	284,056
	$ 35,023,501	$ -	$ 642,282	$ 696,421	$ 36,362,204

Note 5. Church Building Loans Receivable, Net (Continued)

The following tables present the risk category of loans evaluated by internal loan receivable portfolio classification based on the most recent analysis performed and the contractual aging as of December 31:

	2019						
	Excellent	Good	Satisfactory	Watch	Marginal	Non-Performing	Total
Church loans	$ 33,179,506	$ 315,369	$ 1,702,596	$ 369,770	$ -	$ 756,913	$ 36,324,154
Church construction loans	1,442,788	-	-	-	-	-	1,442,788
	$ 34,622,294	$ 315,369	$ 1,702,596	$ 369,770	$ -	$ 756,913	$ 37,766,942

	2018						
	Excellent	Good	Satisfactory	Watch	Marginal	Non-Performing	Total
Church loans	$ 28,347,893	$ 1,980,199	$ 3,855,828	$ 1,021,901	$ -	$ 872,327	$ 36,078,148
Church construction loans	284,056	-	-	-	-	-	284,056
	$ 28,631,949	$ 1,980,199	$ 3,855,828	$ 1,021,901	$ -	$ 872,327	$ 36,362,204

The Organization categorizes loans into six risk categories based on relevant information about the ability of the borrowers to service their debt. The two main factors in considering risk are temporary loan modifications made to reduce interest or principal payments and late payments. A loan may be moved from the excellent category to one of the other five categories based on these two factors. Once a loan is out of the excellent category it is further evaluated using additional criteria to assess the church's ability to repay the loan.

Church building loans receivable considered as non-performing are loans that exhibit signs of significant weakness in operating and financial condition compared to other similar investments requiring constant oversight. The risk of loss is high. Foreclosure, abandonment, taking the deed in lieu of foreclosure, bankruptcy or other legal actions are underway.

At December 31, 2019 and 2018, all church building loans are collateralized by a mortgage or deed of trust, including $11,453,312 and $9,483,394, respectively, collateralized by second mortgages on church buildings. Interest rates on outstanding loans range from zero percent to 8.0%. At December 31, 2019 and 2018, zero percent loans totaled $384,644 and $408,049, respectively, and below interest loans totaled $8,489,202 and $8,872,455, respectively. It is anticipated that zero percent loans will be paid in full. For zero percent loans and below market rate loans, management calculates an amount of in-kind interest income earned and contributed to the respective borrowers. The amount is equal to the loan balance multiplied by the difference between the current rate of the loan and 4.5% at both December 31, 2019 and 2018. The rate of 4.5% at both December 31, 2019 and 2018 is used based on the assumption that this is a reasonable rate that a not-for-profit would pay to borrow funds. Imputed interest income and in-kind grant expense of $88,136 and $88,173 for the years ended December 31, 2019 and 2018, respectively, was recorded to reflect interest on these loans with interest rates below these rates.

There is a risk in any loan agreement that the borrower will not repay the funds loaned. Because of this risk, lending institutions usually charge a higher interest rate to compensate for loss due to default. In the secular world, the interest rate rises as the risk increases. The Organization is designed primarily to offer loans to new church start-ups. These loans generally are considered a high risk due to the many challenges associated with starting a new church. To help overcome some of these obstacles, the interest rates charged are significantly lower than rates that would be required by an independent lending institution. Because of this difference in interest charges, these church loans, if sold to an independent lending institution, would not be valued at the Organization's book value by that institution. Therefore, an outside institution would require a discount if it were to purchase the existing loans.

Note 5. Church Building Loans Receivable, Net (Continued)

Accounting principles generally accepted in the United States of America require the disclosure of the fair value of financial instruments. Based on the lower interest rates, payment schedules, higher risk and a limited market for church loans, management of the Organization estimates the fair value at December 31, 2019 and 2018 to be $35,763,828 and $34,406,460, respectively, if it is forced to sell the loans in a secondary market. It is management's belief that the properties and buildings that collateralize these loans, in the aggregate, have a fair value greater than the aggregate fair value of the loans.

As of December 31, 2019 and 2018, commitments for future church loans of $967,463 and $2,315,891, respectively, have been approved by the Board of Directors of CB&LF.

Note 6. Allowance on Church Building Loans Receivables

The following tables provide detail of the activity in the allowance for loan losses, by portfolio segment, for the year ended December 31:

	2019		
	Church Loans	Construction	Total
Allowance for loan losses:			
Beginning balance	$ 928,078	$ -	$ 928,078
Charge-offs	-	-	-
Ending balance	$ 928,078	$ -	$ 928,078
Period-ended amount allocated to:			
Individually evaluated for impairment	$ 756,913	$ -	$ 756,913
Collectively evaluated for impairment	171,165	-	171,165
	$ 928,078	$ -	$ 928,078
Loans:			
Individually evaluated for impairment	$ 756,913	$ -	$ 756,913
Collectively evaluated for impairment	35,567,241	1,442,788	37,010,029
	$ 36,324,154	$ 1,442,788	$ 37,766,942

	2018		
	Church Loans	Construction	Total
Allowance for loan losses:			
Beginning balance	$ 1,097,177	$ -	$ 1,097,177
Charge-offs	(169,099)	-	(169,099)
Ending balance	$ 928,078	$ -	$ 928,078
Period-ended amount allocated to:			
Individually evaluated for impairment	$ 872,327	$ -	$ 872,327
Collectively evaluated for impairment	55,751	-	55,751
	$ 928,078	$ -	$ 928,078
Loans:			
Individually evaluated for impairment	$ 872,327	$ -	$ 872,327
Collectively evaluated for impairment	35,205,821	284,056	35,489,877
	$ 36,078,148	$ 284,056	$ 36,362,204

Note 6. Allowance on Church Building Loans Receivables (Continued)

The following tables present additional detail of impaired loans, segregated by loan category, as of December 31. The unpaid principal balance represents the recorded balance prior to any partial charge-offs. The recorded investment represents customer balances net of any partial charge-offs recognized on the loans. The interest income recognized column represents all interest income reported on either cash or accrued basis after the loan became impaired. The cash basis column represents only the interest income recognized on a cash basis after the loan was classified as impaired:

	2019					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Loss Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis-Interest Income Recognized
With no related allowance recorded:						
Church loans	$ -	$ -	$ -	$ -	$ -	$ -
Church construction loans	-	-	-	-	-	-
With an allowance recorded:						
Church loans	756,913	756,913	756,913	757,695	27,450	-
Church construction loans	-	-	-	-	-	-
	$ 756,913	$ 756,913	$ 756,913	$ 757,695	$ 27,450	$ -

	2018					
	Unpaid Principal Balance	Recorded Investment	Allowance for Loan Loss Allocated	Average Recorded Investment	Interest Income Recognized	Cash Basis-Interest Income Recognized
With no related allowance recorded:						
Church loans	$ -	$ -	$ -	$ -	$ -	$ -
Church construction loans	-	-	-	-	-	-
With an allowance recorded:						
Church loans	872,327	872,327	872,327	608,641	55,281	-
Church construction loans	-	-	-	-	-	-
	$ 872,327	$ 872,327	$ 872,327	$ 608,641	$ 55,281	$ -

Note 7. Support Receivable, Net

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

	2019	2018
Our Church's Wider Mission:		
National Basic Support	$ 1,964,269	$ 1,785,576
Neighbors in Need	816,341	809,587
Strengthen the Church	123,049	129,339
One Great Hour of Sharing	536,086	478,442
Directed gifts	79,845	157,144
Total Our Church's Wider Mission contributions receivable	3,519,590	3,360,088
Make a Difference! capital campaign, split interest agreements receivable, net	331,981	411,020
Total	$ 3,851,571	$ 3,771,108

Our Church’s Wider Mission contributions receivable are all due within one year. Make a Difference! Capital campaign, split interest agreements receivable are due in greater than one year.

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

	2019	2018
Due after five years	$ 552,575	$ 708,575
Net present value adjustment (1.92% in 2019 and 2.69% in 2018)	(220,594)	(297,555)
Make a Difference! contributions receivable, net	$ 331,981	$ 411,020

Support receivables from Our Church's Wider Mission have been deemed fully collectible by management and it is expected these receivables will be collected within one year. Make a Difference! contributions consist of annuities and charitable remainder trusts and are deemed to be fully collectible by management.

Note 8. Property Sale Receivable, Net

The receivable is the present value of amounts due to the Organization from the sale of properties located in Japan by a WCM affiliate, as follows:

	2019	2018
Gross receivable	$ 6,347,399	$ 6,609,928
Net present value adjustment	(3,018,138)	(3,224,819)
Net receivable at present value	$ 3,329,261	$ 3,385,109

The receivable is expected to be collected over the next 27 years at approximately $250,000 per year. A discount rate of 6.28% is used in the present value calculation. The receivable is being reduced by the reimbursement of expenses WCM incurs in Japan for support of missionaries and program grants.

Note 9. Other Receivables, Net

Other receivables at December 31 consist of the following:

	2019					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Split interest agreements	$ 231,610	$ 164,358	$ 395,902	$ 1,609,220	$ -	$ 2,401,090
Other receivables	797,164	33,323	799,268	526,335	(91)	2,155,999
Trade	38,416	-	-	-	-	38,416
Affiliated organizations	113,178	-	-	-	28,544	141,722
Accrued interest	-	-	202,270	25,121	-	227,391
Total	$ 1,180,368	$ 197,681	$ 1,397,440	$ 2,160,676	$ 28,453	$ 4,964,618

	2018					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Split interest agreements	$ 209,568	$ 183,701	$ 350,298	$ 1,667,670	$ -	$ 2,411,237
Other receivables	1,043,221	98	1,514,892	155,721	1,497	2,715,429
Trade	80,647	-	-	-	-	80,647
Affiliated organizations	88,491	-	41,853	-	30,808	161,152
Accrued interest	-	-	179,475	30,289	-	209,764
Total	$ 1,421,927	$ 183,799	$ 2,086,518	$ 1,853,680	$ 32,305	$ 5,578,229

At December 31, 2019, the amount of receivables expected to be collected within one year is $2,302,517, while the remainder is expected to be collected thereafter.

Split interest agreements consist of gift annuities and charitable remainder trusts where a third party is the trustee. The agreements are valued at the present value of the future benefits to be received calculated by considering life expectancy and a discount rate of 1.92% in 2019 and 2.69% in 2018.

Note 10. Property and Equipment, Net

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

	2019	2018
Hotel building, office furniture, and equipment leased to management company under operating lease agreement	$ -	$ 17,688,422
Land and building leased to others under operating leases	5,160,498	4,673,521
Land	728,084	728,084
Building	1,267,258	1,267,258
Building improvements	5,389,359	5,160,983
Office furniture and computer equipment	1,558,446	2,040,957
Total property and equipment	14,103,645	31,559,225
Accumulated depreciation	(5,988,146)	(17,094,716)
Property and equipment, net	$ 8,115,499	$ 14,464,509

Depreciation expense for the years ended December 31, 2019 and 2018 totaled $679,971 and $925,891, respectively.

Note 11. Line of Credit

The Organization maintains a demand line of credit with a bank with maximum borrowings of $5,000,000 at December 31, 2019 and 2018. At December 31, 2019 and 2018, the line of credit provided for interest calculated at one, two, or three-month LIBOR plus 275 basis points, based on the applicable term of the draw. The line of credit is reviewed annually and is collateralized by guarantees from the United Church of Christ Board. Balances outstanding on the line of credit for both of the years ended December 31, 2019 and 2018 were $0. Interest expense for 2019 and 2018 amounted to $0.

Note 12. Loan Payable

On February 7, 2017, the Organization through 700 Prospect Corporation entered into a loan payable in the amount of $2,250,000. The loan requires annual principal payments through March 1, 2022 and monthly interest payments at a modified rate of 30 day LIBOR plus 220 basis points, or 3.95% and 4.825% at December 31, 2019 and 2018, respectively. The loan has a covenant requirement that requires the Organization to maintain a certain debt service coverage ratio, in addition to complying with certain other reporting covenants. The loan is guaranteed in its entirety by LCM. The loan balance was $1,675,000 and $2,050,000 at December 31, 2019 and 2018, respectively.

Principal payments required under the modified loan agreement are:

2020	$ 375,000
2021	375,000
2022	925,000
	$ 1,675,000

Note 13. Accrued Pension and Other Post-Retirement Benefits

Defined contribution plan: Substantially all Organization employees are covered by a defined contribution retirement 403(b) pension plan administered by The Pension Boards - United Church of Christ, an Affiliated Ministry of the UCC. The plan is noncontributory, except for minor voluntary contributions made by certain employees. Employer contributions to the plan are 14% of employees' base annual salary. Upon attaining retirement eligibility, employees may select from several annuity options available for benefits. Retirement contribution expense was $943,000 and $892,002 for the years ended December 31, 2019 and 2018, respectively. The Organization's policy is to fund retirement plan expense as incurred. There were no unfunded liabilities under the plan at December 31, 2019 and 2018.

WCM post-retirement plan: WCM maintains a non-contributory medical plan for overseas personnel who retire with a minimum of 20 years of service. The Organization does not anticipate additional employees meeting the service requirements in the future. For qualified retirees, WCM pays medical expenses during retirement after Medicare deductibles are satisfied. Benefits equal 80% of medical expenses for retirees with 20 to 24 years of service and 100% of medical expenses for retirees with 25 years or more of service.

Note 13. Accrued Pension and Other Post-Retirement Benefits (Continued)

The amounts reflected in the table below referenced as “Amounts not yet recognized in the net post retirement periodic benefit cost” represent prior service costs and actuarial losses that are being reclassified into the net periodic pension cost and will reduce the future periodic benefit costs of WCM.

Benefits paid by the Organization were $440,469 and $407,404 for 2019 and 2018, respectively. The following summarizes the unfunded status of the plan at December 31:

	2019	2018
Accumulated postretirement benefit obligation	$ (2,145,425)	$ (1,763,300)
Plan assets	-	-
Unfunded status at December 31,	(2,145,425)	(1,763,300)
Total accrued postretirement cost accrued in the combined statements of financial position	$ (2,145,425)	$ (1,763,300)
Amounts not yet recognized in the net post retirement periodic benefit cost:		
Unrecognized net loss	$ 1,197,619	$ 489,306
Components of net periodic pension cost:		
Interest cost	$ 60,963	$ 64,714
Amortization of net loss	53,318	60,989
Net periodic postretirement cost	$ 114,281	$ 125,703
Net gain and net transition obligation recognized in the combined statement of activities and changes in net assets:		
Net loss (gain) arising during current period	$ 761,631	$ (40,674)
Amounts reclassified as components of net periodic benefit cost:		
Amortization of net gain	(53,318)	(60,989)
	$ 708,313	$ (101,663)
Estimated amounts to be recognized in the next fiscal year:		
Amortization of net loss	$ 53,318	$ 60,989

The weighted-average assumptions as of December 31, 2019 are as follows:

Discount rate	2.75% in 2019 and 3.75% 2018
Health care cost trend rate	5.00% remaining at 5.00% in 2020

A 1% increase in the health care cost trend rate assumption would increase the liability by $123,417 on the amounts reported. A 1% decrease in the health care cost trend rate assumption would decrease the liability by $111,811 on the amounts reported.

Note 13. Accrued Pension and Other Post-Retirement Benefits (Continued)

Contributions are made only to pay benefits. As such, the expected contributions to the plan are equal to the expected future benefit payments. The benefits expected to be paid over each of the next five years and in the aggregate five years thereafter are as follows:

Plan Year	Expected Benefit Payment
2020	$ 294,849
2021	267,898
2022	241,749
2023	216,783
2024	193,361
2025-2029	679,448

Note 14. Other Accrued Liabilities

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

	2019					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Funding for new and renewing congregations	$ -	$ -	$ 97,927	$ -	$ -	$ 97,927
Other accrued expenses	454,466	-	373,365	223,217	25,034	1,076,082
MAD! conference payable	198,927	-	-	-	-	198,927
Overseas field offices	-	-	-	11,230	-	11,230
Royalties	-	-	33,989	-	-	33,989
Total other accrued liabilities	$ 653,393	$ -	$ 505,281	$ 234,447	$ 25,034	$ 1,418,155

	2018					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Funding for new and renewing congregations	$ -	$ -	$ 95,979	$ -	$ -	$ 95,979
Other accrued expenses	444,295	15,500	608,374	357,733	6,700	1,432,602
MAD! conference payable	255,087	-	-	-	-	255,087
Overseas field offices	-	-	-	69,482	-	69,482
Disaster response commitments	-	-	-	189,604	-	189,604
Royalties	24,246	-	-	-	-	24,246
Total other accrued liabilities	$ 723,628	$ 15,500	$ 704,353	$ 616,819	$ 6,700	$ 2,067,000

Note 15. Other Liabilities

Other liabilities consist of the following as of December 31:

	2019					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Deferred revenue	$ 112,562	$ 18,046	$ -	$ -	$ -	$ 130,608
Segregated reserves:						
Conditional gifts	-	-	34,980	-	-	34,980
UCF Planned Giving program	-	-	-	1,550,000	-	1,550,000
Total	$ 112,562	$ 18,046	$ 34,980	$ 1,550,000	$ -	$ 1,715,588

	2018					
	OGMP	JWM	LCM	WCM	700 Prospect	Total
Deferred revenue	$ 183,910	$ 16,021	$ -	$ -	$ -	$ 199,931
Segregated reserves:						
Conditional gifts	-	-	37,461	-	-	37,461
UCF Planned Giving program	-	-	-	1,550,000	-	1,550,000
Total	$ 183,910	$ 16,021	$ 37,461	$ 1,550,000	$ -	$ 1,787,392

Note 16. Net Assets With Donor Restrictions

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

	2019				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 1,797,100	$ 4,302,112	$ 693,227	$ 5,695,645	$ 12,488,084
Subject to passage of time:					
Split interest agreements	563,591	164,358	395,902	1,609,220	2,733,071
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	8,062,209	32,400	17,954,285	19,161,458	45,210,352
Accumulated investment gains	2,899,452	27,607	68,774,641	82,662,102	154,363,802
Beneficial interest in trusts held by others	-	734,741	3,956,234	9,649,781	14,340,756
	10,961,661	794,748	90,685,160	111,473,341	213,914,910
Total net assets with donor restrictions	$ 13,322,352	$ 5,261,218	$ 91,774,289	$ 118,778,206	$ 229,136,065

	2018				
	OGMP	JWM	LCM	WCM	Total
Net assets with donor restrictions:					
Subject to expenditure for specified purpose:					
Mission	$ 1,727,853	$ 3,281,998	$ 476,919	$ 5,380,177	$ 10,866,947
Subject to passage of time:					
Split interest agreements	620,588	183,701	350,298	1,667,670	2,822,257
Subject to the Organization's spending policy and appropriation:					
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor:	7,916,748	32,400	17,969,022	18,571,580	44,489,750
Accumulated investment gains	1,370,981	18,066	58,111,588	69,638,271	129,138,906
Beneficial interest in trusts held by others	-	641,318	3,417,978	8,392,019	12,451,315
	9,287,729	691,784	79,498,588	96,601,870	186,079,971
Total net assets with donor restrictions	$ 11,636,170	$ 4,157,483	$ 80,325,805	$ 103,649,717	$ 199,769,175

Note 16. Net Assets With Donor Restrictions (Continued)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the occurrence of the passage of time for other events by the donors totaling $6,164,478 and $7,405,604 for the years ended December 31, 2019 and 2018, respectively.

Included in net assets with donor restrictions are the beneficial interest in trusts held by others. These funds are held in perpetuity by outside trustees. The Organization has no control of the assets or the investment of assets. The Organization is named as the irrevocable beneficiary and has recorded the beneficial interest of funds held by others at the Organization's proportionate interest in the estimated fair value of the assets, or at the present value of the future cash flows when an irrevocable trust is established or the Organization is notified of its existence. The fair value of the beneficial interest of funds held in trust at December 31, 2019 and 2018 was $14,340,756 and $12,451,315, respectively.

Note 17. Endowment Funds

The Organization's endowments consist of approximately 1,100 donor restricted endowment funds established for a variety of purposes. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Wider Church Ministries is subject to The Massachusetts' version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and all other ministries are subject to the Ohio version. UPMIFA requires classification of amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the Board of Directors appropriates such amounts for expenditure. The Board of Directors of the Organization has interpreted UPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measure required under the law. Additionally, in accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Organization and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and appreciation of investments
(6) Other resources of the Organization
(7) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature exist at December 31, 2019 in one donor-restricted endowment fund, which has an original gift value of $17,929, a current fair value of $9,721, and a deficiency of $8,208. At December 31, 2018, there are 68 donor-restricted endowment funds, which together have an original gift value of $5,834,230, a current fair value of $3,996,287, and a deficiency of $1,837,943. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after the investment of new contributions for donor-restricted endowment funds and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Note 17. Endowment Funds (Continued)

The Organization has a policy that permits spending from underwater endowment funds depending on the degree to which the fund is underwater, unless otherwise precluded by donor intent or relevant laws and regulations. Each Ministries' Board appropriated for expenditure 4% to 5% of the moving five (5) year average value of the endowment, as determined in the last quarter of the current fiscal year.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to grow in excess of the spending rate in a conservative manner.

Strategies employed for achieving objectives: To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy: The Organization has adopted a policy of appropriating for distribution each year a percentage of the moving five (5) year average value of the endowment, as determined in the last quarter of the current fiscal year and will be incorporated in the following year's distribution as income available to programs. The percentages, as determined by each individual Board ranged from 4% to 5%, unless deemed prudent by the Board to spend a different amount in order to meet its budgetary commitments. In establishing this policy, the Boards of Directors considered the long-term expected return on their endowments. Accordingly, over the long term, the Boards expect the current spending policy to allow their endowments to grow at an average of 2.5% to 3.5% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 45,210,352	$ 45,210,352
Accumulated investment gains	-	154,363,802	154,363,802
Board-designated endowment	100,419,041	-	100,419,041
Total	$ 100,419,041	$ 199,574,154	$ 299,993,195

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	$ -	$ 44,489,750	$ 44,489,750
Accumulated investment gains	-	129,138,906	129,138,906
Board-designated endowment	88,528,240	-	88,528,240
Total	$ 88,528,240	$ 173,628,656	$ 262,156,896

Note 17. Endowment Funds (Continued)

Changes in endowment net assets for the years ended December 31:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment assets, January 1, 2018	$ 95,242,219	$ 196,359,927	$ 291,602,146
Contributions/transfers in	18,893	2,278,658	2,297,551
Income earned on investments	1,847,768	2,150,019	3,997,787
Net realized gains on investments sold	17,030,520	44,287,510	61,318,030
Unrealized depreciation on investments	(21,974,187)	(65,478,890)	(87,453,077)
Endowment assets released from restrictions	(50)	(1,396,645)	(1,396,695)
Expenditure of board designated endowments	(33,607)	-	(33,607)
Reclassification	41,765	(41,765)	-
Total return draw	(3,645,081)	(4,530,158)	(8,175,239)
Net change	(6,713,979)	(22,731,271)	(29,445,250)
Endowment assets, December 31, 2018	88,528,240	173,628,656	262,156,896
Contributions/transfers in	148,091	3,166,213	3,314,304
Income earned on investments	1,516,402	2,631,988	4,148,390
Net realized gains on investments sold	481,407	1,385,830	1,867,237
Unrealized appreciation on investments	13,652,064	26,435,613	40,087,677
Endowment assets released from restrictions	-	(2,626,436)	(2,626,436)
Expenditure of board designated endowments	(678,907)	-	(678,907)
Total return draw	(3,228,256)	(5,047,710)	(8,275,966)
Net change	11,890,801	25,945,498	37,836,299
Endowment assets, December 31, 2019	$ 100,419,041	$ 199,574,154	$ 299,993,195

Note 18. Leases

The Organization leases land and buildings to UCC churches under noncancelable operating lease agreements. Under some of the lease agreements, the Organization is required to deposit half of the monthly payment amount into Cornerstone Fund, Inc., which is under the tenant's control and restricted for use of future payments or other tenant requests approved by the fund.

Payments received by the Organization are recorded as lease revenue.

Note 18. Leases (Continued)

Future minimum rent to be received under these leases is as follows:

2020	$ 51,400
2021	49,600
2022	40,800
2023	36,000
2024	9,500
Total	$ 187,300

The Organization leases facilities and equipment under operating leases expiring at various periods through July 2024.

At December 31, 2019, future minimum rental payments required under non-cancelable operating leases in excess of one year are:

2020	$ 129,439
2021	114,676
2022	3,060
2023	3,060
2024	3,060
Total	$ 253,295

Total rental expense for all operating leases was $158,676 and $182,539 for 2019 and 2018, respectively.

Note 19. Functional Classification of Expenses

Functional expenses – operating activity for 2019 and 2018 is as follows:

2019

	Program Services											
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	700 Prospect	Inter-Ministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 294,693	$ 901,986	$ 996,603	$ 500,717	$ 1,337,999	$ 225,490	$ 140,351	$ -	$ 4,397,839	$ 1,984,267	$ 810,253	$ 7,192,359
Benefits and payroll taxes	137,356	406,520	514,000	178,939	287,860	35,198	71,556	-	1,631,429	1,017,816	428,639	3,077,884
Retired missionary benefits	-	-	-	-	437,719	-	-	-	437,719	-	-	437,719
Travel	64,962	145,606	126,320	175,021	159,327	43,056	371	-	714,663	67,534	41,616	823,813
Governance	-	-	-	-	-	-	-	-	-	152,543	-	152,543
Office expenses	1,093,072	86,187	629,206	347,994	263,914	2,884	1,103,352	-	3,526,609	1,303,954	423,764	5,254,327
Programs	2,282,048	256,656	2,059,900	407,017	1,321,912	1,646,642	-	(1,079,995)	6,894,180	-	-	6,894,180
Grants	270,401	309,895	515,981	-	2,654,188	-	-	-	3,750,465	-	-	3,750,465
Rent	570,268	213,300	112,800	47,042	124,144	-	-	(959,819)	107,735	-	-	107,735
Allocation	(2,177,949)	570,629	941,431	136,715	811,677	-	-	-	282,503	-	-	282,503
	$ 2,534,851	$ 2,890,779	$ 5,896,241	$ 1,793,445	$ 7,398,740	$ 1,953,270	$ 1,315,630	$ (2,039,814)	$ 21,743,142	$ 4,526,114	$ 1,704,272	$ 27,973,528

2018

	Program Services											
	OGMP	JWM	LCM	CB&LF	WCM	OGHS	700 Prospect	Inter-Ministry Eliminations	Total Program	Management and General	Fundraising	Total Expenses
Salaries	$ 256,829	$ 949,447	$ 877,560	$ 466,725	$ 1,413,690	$ 196,801	$ 142,191	$ -	$ 4,303,243	$ 2,074,601	$ 857,911	$ 7,235,755
Benefits and payroll taxes	138,886	411,054	395,181	152,407	398,298	54,755	64,568	-	1,615,149	971,651	416,708	3,003,508
Retired missionary benefits	-	-	-	-	439,990	-	-	-	439,990	-	-	439,990
Travel	41,623	92,789	112,815	175,036	137,675	15,742	97	-	575,777	71,213	39,727	686,717
Governance	-	-	-	-	-	-	-	-	-	143,550	-	143,550
Office expenses	120,423	73,869	1,462,988	417,449	223,098	4,167	1,098,456	-	3,400,450	1,260,535	620,441	5,281,426
Programs	2,507,508	168,619	5,190,296	775,995	1,505,490	1,798,913	-	(1,042,597)	10,904,224	-	-	10,904,224
Grants	435,887	333,459	562,801	-	2,660,667	-	-	-	3,992,814	-	-	3,992,814
Rent	550,524	160,965	232,885	36,276	134,304	-	-	(992,573)	122,381	-	-	122,381
Allocation	(1,650,386)	489,668	600,080	161,625	715,555	-	-	-	316,542	-	-	316,542
	$ 2,401,294	$ 2,679,870	$ 9,434,606	$ 2,185,513	$ 7,628,767	$ 2,070,378	$ 1,305,312	$ (2,035,170)	$ 25,670,570	$ 4,521,550	$ 1,934,787	$ 32,126,907

Note 19. Functional Classification of Expenses (Continued)

Each ministry operates as a specific program (as disclosed in Note 1) and One Great Hour of Sharing (OGHS) is the Lenten offering of the United Church of Christ that supports disaster, refugee, and development activities. The costs of providing various programs and other activities have been summarized on a functional basis. Accordingly, certain costs have been allocated to program services, management and general, and fundraising as determined by the management of the Organization. Expenses that can be directly identified with a program are allocated according to their natural classification. Salaries, benefits and payroll taxes are allocated based on an estimate of time and effort. Travel and office expenses are allocated based on time and effort of employees. All governance expenses are management and general.

Note 20. Liquidity and Availability

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2019	2018
Financial assets at year end:		
Cash and cash equivalents	$ 6,237,483	$ 8,981,916
Investments	333,194,247	285,757,207
Receivables:		
Church building loans, net	36,838,864	35,434,126
Support, net	3,851,571	3,076,246
Other, net	4,964,618	5,578,229
Total financial assets	385,086,783	338,827,724
Less amounts not available to be used within one year:		
Funds held for others	(2,286,112)	(3,291,901)
Church building loan receivables due after one year, net	(36,413,767)	(33,979,449)
Other receivables due after one year, net	(2,662,101)	(2,499,737)
Split interest agreements	(2,733,071)	(2,822,257)
Donor restricted by time due after one year or purpose	(10,523,815)	(9,134,589)
Donor restricted in perpetuity	(45,210,352)	(44,489,750)
Accumulated investment gains on endowment	(154,363,802)	(129,138,906)
Expected draw within one year	8,272,824	8,198,262
Board designated funds	(100,419,041)	(88,528,240)
Financial assets not available to be used within one year	(346,339,237)	(305,686,567)
Financial assets available to meet general expenditures within one year	$ 38,747,546	$ 33,141,157

The Organization's endowment fund consists of donor restricted gift amounts and amounts required to be maintained in perpetuity by the donor and accumulated gains. As described in Note 17, the Organization has a policy of appropriating for distribution each year 4% to 5% of the moving five-year average value of the endowment.

Included in net assets without donor restrictions is board designated funds, and at the discretion of the board, can be drawn upon for short-term operating purposes.

The Organization regularly monitors liquidity required to meet its annual operating needs and other contractual commitments while also striving to maximize the return on investment of its funds not required for annual operations. To help manage unanticipated liquidity needs, the Organization has a committed line of credit in the amount of $5,000,000, which it could draw upon.

Note 21. Guarantee

During the year ended December 31, 2019, CB&LF loaned $2,100,000 to Molo Village CDC Company, as part of a new market tax credit project. In conjunction with the loan, CB&LF agreed to be one of three guarantors of $6,860,000 of QLICI loans, which will be used to pay project redevelopment costs for the project in Louisville, Kentucky. CB&LF can be required to perform on the obligation in addition to any federal tax liability, interest and penalties in the event of nonpayment of the loan by Molo Village CDC Company.

Note 22. Subsequent Event

On January 30, 2020, the World Health Organization declared the Coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020, declared COVID-19 a pandemic. The coronavirus and actions taken to mitigate the spread of it have had, and or expected to continue to have, an adverse impact on the economies and financial markets of many countries, including the geographical area which the Organization operates. The extent to which COVID-19 impacts the Organization will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of COVID-19 and actions taken to contain COVID-19 or its impact, among others.

Supplementary Information

The United Church of Christ Board and Certain Affiliated Entities

Details of Combined Statement of Financial Position
December 31, 2019

	Office of General Minister and President	Justice and Witness Ministries	Local Church Ministries & Wholly Controlled Subsidiaries: Local Church Ministries	Local Church Ministries & Wholly Controlled Subsidiaries: Hotel Venture, LLC	Local Church Ministries & Wholly Controlled Subsidiaries: Local Church Ministries Church Building & Loan Fund	Wider Church Ministries	700 Prospect	**Total**
Assets								
Cash and cash equivalents	$ (923,770)	$ 842,432	$ (687,020)	$ 1,418,801	$ 1,458,035	$ 3,427,736	$ 701,269	**$ 6,237,483**
Investments	20,675,913	24,124,938	127,958,697	6,853,235	19,103,006	134,478,458	-	**333,194,247**
Receivables:								
Church building loans, net	-	-	-	-	36,838,864	-	-	**36,838,864**
Support, net	3,851,571	-	-	-	-	-	-	**3,851,571**
Property sale, net	-	-	-	-	-	3,329,261	-	**3,329,261**
Other, net	1,180,368	197,681	903,713	117,395	376,332	2,160,676	28,453	**4,964,618**
Inventory, prepaid expenses and other assets	530,815	1,773	121,771	2,610	59,675	43,259	22,674	**782,577**
Beneficial interest in trusts held by others	-	734,741	3,956,234	-	-	9,649,781	-	**14,340,756**
Property and equipment, net	119,664	-	57,248	-	4,827,177	-	3,111,410	**8,115,499**
Total assets	$ 25,434,561	$25,901,565	$ 132,310,643	$ 8,392,041	$ 62,663,089	$153,089,171	$ 3,863,806	**$411,654,876**
Liabilities and Net Assets								
Accounts payable	$ 554,038	$ -	$ -	$ -	$ -	$ -	$ 40,405	**$ 594,443**
Other accrued liabilities	653,393	-	144,706	100,000	260,575	234,447	25,034	**1,418,155**
Loan payable	-	-	-	-	-	-	1,675,000	**1,675,000**
Accrued pension and other post-retirement benefits	-	-	-	-	-	2,145,425	-	**2,145,425**
Funds held for others	19,881	-	-	-	-	2,266,231	-	**2,286,112**
Other liabilities	112,562	18,046	34,980	-	-	1,550,000	-	**1,715,588**
Total liabilities	1,339,874	18,046	179,686	100,000	260,575	6,196,103	1,740,439	**9,834,723**
Net assets:								
Without donor restrictions	10,772,335	20,622,301	40,356,668	8,292,041	62,402,514	28,114,862	2,123,367	**172,684,088**
With donor restrictions	13,322,352	5,261,218	91,774,289	-	-	118,778,206	-	**229,136,065**
Total net assets	24,094,687	25,883,519	132,130,957	8,292,041	62,402,514	146,893,068	2,123,367	**401,820,153**
Total liabilities and net assets	$ 25,434,561	$25,901,565	$ 132,310,643	$ 8,392,041	$ 62,663,089	$153,089,171	$ 3,863,806	**$411,654,876**

The United Church of Christ Board and Certain Affiliated Entities

Details of Combined Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

							Local Church Ministries & Wholly Controlled Subsidiaries										INTER-MINISTRY			
	OFFICE OF GENERAL MINISTER AND PRESIDENT			JUSTICE AND WITNESS MINISTRIES			LOCAL CHURCH MINISTRIES					WIDER CHURCH MINISTRIES			700 PROSPECT	ELIMINATIONS	TOTAL		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Hotel Venture, LLC	LCM Church Building & Loan Fund	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions		Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues and support:																			
Our Church's Wider Mission (1):																			
Basic support	$ 3,446,699	$ -	$ 3,446,699	$ 826,755	$ -	$ 826,755	$ 178,516	$ -	$ 178,516	$ -	$ -	$ 416,299	$ -	$ 416,299	$ -	$ -	$ 4,868,269	$ -	$ 4,868,269
Special support	32,628	1,479,856	1,512,484	-	753,716	753,716	-	293,651	293,651	-	-	-	1,982,580	1,982,580	-	(1,079,995)	32,628	3,429,808	3,462,436
Gifts, donations and trust income	57,294	510,042	567,336	141,751	269,935	411,686	219,712	-	219,712	-	-	580,554	-	580,554	-	-	999,311	779,977	1,779,288
Other revenues:																			
Publications and other resource sales	547,325	-	547,325	68,536	-	68,536	585,271	-	585,271	-	-	970	-	970	-	-	1,202,102	-	1,202,102
Total return draw	423,571	-	423,571	1,121,427	-	1,121,427	3,243,324	-	3,243,324	-	-	3,487,644	-	3,487,644	-	-	8,275,966	-	8,275,966
Management fees and other reimbursements	1,544,418	27,224	1,571,642	-	-	-	12,765	-	12,765	-	-	828,877	133,521	962,398	-	-	2,386,060	160,745	2,546,805
Church loan interest	-	-	-	-	-	-	-	-	-	-	1,730,836	-	-	-	-	-	1,730,836	-	1,730,836
Other	-	-	-	300	-	300	2,099	-	2,099	-	153,960	8,198	-	8,198	1,290,956	(959,819)	495,694	-	495,694
Hotel revenue	-	-	-	-	-	-	-	-	-	807,984	-	-	-	-	-	-	807,984	-	807,984
Net assets released from restrictions	1,717,775	-	1,717,775	55,744	-	55,744	832,330	-	832,330	-	-	4,638,624	-	4,638,624	-	(1,079,995)	6,164,478	-	6,164,478
Net assets released from restrictions - temporarily restricted	-	(1,717,775)	(1,717,775)	-	(55,744)	(55,744)	-	(832,330)	(832,330)	-	-	-	(4,638,624)	(4,638,624)	-	1,079,995	-	(6,164,478)	(6,164,478)
Total operating revenues and support	7,769,710	299,347	8,069,057	2,214,513	967,907	3,182,420	5,074,017	(538,679)	4,535,338	807,984	1,884,796	9,961,166	(2,522,523)	7,438,643	1,290,956	(2,039,814)	26,963,328	(1,793,948)	25,169,380
Operating expenses:																			
Program services	2,534,851	-	2,534,851	2,890,779	-	2,890,779	4,790,439	-	4,790,439	1,105,802	1,793,445	9,352,010	-	9,352,010	1,315,630	(2,039,814)	21,743,142	-	21,743,142
Management and general	4,485,264	-	4,485,264	-	-	-	-	-	-	-	-	40,850	-	40,850	-	-	4,526,114	-	4,526,114
Fundraising	1,704,272	-	1,704,272	-	-	-	-	-	-	-	-	-	-	-	-	-	1,704,272	-	1,704,272
Total operating expenses	8,724,387	-	8,724,387	2,890,779	-	2,890,779	4,790,439	-	4,790,439	1,105,802	1,793,445	9,392,860	-	9,392,860	1,315,630	(2,039,814)	27,973,528	-	27,973,528
Increase (decrease) from operating activity	(954,677)	299,347	(655,330)	(676,266)	967,907	291,641	283,578	(538,679)	(255,101)	(297,818)	91,351	568,306	(2,522,523)	(1,954,217)	(24,674)	-	(1,010,200)	(1,793,948)	(2,804,148)
Non-operating revenues and (expenses):																			
Gifts and donations	-	2,500	2,500	-	-	-	7,033	32,776	39,809	-	-	130,847	1,722,665	1,853,512	-	-	137,880	1,757,941	1,895,821
Interest and dividends net of total return draw	(219,153)	180,111	(39,042)	(657,125)	1,050	(656,075)	88,568	(1,727,400)	(1,638,832)	-	417,329	(786,816)	(823,817)	(1,610,633)	-	-	(1,157,197)	(2,370,056)	(3,527,253)
Appreciation in value of investments	1,646,797	1,167,135	2,813,932	3,143,187	60,698	3,203,885	4,382,248	13,087,527	17,469,775	542,664	2,522,976	4,402,450	15,379,518	19,781,968	-	-	16,640,322	29,694,878	46,335,200
Change in value of beneficial interest in trusts held by others	-	-	-	-	93,423	93,423	-	538,256	538,256	-	-	-	1,257,762	1,257,762	-	-	-	1,889,441	1,889,441
Change in value of split interest agreements	-	37,089	37,089	-	(19,343)	(19,343)	-	56,004	56,004	-	-	-	114,884	114,884	-	-	-	188,634	188,634
Total non-operating revenues and support	1,427,644	1,386,835	2,814,479	2,486,062	135,828	2,621,890	4,477,849	11,987,163	16,465,012	542,664	2,940,305	3,746,481	17,651,012	21,397,493	-	-	15,621,005	31,160,838	46,781,843
Increase (decrease) in net assets before the effect of postretirement cost	472,967	1,686,182	2,159,149	1,809,796	1,103,735	2,913,531	4,761,427	11,448,484	16,209,911	244,846	3,031,656	4,314,787	15,128,489	19,443,276	(24,674)	-	14,610,805	29,366,890	43,977,695
Postretirement related changes other then net periodic postretirement cost	-	-	-	-	-	-	-	-	-	-	-	(708,313)	-	(708,313)	-	-	(708,313)	-	(708,313)
Increase (decrease) in net assets	472,967	1,686,182	2,159,149	1,809,796	1,103,735	2,913,531	4,761,427	11,448,484	16,209,911	244,846	3,031,656	3,606,474	15,128,489	18,734,963	(24,674)	-	13,902,492	29,366,890	43,269,382
Net assets - beginning of year	10,299,368	11,636,170	21,935,538	18,812,505	4,157,483	22,969,988	35,595,241	80,325,805	115,921,046	8,047,195	59,370,858	24,508,388	103,649,717	128,158,105	2,148,041	-	158,781,596	199,769,175	358,550,771
Net assets - end of year	$ 10,772,335	$ 13,322,352	$ 24,094,687	$ 20,622,301	$ 5,261,218	$ 25,883,519	$ 40,356,668	$ 91,774,289	$ 132,130,957	$ 8,292,041	$ 62,402,514	$ 28,114,862	$ 118,778,206	$ 146,893,068	$ 2,123,367	$ -	$ 172,684,088	$ 229,136,065	$ 401,820,153

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