

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Financial Statements  
and Independent Accountants' Review Report  
for the years ended December 31, 2022 and 2021

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Table of Contents

---

	Page
<b>Independent Accountants' Review Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position as of December 31, 2022 and 2021	2
Statement of Activities for the year ended December 31, 2022	3
Statement of Activities for the year ended December 31, 2021	4
Statements of Functional Expenses for the years ended December 31, 2022 and 2021	5
Statements of Cash Flows for the years ended December 31, 2022 and 2021	6
Notes to Financial Statements for the years ended December 31, 2022 and 2021	7

---

## Independent Accountants' Review Report

To the General Council of  
The Presbytery of New Covenant, Inc.:

We have reviewed the accompanying financial statements of The General Fund of The Presbytery of New Covenant, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, of functional expenses, and of cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

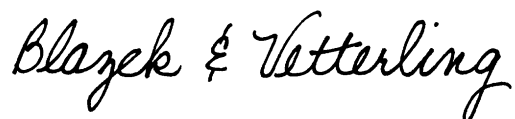
**Management's Responsibility for the Financial Statements** – Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance 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.

**Accountants' Responsibility** – Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of The General Fund of The Presbytery of New Covenant, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

**Accountants' Conclusion** – Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation** – As described in Note 1, these financial statements include only the assets, liabilities, net assets and activities attributed by The Presbytery of New Covenant, Inc. to the General Fund. Because these financial statements present only a selected portion of the operations of The Presbytery of New Covenant, Inc., they are not intended to and do not present the financial position, changes in net assets, or cash flows of The Presbytery of New Covenant, Inc. Our conclusion is not modified with respect to this matter.



June 13, 2023

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Statements of Financial Position as of December 31, 2022 and 2021

---

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash	\$ 554,247	\$ 514,057
Investments <i>(Note 3)</i>	8,207,021	10,387,860
Notes receivable <i>(Note 4)</i>	20,000	
Contributed use of facilities <i>(Note 5)</i>	6,000	50,000
Land and improvements held for sale	1,197,196	1,231,396
Property, net <i>(Note 6)</i>	<u>28,830</u>	<u>56,895</u>
<b>TOTAL ASSETS</b>	<b><u>\$10,013,294</u></b>	<b><u>\$12,240,208</u></b>
LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 36,443	\$ 47,194
Restricted funds of the Presbytery	1,565,078	2,005,986
Funds held for others	<u>123,374</u>	<u>109,993</u>
Total liabilities	<u>1,724,895</u>	<u>2,163,173</u>
Commitments and contingencies <i>(Note 7)</i>		
Net assets:		
Without donor restrictions	8,282,399	10,027,035
With donor restrictions – contributed use of facilities	<u>6,000</u>	<u>50,000</u>
Total net assets	<u>8,288,399</u>	<u>10,077,035</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$10,013,294</u></b>	<b><u>\$12,240,208</u></b>

*See accompanying notes to financial statements and independent accountants' review report.*

---

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Statement of Activities for the year ended December 31, 2022

---

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contribution support from member churches	\$ 419,436		\$ 419,436
Contribution of land and improvements	135,941		135,941
Contributed use of building		\$ 10,500	10,500
Investment return	(1,552,895)		(1,552,895)
Other income	<u>13,857</u>	<u>          </u>	<u>13,857</u>
Total revenue	(983,661)	10,500	(973,161)
Satisfaction of donor restrictions:			
Contributed use of facilities	<u>54,500</u>	<u>(54,500)</u>	<u>          </u>
Total	<u>(929,161)</u>	<u>(44,000)</u>	<u>(973,161)</u>
EXPENSES:			
Program expenses:			
Education and community outreach	156,994		156,994
Congregation and new church development	<u>371,520</u>		<u>371,520</u>
Total program expenses	528,514		528,514
Management and general	<u>286,961</u>		<u>286,961</u>
Total expenses	<u>815,475</u>		<u>815,475</u>
CHANGES IN NET ASSETS	(1,744,636)	(44,000)	(1,788,636)
Net assets, beginning of year	<u>10,027,035</u>	<u>50,000</u>	<u>10,077,035</u>
Net assets, end of year	<u>\$ 8,282,399</u>	<u>\$ 6,000</u>	<u>\$ 8,288,399</u>

*See accompanying notes to financial statements and independent accountants' review report.*

---

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Statement of Activities for the year ended December 31, 2021

	WITHOUT DONOR <u>RESTRICTIONS</u>	WITH DONOR <u>RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE:			
Contribution support from member churches	\$ 421,882		\$ 421,882
Government grant – Paycheck Protection Program <i>(Note 2)</i>		\$ 155,600	155,600
Investment return	969,517		969,517
Other income	<u>23,810</u>		<u>23,810</u>
Total revenue	1,415,209	155,600	1,570,809
Satisfaction of donor restrictions:			
Program expenditures	155,600	(155,600)	
Contributed use of facilities	<u>80,000</u>	<u>(80,000)</u>	
Total	<u>1,650,809</u>	<u>(80,000)</u>	<u>1,570,809</u>
EXPENSES:			
Program expenses:			
Education and community outreach	404,506		404,506
Congregation and new church development	<u>342,208</u>		<u>342,208</u>
Total program expenses	746,714		746,714
Management and general	<u>325,315</u>		<u>325,315</u>
Total expenses	<u>1,072,029</u>		<u>1,072,029</u>
CHANGE IN NET ASSETS FROM OPERATIONS	578,780	(80,000)	498,780
Other changes:			
Gain on sale of property	<u>138,546</u>		<u>138,546</u>
CHANGES IN NET ASSETS	717,326	(80,000)	637,326
Net assets, beginning of year	<u>9,309,709</u>	<u>130,000</u>	<u>9,439,709</u>
Net assets, end of year	<u>\$10,027,035</u>	<u>\$ 50,000</u>	<u>\$10,077,035</u>

*See accompanying notes to financial statements and independent accountants' review report.*

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Statements of Functional Expenses for the years ended December 31, 2022 and 2021

<u>EXPENSES</u>	EDUCATION AND COMMUNITY <u>OUTREACH</u>	CONGREGATION AND NEW CHURCH <u>DEVELOPMENT</u>	MANAGEMENT AND GENERAL	2022 <u>TOTAL</u>
Salaries and benefits	\$ 53,207	\$ 110,109	\$ 191,594	\$ 354,910
Benevolence	33,000	90,498		123,498
Grants to member churches	11,115	66,531		77,646
Rent	21,800	21,800	10,900	54,500
Donation of property to a church		34,200		34,200
Professional fees			29,708	29,708
Insurance	11,862	11,862	5,931	29,655
Depreciation	11,226	11,226	5,613	28,065
Maintenance and repairs	10,480	10,480	5,240	26,200
Information technology	2,720	4,179	18,025	24,924
Travel	1,360	8,172	2,834	12,366
Telephone	192	192	9,368	9,752
Copier and postage			4,175	4,175
Training and professional development		2,271	275	2,546
Office supplies			2,049	2,049
Other	<u>32</u>		<u>1,249</u>	<u>1,281</u>
Total expenses	<u>\$ 156,994</u>	<u>\$ 371,520</u>	<u>\$ 286,961</u>	<u>\$ 815,475</u>

<u>EXPENSES</u>	EDUCATION AND COMMUNITY <u>OUTREACH</u>	CONGREGATION AND NEW CHURCH <u>DEVELOPMENT</u>	MANAGEMENT AND GENERAL	2021 <u>TOTAL</u>
Salaries and benefits	\$ 102,453	\$ 108,646	\$ 218,456	\$ 429,555
Benevolence	38,000	88,615		126,615
Grants to member churches	190,485	62,725		253,210
Rent	32,000	32,000	16,000	80,000
Professional fees			31,717	31,717
Insurance	13,036	13,036	6,517	32,589
Depreciation	11,226	11,226	5,613	28,065
Maintenance and repairs	10,652	11,212	5,326	27,190
Information technology	5,086	6,514	18,472	30,072
Travel	1,255	4,721	2,615	8,591
Telephone	313	313	8,749	9,375
Copier and postage			7,527	7,527
Training and professional development		800		800
Office supplies			2,857	2,857
Other		<u>2,400</u>	<u>1,466</u>	<u>3,866</u>
Total expenses	<u>\$ 404,506</u>	<u>\$ 342,208</u>	<u>\$ 325,315</u>	<u>\$ 1,072,029</u>

*See accompanying notes to financial statements and independent accountants' review report.*

**The General Fund of  
The Presbytery of New Covenant, Inc.**

Statements of Cash Flows for the years ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes in net assets	\$(1,788,636)	\$ 637,326
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gain) loss on investments	1,846,503	(731,953)
Contribution of land and improvements	(135,941)	
Contributed use of building	(10,500)	
Depreciation	28,065	28,065
Gain on sale of land and improvements		(138,546)
Amortization of contributed use of facilities	54,500	80,000
Donation of land and improvements to a church	34,200	
Changes in operating assets and liabilities:		
Accounts payable	(10,751)	(8,296)
Refundable advance – Paycheck Protection Program		(155,600)
Restricted funds of the Presbytery	(162,057)	865,099
Funds held for others	<u>13,381</u>	<u>(13,381)</u>
Net cash provided (used) by operating activities	<u>(131,236)</u>	<u>562,714</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(1,366,287)	(781,183)
Proceeds from sale of investments	656,531	249,005
Net change in money market mutual funds held as investments	765,241	(771,264)
Issuance of notes receivable	(20,000)	
Collections of notes receivable		55,998
Proceeds from sale of land and improvements	135,941	518,105
Purchases of property	<u>                    </u>	<u>(6,903)</u>
Net cash provided (used) by investing activities	<u>171,426</u>	<u>(736,242)</u>
<b>NET CHANGE IN CASH</b>	<b>40,190</b>	<b>(173,528)</b>
Cash, beginning of year	<u>514,057</u>	<u>687,585</u>
Cash, end of year	<u>\$ 554,247</u>	<u>\$ 514,057</u>

*See accompanying notes to financial statements and independent accountants' review report.*



## **The General Fund of The Presbytery of New Covenant, Inc.**

Notes to Financial Statements for the years ended December 31, 2022 and 2021

---

### **NOTE 1 – ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization – The Presbytery of New Covenant, Inc. (the Presbytery) of the Presbyterian Church U.S.A. is a Texas nonprofit corporation that began operating on July 1, 1980. The Presbytery is responsible for overseeing the operations of approximately 100 churches in the State of Texas. Contributions are collected from member churches and distributed to various charitable Presbyteries, programs, and missions. The Presbytery is a member of the Synod of the Sun, which is itself a member of the Presbyterian General Assembly of the Presbyterian Church U.S.A. (General Assembly).

Basis of presentation – These financial statements include only the assets, liabilities, net assets and activities attributed by the Presbytery to the General Fund. The accompanying financial statements do not include the activities of the restricted funds. The restricted fund balances are reported in these General Fund financial statements as a liability.

Federal income tax status – The Presbytery is exempt from federal income tax under §501(c)(3) of the Internal Revenue Code and is classified as a religious organization under §509(a)(1) and §170(b)(1)(A)(i).

Concentration of credit risk – At times, bank deposits exceed the federally insured limit per depositor per institution.

Investments are reported at fair value. Net investment return consists of interest and dividends, realized and unrealized gains and losses, net of external and direct internal investment expenses.

Notes receivable are reported at the principal balance outstanding. Interest income is recognized over the term of the note on principal amounts outstanding on the accrual basis.

Land and improvements held for sale are reported at the lower of cost or market less costs to sell.

Property is reported at cost, if purchased, or at estimated fair value at the date of gift, if donated. Property purchases over \$1,000 are capitalized. Depreciation is calculated on a straight-line basis over estimated useful lives of 5 years for leasehold improvements and 5 to 10 years for furniture, fixtures, and equipment. Property held by or for a particular member church for the use and benefit of the Presbyterian Church U.S.A. is not recorded on the books of the Presbytery.

Funds held for others – The Presbytery holds funds for several related groups, member churches, committees, and organizations. The General Fund acts as an agent in collecting, holding, and disbursing these funds. These agency funds are included in investments and as funds held for others.

Transfers of property from closed churches – The Book of Order of the Presbyterian Church U.S.A. states that all property held by or for a particular church, a presbytery, a synod, the General Assembly, or by the Presbyterian Church U.S.A. is held in trust for the benefit of the Presbyterian Church U.S.A. In the event a church is closed, ownership of the property reverts to the Presbytery. The property is recognized at fair value at the time it is obtained by operation of the trust clause.

Net asset classification – Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions, as follows:

- *Net assets without donor restrictions* are not subject to donor-imposed restrictions even though their use may be limited in other respects such as by contract or board designation.
- *Net assets with donor restrictions* are subject to donor-imposed restrictions. Restrictions may be temporary in nature, such as those that will be met by the passage of time or use for a purpose specified by the donor, or may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Net assets are released from restrictions when the stipulated time has elapsed, or purpose has been fulfilled, or both.

Contributions are recognized as revenue at fair value when an unconditional commitment is received from the donor. Contributions received with donor stipulations that limit their use are classified as *with donor restrictions*. Conditional contributions are subject to one or more barriers that must be overcome before the Presbytery is entitled to receive or retain funding. Conditional contributions are recognized as revenue at fair value when the conditions have been met. Funding received before conditions are met is reported as refundable advances.

Nonfinancial asset contributions – Donated property, materials and use of facilities are recognized as revenue at fair value when an unconditional commitment is received from the donor. The related expense is recognized as the item is used. Contributions of services are recognized when services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation.

Functional allocation of expenses – Expenses are reported by their functional classification. Program services are the direct conduct or supervision of activities that fulfill the purposes for which the organization exists. Management and general activities are not directly identifiable with specific program activities. Expenses that are attributable to more than one activity are allocated among the activities benefitted. Salaries and related costs are allocated based on estimates of time and effort expended. Depreciation, insurance, repairs and maintenance, utilities, and other occupancy costs are allocated based on approximate square footage.

Estimates – Management must make estimates and assumptions to prepare financial statements in accordance with generally accepted accounting principles. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, the amounts of reported revenue and expenses, and the allocation of expenses among various functions. Actual results could vary from the estimates that were used.

Adoption of accounting standard – During 2022, the Presbytery adopted the amendments of Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments have been applied on a retrospective basis to the financial statements for the year ended December 31, 2021. Adoption of this ASU did not result in any restatement of net assets or the changes therein.

## NOTE 2 – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of December 31 comprise the following:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 554,247	\$ 514,057
Investments	8,207,021	10,387,860
Notes receivable	<u>20,000</u>	<u>                    </u>
Total financial assets	8,781,268	10,901,917
Less financial assets not available for general expenditure:		
Funds held for others	(1,688,452)	(2,115,979)
Notes receivable due in more than one year	<u>(16,077)</u>	<u>                    </u>
Total financial assets available for general expenditure	<u>\$ 7,076,739</u>	<u>\$ 8,785,938</u>

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Presbytery considers all expenditures related to its ongoing activities of providing congregation and new church development, education and community outreach, as well as the conduct of services undertaken to support those activities, to be general expenditures.

In May 2020, the Presbytery was approved for an unsecured \$155,600 bank loan funded under the Small Business Administration’s Paycheck Protection Program (PPP) that was to be used for qualified payroll and other eligible costs. The loan was forgiven in October 2021 as the Presbytery met the eligibility requirements and used the loan to fund qualified payroll and other eligible costs. The amount forgiven was recognized as contribution revenue in 2021.

## NOTE 3 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Generally accepted accounting principles require that certain assets and liabilities be reported at fair value and establish a hierarchy that prioritizes inputs used to measure fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of the fair value hierarchy are as follows:

- *Level 1* – Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the reporting date.
- *Level 2* – Inputs are other than quoted prices included in Level 1, which are either directly observable or can be derived from or corroborated by observable market data at the reporting date.
- *Level 3* – Inputs are not observable and are based on the reporting entity’s assumptions about the inputs market participants would use in pricing the asset or liability.

Assets measured at fair value at December 31, 2022 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Pooled investment funds:				
TPF large-cap equity fund (a)		\$ 2,460,108		\$ 2,460,108
TPF international equity fund (b)		1,799,606		1,799,606
TPF fixed-income fund (c)		1,685,863		1,685,863
TPF real estate fund (d)		958,522		958,522
TPF small-cap equity fund (e)		806,029		806,029
TPF defensive strategies fund (f)		418,528		418,528
Money market mutual fund	<u>\$ 78,365</u>			<u>78,365</u>
Total investments	<u>\$ 78,365</u>	<u>\$ 8,128,656</u>	<u>\$ 0</u>	<u>\$ 8,207,021</u>

Assets measured at fair value at December 31, 2021 are as follows:

	<u>LEVEL 1</u>	<u>LEVEL 2</u>	<u>LEVEL 3</u>	<u>TOTAL</u>
Pooled investment funds:				
TPF large-cap equity fund (a)		\$ 3,401,685		\$ 3,401,685
TPF international equity fund (b)		1,874,095		1,874,095
TPF fixed-income fund (c)		1,978,473		1,978,473
TPF real estate fund (d)		875,661		875,661
TPF small-cap equity fund (e)		937,500		937,500
TPF defensive strategies fund (f)		476,840		476,840
Money market mutual fund	<u>\$ 843,606</u>			<u>843,606</u>
Total investments	<u>\$ 843,606</u>	<u>\$ 9,544,254</u>	<u>\$ 0</u>	<u>\$10,387,860</u>

Pooled investment funds are the Presbytery’s share of a pooled investment portfolio managed by Texas Presbyterian Foundation (TPF). TPF was established as an ecumenical non-profit foundation utilizing a diversified group of fund managers. Withdrawals from the funds may be made on the last business day of the month by written request with one-day notice. The pooled investment funds are not traded on a public exchange and are described as follows:

- (a) This fund is a broadly diversified portfolio of mostly U. S. and some international stocks that seek to provide opportunities for long-term capital growth, while avoiding speculation and undue risk.
- (b) This fund is a broadly diversified portfolio of large, high quality non-U. S. companies and smaller companies in emerging markets that are either ordinary shares traded on securities exchanges around the world or American Depository Receipts traded on U. S. exchanges.
- (c) This fund is an actively managed diversified bond portfolio with a total return strategy designed to serve as the fixed-income component for most permanent funds.
- (d) This fund is a diversified commingled portfolio of core institutional-quality, income-producing U. S. real estate properties.
- (e) This fund is a blended-style portfolio of small U. S. companies allocated among managers with distinct growth, value and core strategies.
- (f) This fund is a broadly diversified portfolio of funds using investment strategies designed to provide consistent, high “risk-adjusted” returns (equity-like returns with bond-like risk).

Valuation methods used for assets measured at fair value are as follows:

- *Pooled investment funds* are valued by TPF at net asset values provided by the fund managers that hold the investments based upon the fair value of the underlying assets. The Presbytery’s investment in these pooled investment funds is calculated based on the percentage of total shares held by the Presbytery applied to the total net asset value of the fund.

- *Money market mutual fund* is valued at the reported net asset value of shares held by the Presbytery at the reporting date.

These valuation methods may produce a fair value that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Presbytery believes its valuation methods are appropriate, the use of different methods or assumptions could result in a different fair value measurement at the reporting date.

Investments are exposed to various risks such as interest rate, market and credit risks. Because of these risks, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position and statement of activities.

#### **NOTE 4 – NOTES RECEIVABLE**

Notes receivable from church, which bears interest at 2.75%, is to be repaid in equal installments over 58 months, and is unsecured and is due as follows:

2023	\$ 3,923
2024	4,032
2025	4,145
2026	4,260
2027	<u>3,640</u>
Total notes receivable	<u>\$ 20,000</u>

#### **NOTE 5 – CONTRIBUTED NONFINANCIAL ASSETS**

The Presbytery receives various forms of gifts-in-kind (nonfinancial asset contributions), including contributions of property and use of facilities. Gifts-in-kind are recognized at their estimated fair value at the date of receipt based on current rates for similar items or services in the market and are expensed as utilized or, in the case of property, are sold as soon as practicable.

In August 2019, the Presbytery entered into a lease agreement with St. Philip Presbyterian Church of Houston for office space to house the Presbytery’s headquarters. The initial term of the lease is five years with five two-year renewal options. After the fifth renewal term, the lease is renewable annually. After the initial three years of the lease, the lease may be terminated by either party with 180 days’ notice.

The use of the space is provided to the Presbytery free of charge; however, the Presbytery is responsible for paying a percentage of certain building operating costs. The value of the unconditional three-year commitment for use of this space was recorded as a contribution at estimated fair value of \$240,000 in 2019 and was expensed monthly as used. Upon expiration of the initial three-year term in 2022, an additional unconditional commitment for use of the space was recorded for the remaining months of 2022 plus an additional 180 days at an estimated fair value of \$10,500. The unused portion is reported as an asset in the statement of financial position. The Presbytery’s share of building operating costs is currently \$1,988 per month. Leasehold improvements of \$88,540 paid for by the Presbytery are included in property in the statement of financial position and are amortized over five years.

The Presbytery recognized the following as in-kind contributions, which were used in providing program services, and to support those services:

	<u>2022</u>	<u>2021</u>
Land and improvements	\$ 135,941	
Use of facilities	<u>10,500</u>	<u>          </u>
Total in-kind contributions	<u>\$ 146,441</u>	<u>\$ 0</u>

A substantial number of volunteers have contributed significant amounts of time in connection with programs, administration, and fundraising for which no amount has been recognized in the financial statements because the services did not meet the criteria for recognition under generally accepted accounting principles.

#### **NOTE 6 – PROPERTY**

Property consists of the following:

	<u>2022</u>	<u>2021</u>
Leasehold improvements	\$ 88,540	\$ 88,540
Furniture, fixtures, and equipment	<u>61,145</u>	<u>61,145</u>
Property, at cost	149,685	149,685
Accumulated depreciation	<u>(120,855)</u>	<u>(92,790)</u>
Property, net	<u>\$ 28,830</u>	<u>\$ 56,895</u>

#### **NOTE 7 – COMMITMENTS AND CONTINGENCIES**

The Presbytery purchases professional and general liability insurance to cover losses that may result from asserted claims, as well as claims from unknown incidents that may be asserted in the future. Management does not expect such losses to have a material adverse effect on the financial position of the Presbytery.

The Presbytery guarantees debt of certain member churches. At December 31, 2022, the Presbytery had guaranteed approximately \$3,192,000 of such debt.

#### **NOTE 8 – PENSION PLAN**

The Board of Pensions of the Presbyterian Church U.S.A. (the Board of Pensions) administers a comprehensive benefits program for the members of the Benefits Plan of the Presbyterian Church U.S.A. (the Benefits Plan), as well as programs that provide for financial assistance to eligible members. Eligibility for membership in the Benefits Plan is open to employees of the Presbyterian Church U.S.A. or any board, agency, or local church under jurisdiction of the Presbyterian Church U.S.A. The clergy of the Presbytery participate in the multi-employer, defined benefit plan administered by the Board of Pensions. The Benefits Plan is a church plan, is exempt from federal income tax, and is not subject to the Employee Retirement Income Security Act of 1974 or the Pension Benefit Guaranty Corporation requirements.

The Board of Pensions may amend, terminate or modify the terms of the Benefits Plan, including the employer assessment rate, at any time, without notice and for any reason. Should a plan terminate, the Board of Pensions has the authority to distribute assets in accordance with the terms of the respective plan's documents.

All pastors serving in called and installed positions, as defined by the Presbyterian Church U.S.A., are mandated to be enrolled in the Benefits Plan. Participating employers pay assessments to the Benefits Plan on behalf of the eligible participants. Assessments for the defined benefit plan are equal to 11% of the clergy's compensation. Assessments are not held in individual accounts, but are invested in a general fund of pooled contributions for all employees participating in the Benefits Plan. The Presbytery recognizes its assessments in the period that the related services are provided by the pastor. During 2022 and 2021, the Presbytery recognized assessments to the Benefits Plan of approximately \$82,000 and \$108,000, respectively.

The funding positions of the defined benefit plan at December 31, as reported in the Board of Pensions' audited financial statements, are summarized as follows (in thousands):

	<u>2022</u>	<u>2021</u>
Net assets available for pension benefits	\$ 9,149,352	\$10,835,791
Less: Actuarial present value of accumulated plan benefit obligations	<u>6,093,484</u>	<u>7,528,982</u>
Surplus	<u>\$ 3,055,868</u>	<u>\$ 3,306,809</u>
Funding percentage	<u>150%</u>	<u>144%</u>

#### **NOTE 9 – SUBSEQUENT EVENTS**

In May 2023, the Presbytery guaranteed a \$513,000 debt of a member church.

Management has evaluated subsequent events through June 13, 2023, which is the date that the financial statements were available for issuance. As a result of this evaluation, no other events were identified that are required to be disclosed or would have a material impact on reported net assets or changes in net assets.