

BRETHREN IN CHRIST FOUNDATION, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022, 2021, AND 2020
AND
INDEPENDENT AUDITOR'S REPORT



McKONLY & ASBURY
CPAs & Business Advisors

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brethren in Christ Foundation, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Brethren in Christ Foundation, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and cash flows for each of the years in the three year periods ended December 31, 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Brethren in Christ Foundation, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for each of the years in the three year period ended December 31, 2022, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brethren in Christ Foundation, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Brethren in Christ Foundation, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brethren in Christ Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brethren in Christ Foundation, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
March 7, 2023

BRETHREN IN CHRIST FOUNDATION, INC.

STATEMENTS OF FINANCIAL POSITION

	December 31, 2022				December 31, 2021			
	Brotherhood Loan Fund	Trust Fund	Eliminations	Total All Funds	Brotherhood Loan Fund	Trust Fund	Eliminations	Total All Funds
ASSETS								
Cash and cash equivalents	\$ 19,597,344	\$ 5,436,359	\$ -	\$ 25,033,703	\$ 19,343,967	\$ 7,049,402	\$ -	\$ 26,393,369
Investments	-	23,924,132	(7,124,346)	16,799,786	-	27,164,084	(7,282,706)	19,881,378
Receivables								
Loans, net	38,026,834	513,372	-	38,540,206	38,440,653	603,088	-	39,043,741
Interfund, net	141,589	(141,589)	-	-	87,242	(87,242)	-	-
Accrued interest	68,094	-	-	68,094	51	-	-	51
Property and equipment, net	783,625	-	-	783,625	806,680	-	-	806,680
Other assets	102,573	25,794	-	128,367	96,577	18,709	-	115,286
Total assets	<u>\$ 58,720,059</u>	<u>\$ 29,758,068</u>	<u>\$ (7,124,346)</u>	<u>\$ 81,353,781</u>	<u>\$ 58,775,170</u>	<u>\$ 34,748,041</u>	<u>\$ (7,282,706)</u>	<u>\$ 86,240,505</u>
LIABILITIES AND NET ASSETS								
Accounts payable and other liabilities	\$ 61,670	\$ 23,716	\$ -	\$ 85,386	\$ 70,977	\$ 23,322	\$ -	\$ 94,299
Debt securities								
Thrift accumulation plan agreements	13,761,033	-	(454,870)	13,306,163	13,200,587	-	(456,717)	12,743,870
Stewardship investment certificates	30,189,376	-	(1,504,423)	28,684,953	30,723,225	-	(1,541,476)	29,181,749
Individual retirement account notes	5,165,053	-	(5,165,053)	-	5,284,513	-	(5,284,513)	-
CTF investment accounts	-	15,972,473	-	15,972,473	-	19,726,811	-	19,726,811
Individual retirement and health savings accounts	-	7,124,346	-	7,124,346	-	7,282,706	-	7,282,706
Split-interest agreements								
Split-interest trusts	-	2,280,093	-	2,280,093	-	2,956,827	-	2,956,827
Annuities payable	-	721,499	-	721,499	-	860,838	-	860,838
Other funds held	-	9,202	-	9,202	-	9,237	-	9,237
Total liabilities	<u>49,177,132</u>	<u>26,131,329</u>	<u>(7,124,346)</u>	<u>68,184,115</u>	<u>49,279,302</u>	<u>30,859,741</u>	<u>(7,282,706)</u>	<u>72,856,337</u>
Net assets								
Without donor restrictions								
Designated, donor-advised funds	-	1,808,975	-	1,808,975	-	1,864,478	-	1,864,478
Designated, discretionary funds	-	242,764	-	242,764	-	448,822	-	448,822
Undesignated	9,102,630	1,575,000	-	10,677,630	9,055,740	1,575,000	-	10,630,740
With donor restrictions	440,297	-	-	440,297	440,128	-	-	440,128
Total net assets	<u>9,542,927</u>	<u>3,626,739</u>	<u>-</u>	<u>13,169,666</u>	<u>9,495,868</u>	<u>3,888,300</u>	<u>-</u>	<u>13,384,168</u>
Total liabilities and net assets	<u>\$ 58,720,059</u>	<u>\$ 29,758,068</u>	<u>\$ (7,124,346)</u>	<u>\$ 81,353,781</u>	<u>\$ 58,775,170</u>	<u>\$ 34,748,041</u>	<u>\$ (7,282,706)</u>	<u>\$ 86,240,505</u>

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

BRETHREN IN CHRIST FOUNDATION, INC.

STATEMENTS OF ACTIVITIES

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds	Brotherhood Loan Fund	Trust Fund	Total All Funds
Net assets without donor restrictions									
Revenues and gains									
Interest on loans	\$ 1,649,656	\$ 27,504	\$ 1,677,160	\$ 1,626,218	\$ 30,041	\$ 1,656,259	\$ 1,797,745	\$ 38,130	\$ 1,835,875
Net investment income	179,934	16,968	196,902	157,009	12,307	169,316	161,158	16,101	177,259
Contributions	962	112,643	113,605	25	88,396	88,421	135,438	105,184	240,622
Service fees, net	-	177,635	177,635	426	197,398	197,824	-	179,052	179,052
Other	4,716	39,963	44,679	2,715	85,798	88,513	5,419	66,257	71,676
Total revenues and gains	1,835,268	374,713	2,209,981	1,786,393	413,940	2,200,333	2,099,760	404,724	2,504,484
Net assets released from restrictions	41,500	-	41,500	34,000	-	34,000	34,500	-	34,500
Total revenues, gains, and other support	1,876,768	374,713	2,251,481	1,820,393	413,940	2,234,333	2,134,260	404,724	2,538,984
Expenses	1,829,878	580,771	2,410,649	1,606,274	367,902	1,974,176	1,870,081	346,664	2,216,745
Excess (deficiency) of revenues, gains, and other support over expenses before donor-advised funds activity	46,890	(206,058)	(159,168)	214,119	46,038	260,157	264,179	58,060	322,239
Change in donor-advised funds									
Contributions	-	1,258,553	1,258,553	-	170,060	170,060	-	742,975	742,975
Net investment income (loss)	-	(99,091)	(99,091)	-	111,668	111,668	-	145,284	145,284
Charitable distributions	-	(1,199,114)	(1,199,114)	-	(490,404)	(490,404)	-	(518,111)	(518,111)
Administrative expenses	-	(15,851)	(15,851)	-	(16,689)	(16,689)	-	(17,190)	(17,190)
Increase (decrease) in donor advised funds	-	(55,503)	(55,503)	-	(225,365)	(225,365)	-	352,958	352,958

(continued)

BRETHREN IN CHRIST FOUNDATION, INC.

STATEMENTS OF ACTIVITIES (Cont'd)

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Brotherhood	Total		Brotherhood	Total		Brotherhood	Total	
	Loan Fund	Trust Fund	All Funds	Loan Fund	Trust Fund	All Funds	Loan Fund	Trust Fund	All Funds
Change in net assets without donor restrictions	46,890	(261,561)	(214,671)	214,119	(179,327)	34,792	264,179	411,018	675,197
Net assets with donor restrictions									
Farming income, net	41,669	-	41,669	34,086	-	34,086	34,485	-	34,485
Net assets released from restrictions	(41,500)	-	(41,500)	(34,000)	-	(34,000)	(34,500)	-	(34,500)
Change in net assets with donor restrictions	169	-	169	86	-	86	(15)	-	(15)
Change in net assets	47,059	(261,561)	(214,502)	214,205	(179,327)	34,878	264,164	411,018	675,182
Net assets - beginning	9,495,868	3,888,300	13,384,168	9,281,663	4,067,627	13,349,290	9,017,499	3,656,609	12,674,108
Net assets - ending	<u>\$ 9,542,927</u>	<u>\$ 3,626,739</u>	<u>\$ 13,169,666</u>	<u>\$ 9,495,868</u>	<u>\$ 3,888,300</u>	<u>\$ 13,384,168</u>	<u>\$ 9,281,663</u>	<u>\$ 4,067,627</u>	<u>\$ 13,349,290</u>

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

BRETHREN IN CHRIST FOUNDATION, INC.

STATEMENTS OF CASH FLOWS

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	Brotherhood	Total		Brotherhood	Total		Brotherhood	Total	
	Loan Fund	Trust Fund	All Funds	Loan Fund	Trust Fund	All Funds	Loan Fund	Trust Fund	All Funds
Cash flows from operating activities									
Change in net assets	\$ 47,059	\$ (261,561)	\$ (214,502)	\$ 214,205	\$ (179,327)	\$ 34,878	\$ 264,164	\$ 411,018	\$ 675,182
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by (used in) operating activities									
Depreciation	57,068	-	57,068	64,850	-	64,850	63,052	-	63,052
Loss on disposal of property and equipment	6,054	-	6,054	-	-	-	3,928	-	3,928
Net unrealized and realized (gains) losses on investments	-	3,017,976	3,017,976	-	(2,184,170)	(2,184,170)	-	(2,000,923)	(2,000,923)
Provisions for loss on loans	(13,393)	(2,617)	(16,010)	(41,455)	10,368	(31,087)	17,385	2,824	20,209
(Increase) decrease in									
Accrued interest receivable	(68,043)	-	(68,043)	(51)	-	(51)	27,027	-	27,027
Other assets	(5,996)	(7,085)	(13,081)	(10,711)	(476)	(11,187)	(2,167)	79,289	77,122
Increase (decrease) in									
Accounts payable and other liabilities	(9,307)	394	(8,913)	10,486	2,778	13,264	9,623	9,474	19,097
Annuities payable	-	(139,339)	(139,339)	-	(41,662)	(41,662)	-	110	110
Net cash and cash equivalents provided by (used in) operating activities	13,442	2,607,768	2,621,210	237,324	(2,392,489)	(2,155,165)	383,012	(1,498,208)	(1,115,196)
Cash flows from investing activities									
Purchase of property and equipment	(40,067)	-	(40,067)	(9,913)	-	(9,913)	(106,374)	-	(106,374)
(Increase) decrease in loans	427,212	92,333	519,545	938,205	81,877	1,020,082	253,846	165,790	419,636
Net unrealized and realized (gains) losses on split-interest investments	-	439,002	439,002	-	(413,676)	(413,676)	-	(380,205)	(380,205)
Purchases of investments	-	(2,915,435)	(2,915,435)	-	(1,963,497)	(1,963,497)	-	(1,617,926)	(1,617,926)
Proceeds from sale of investments	-	2,698,409	2,698,409	-	4,607,102	4,607,102	-	3,083,798	3,083,798
Net cash and cash equivalents provided by investing activities	387,145	314,309	701,454	928,292	2,311,806	3,240,098	147,472	1,251,457	1,398,929
Cash flows from financing activities									
Net (increase) decrease in interfund	(54,347)	54,347	-	(19,127)	19,127	-	(83,896)	83,896	-
Debt securities									
Reinvested interest	860,434	-	860,434	837,014	-	837,014	996,156	-	996,156
Other net changes	(953,297)	-	(953,297)	670,515	-	670,515	516,108	-	516,108
Net increase (decrease) in									
CTF investment accounts	-	(3,754,338)	(3,754,338)	-	1,163,779	1,163,779	-	1,354,454	1,354,454
Individual retirement and health savings accounts	-	(158,360)	(158,360)	-	(128,248)	(128,248)	-	(13,706)	(13,706)
Split-interest agreements	-	(676,734)	(676,734)	-	(141,408)	(141,408)	-	(32,953)	(32,953)
Other funds held	-	(35)	(35)	-	(6)	(6)	-	79	79
Net cash and cash equivalents provided by (used in) financing activities	(147,210)	(4,535,120)	(4,682,330)	1,488,402	913,244	2,401,646	1,428,368	1,391,770	2,820,138
Net increase (decrease) in cash and cash equivalents	253,377	(1,613,043)	(1,359,666)	2,654,018	832,561	3,486,579	1,958,852	1,145,019	3,103,871
Cash and cash equivalents - beginning	19,343,967	7,049,402	26,393,369	16,689,949	6,216,841	22,906,790	14,731,097	5,071,822	19,802,919
Cash and cash equivalents - ending	\$ 19,597,344	\$ 5,436,359	\$ 25,033,703	\$ 19,343,967	\$ 7,049,402	\$ 26,393,369	\$ 16,689,949	\$ 6,216,841	\$ 22,906,790

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

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF ACCOUNTING POLICIES

General

Brethren in Christ Foundation, Inc. (Foundation) was established for the purpose of receiving, investing, and distributing funds for the benefit of the Brethren in Christ Church (Church). In certain instances, members of the Board of Directors of the Foundation are also members of the General Conference Board of the General Conference of the Church, which is the governing body of the Brethren in Christ religious denomination.

The Foundation focuses its efforts in two primary service areas that are reported in separate funds.

Brotherhood Loan Fund

The Brotherhood Loan Fund was established to provide financing for the purchase, construction, or renovation of churches, parsonages and other church-related projects. Funding for Brotherhood Loan Fund loans is primarily provided by debt securities sold to individual church members.

Trust Fund

The Trust Fund accounts for the administration of common trust fund investment accounts placed with it by church affiliated organizations. Certain loans to church affiliated organizations and individuals are issued from the Trust Fund. Split-interest trusts, for which the Foundation serves as trustee, are also accounted for in the Trust Fund. Additionally, the Trust Fund accounts for individual retirement accounts and health savings accounts of individual church members and church employees where the Foundation serves as custodian.

Eliminations

The Trust Fund invests individual retirement accounts and health savings accounts in certain assets of the Brotherhood Loan Fund. Therefore, the funds from these accounts are included as investments and liabilities in the Trust Fund and liabilities in the Brotherhood Loan Fund. The interfund investment and associated liabilities have been eliminated in the statements of financial position.

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The Foundation reports information regarding its financial position and activities according to two classes of net assets: with or without donor restrictions. The Foundation utilizes fund accounting.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Net Asset Classifications

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor restrictions.

The Foundation administers a gift deposit account program (donor-advised funds). Donors make irrevocable and unconditional contributions accounted for in donor-advised funds that are controlled by the Foundation. Donors may recommend distributions to charitable organizations to the Foundation from the donor advised funds. The Foundation reports these donor-advised funds as net assets without donor restrictions.

In 2019, the Foundation agreed to Board designate any net assets without donor restriction other than those related to the donor advised funds which exceed five years' worth of operating expenses for the Trust Fund for the purpose of contributing on a discretionary basis those funds to the General Conference of the Brethren in Christ Church.

Net assets with donor restrictions – Net assets subject to donor-imposed restrictions. Donor-imposed restrictions may be temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resources was restricted has been fulfilled, or both.

The Foundation's net assets with donor restrictions as of December 31, 2022 and 2021, consist of the following:

	2022	2021
Purpose restricted	\$ 25,297	\$ 25,128
Perpetually restricted	415,000	415,000
	<u>\$ 440,297</u>	<u>\$ 440,128</u>

Cash and Cash Equivalents

The Foundation considers all certificates of deposits and any highly liquid investments with an original maturity of three months or less to be cash equivalents.

Investments

Investments are recorded at their fair values in the statements of financial position.

Loans Receivable and Interest on Loans

Loans receivable are stated at unpaid principal balances, less the allowance for loan losses. Substantially all loans receivable are collateralized by deeds of trust on real properties (principally church buildings

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

and ministers' homes) located throughout the United States. Loans generally require a loan-to-value ratio of no greater than 80%. Interest on loans receivable is recognized using the simple interest method.

Interest income generally is not recognized on specific impaired loans unless the likelihood of further loss is remote. Payments received on such loans are applied as a reduction of any accrued interest and the remainder of the payment is used to reduce the loan principal balance.

An allowance for loan losses is maintained at a level considered adequate to absorb loan losses. Management of the Foundation, in determining the allowance for loan losses, considers the risks inherent in its loan portfolio and changes in the nature and volume of its loan activities, along with general economic and real estate market conditions. In addition, management also considers its ability to work with delinquent borrowers through other units of the Church, Conference guarantees, and such other relevant factors that, in management's judgment, deserve recognition. The Foundation utilizes a two-tier approach: (1) identification of impaired loans and the establishment of specific loss allowances on such loans; and (2) establishment of general loss allowances on the remainder of its loan portfolio. The Foundation maintains a loan review system that allows for a periodic review of its loan portfolio and the early identification of potential impaired loans. The system takes into consideration, among other things: delinquency status, size of loans, type and estimated fair value of collateral, and financial condition of the borrowers. Specific loan loss allowances are established for identified losses based on a review of such information. General loan loss allowances are based on a combination of factors including, but not limited to, actual loan loss experience, composition of the loan portfolio, current economic conditions, and management's judgment. Allowances for impaired loans are generally determined based on collateral values or the present value of estimated future cash flows. The allowance is increased (decreased) by a provision for loan losses, which is reported in the statements of activities, and reduced by charge-offs, net of recoveries.

Property and Equipment

Acquisition of buildings, equipment, improvements, and expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Real estate, property, and equipment are recorded at cost or estimated fair value if donated. Depreciation is recognized in amounts calculated on a straight-line basis to amortize the cost or donated value of depreciable assets over their estimated useful lives.

Impairment

The Foundation reviews its long-lived assets for impairment on an exception basis whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable through future cash flows. If it is determined that an impairment loss has occurred, based on the expected cash flows, then a loss is recognized in the statements of activities. No impairment loss was incurred during the years ending December 31, 2022, 2021, and 2020.

Common Trust Funds (CTF) Investment Accounts

Brethren in Christ churches, church agencies, and other eligible tax-exempt organizations place funds with the Foundation for investment in CTFs. The Foundation has established CTFs with specific investment objectives and investment policies. CTFs are separate accounting designations within the Foundation for jointly invested assets.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation records the allocation of CTF total investment returns, net of service fees, to CTF investment accounts in the statements of activities as an increase in net assets without donor restrictions. Allocations to individual CTF investment accounts are made monthly based on average daily balances. Deposits can be made at any time. Withdrawals are permitted up to the total account balance at the end of each month after re-pricing to market value.

Individual Retirement and Health Savings Accounts

The Foundation offers Individual Retirement Accounts and Health Savings Accounts to certain investors affiliated with the Church. These accounts are held in the Trust Fund.

Split-Interest Trusts

The Foundation serves as trustee for charitable remainder unitrusts and charitable lead trusts (trusts). Annual and final distributions from the trusts are made to charitable and non-charitable beneficiaries. The grantor generally retains the right to change charitable beneficiaries during the term of the trust. Liabilities for split-interest trusts are recorded in the statements of financial position at the fair value of the trust assets. The Foundation recognizes contributions from split-interest trusts when distributed to the Foundation.

The assets held in split-interest trusts are restricted and are generally invested in the Foundation's CTFs. Changes in split-interest trust restricted assets from the allocation of CTF's total investment returns, net of service fees, and other investment income increase or decrease the split-interest agreement liabilities in the statements of financial position.

Annuities Payable

The Foundation sells charitable gift annuities to individual members of the Church. The annuities provide for lifetime payments to the annuitant based upon standard rates set by the American Council on Gift Annuities. Upon the death of the annuitant, the carrying amount of the annuity is payable to the annuitant's charitable beneficiaries (generally organizations affiliated with the Church).

At the effective date of the annuity agreement, the Foundation records a liability equal to the present value of the estimated future payments to annuitants and charitable beneficiaries. The Foundation's portion of the charitable beneficiary designation is recorded as a contribution without donor restrictions. The liability is annually re-valued at the statement of financial position date using the original discount rate and current mortality tables.

Contributions

Contributions received are recorded as with or without donor restrictions depending on the existence and/or nature of any donor restrictions.

Income Taxes

The Foundation is a not-for-profit organization exempt from federal and state income taxes pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation adheres to the provisions of Financial Accounting Standards Board (FASB) Codification 740, *Income Taxes*. ASC 740 prescribes a comprehensive model for financial statement recognition, measurement, classification, and disclosure of uncertain tax positions. The Foundation has concluded that it does not have any uncertain tax positions that require recognition or disclosure in the financial statements. Management believes it is no longer subject to income tax examinations for years prior to 2019.

Related Party Transactions

Substantially all transactions are with members of, or organizations affiliated with, the Church. The Foundation has a shared services agreement with the Church whereby certain staff, office support, and operational management is shared from time to time. The agreement results in service fees, net on the Foundation's statements of activities.

In 2020, 2021 and 2022, the Foundation made discretionary contributions to the Church from the Brotherhood Loan Fund that totaled \$158, \$25 and \$962, respectfully.

Recently Adopted Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The changes became effective for the Foundation on January 1, 2022. Management has determined there was no impact of these changes on the Foundation's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU increases transparency around contributed nonfinancial assets (gifts-in-kind) received by not-for-profit entities by requiring the contributed nonfinancial assets to be reported separately in the statement of activities and additional disclosures regarding the use and valuation technique. The changes became effective for the Foundation on January 1, 2022. Management has determined there was no impact of these changes on the Foundation's financial statements.

Subsequent Events

Management evaluated subsequent events through March 7, 2023, the date the financial statements were available to be issued.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2. LIQUIDITY AND AVAILABILITY

The financial assets as of December 31, 2022 and 2021, which are available for general expenditures within one year of the statements of financial position dates comprise the following:

	2022	2021
Total cash and cash equivalents	\$ 25,033,703	\$ 26,393,369
Less:		
Cash held to fund debt securities withdrawals (see Note 8)	(6,717,449)	(6,636,695)
Cash restricted in trust fund	(4,150,271)	(5,787,748)
Cash board designated in trust fund	(242,764)	(448,822)
Add:		
Loans receivable to be collected within a year	1,194,780	1,132,996
Accrued interest	68,094	51
Other receivables to be collected within a year	39,796	37,791
	<u>\$ 15,225,889</u>	<u>\$ 14,690,942</u>

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Foundation has a revolving line of credit with Centric bank in the amount of \$3,000,000, which it could draw upon as further disclosed in Note 10.

3. CASH AND CASH EQUIVALENTS

The Foundation utilizes a cash management system to invest excess cash deposits.

Cash and cash equivalents consist of the following as of December 31, 2022 and 2021:

	Brotherhood Loan Fund	
	2022	2021
Interest-bearing checking accounts	\$ 4,597,344	\$ 19,343,967
Certificates of deposit	15,000,000	-
	<u>\$ 19,597,344</u>	<u>\$ 19,343,967</u>
	Trust Fund	
	2022	2021
Interest-bearing checking accounts	\$ 4,941,715	\$ 6,610,571
Money market funds	494,644	438,831
	<u>\$ 5,436,359</u>	<u>\$ 7,049,402</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The Foundation is exposed to credit risk by maintaining cash balances at financial institutions in excess of federally insured limits.

4. INVESTMENTS

The cost and fair values of investments at December 31, 2022 and 2021, are as follows:

December 31, 2022	Cost	Net Unrealized Gains/(Losses)	Fair Value
Mutual funds			
International	\$ 1,478,130	\$ 247,426	\$ 1,725,556
Intermediate bonds - government	222,237	(29,024)	193,213
Large cap	3,642,639	1,785,329	5,427,968
Mid cap	1,015,297	(190,426)	824,871
Small cap	43,713	30,918	74,631
Money market	740	-	740
Short-term bonds	2,105,671	(67,824)	2,037,847
Short-term bonds - government	604,708	(42,336)	562,372
Total mutual funds	9,113,135	1,734,063	10,847,198
Cash value of life insurance	36,479	-	36,479
Common Stock	89,190	-	89,190
Investor-directed mutual funds			
International	1,396,426	(96,551)	1,299,875
Intermediate bonds	835,346	(96,318)	739,028
Intermediate bonds - government	90,086	(12,058)	78,028
Large cap	1,584,974	404,423	1,989,397
Mid cap	150,695	(25,995)	124,700
Small cap	5,536	1,346	6,882
Money market	985,378	-	985,378
Short-term bonds	243,495	(19,012)	224,483
Short-term bonds - government	68,813	(4,703)	64,110
Emerging markets	7,626	(2,236)	5,390
High yield bonds	5,635	(541)	5,094
World bonds	351,729	(47,175)	304,554
Total investor-directed mutual funds	5,725,739	101,180	5,826,919
	<u>\$ 14,964,543</u>	<u>\$ 1,835,243</u>	<u>\$ 16,799,786</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2021	Cost	Net Unrealized Gains/(Losses)	Fair Value
Mutual funds			
International	\$ 1,449,103	\$ 649,664	\$ 2,098,767
Intermediate bonds - government	230,409	(1,608)	228,801
Large cap	3,512,741	3,484,161	6,996,902
Mid cap	881,005	169,253	1,050,258
Small cap	57,504	49,352	106,856
Money market	735	-	735
Short-term bonds	2,176,823	90,695	2,267,518
Short-term bonds - government	622,116	(2,377)	619,739
Total mutual funds	8,930,436	4,439,140	13,369,576
Cash value of life insurance	34,419	-	34,419
Investor-directed mutual funds			
International	1,507,252	226,367	1,733,619
Intermediate bonds	759,450	27,528	786,978
Intermediate bonds - government	91,468	(841)	90,627
Large cap	1,804,939	1,242,860	3,047,799
Mid cap	125,938	25,914	151,852
Small cap	5,996	3,526	9,522
Money market	885	-	885
Short-term bonds	246,753	(1,222)	245,531
Short-term bonds - government	67,683	(47)	67,636
Emerging markets	7,263	(981)	6,282
High yield bonds	9,509	424	9,933
World bonds	326,433	286	326,719
Total investor-directed mutual funds	4,953,569	1,523,814	6,477,383
	<u>\$ 13,918,424</u>	<u>\$ 5,962,954</u>	<u>\$ 19,881,378</u>

5. LOANS RECEIVABLE

Loans receivable consist primarily of amounts owed by churches affiliated with the Brethren in Christ denomination on loans made by the Foundation for the purpose of church construction or improvements. The loans mature at various dates through the year 2052 and bear interest rates ranging from 3.75% to 5.45%. Certain loans are also guaranteed by the general and regional Conferences of the Church.

During 2022, the Foundation generally had secured Trust Fund loans bearing annual interest at the rate of 4.75% to 6.45% to Church members and unrelated parties.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The calculation for the allowance for loan losses is dependent on the amount guaranteed by the General and Regional Conferences (Conferences). At December 31, 2022 and 2021, Brotherhood Loan Fund loans were partially guaranteed by the Conferences totaling \$6,633,309 and \$6,895,160. At December 31, 2022 and 2021, Trust Loan Fund loans were partially guaranteed by the Conferences totaling \$433,090 and \$477,649.

An analysis of changes in the allowance for loan losses for 2022, 2021, and 2020, is as follows:

	Brotherhood Loan Fund	Trust Fund	Total
Allowance for loan losses, January 1, 2020	\$ 238,824	\$ 1,714	\$ 240,538
Provisions for losses on loans	17,385	2,824	20,209
Allowance for loan losses, December 31, 2020	256,209	4,538	260,747
Provisions for losses on loans	(41,455)	10,368	(31,087)
Allowance for loan losses, December 31, 2021	214,754	14,906	\$ 229,660
Provisions for losses on loans	(13,393)	(2,617)	(16,010)
Allowance for loan losses, December 31, 2022	<u>\$ 201,361</u>	<u>\$ 12,289</u>	<u>\$ 213,650</u>

At December 31, 2022 and 2021, there was no recorded investments in impaired loans. There was no allowance for loan losses related to impaired loans at December 31, 2022 and 2021. There was no interest income recognized on impaired loans in 2022, 2021, and 2020.

Scheduled repayments of loans receivable over the next five years and thereafter as of December 31, 2022, is as follows:

	Brotherhood Loan Fund	Trust Fund	Total
2023	\$ 1,111,398	\$ 83,382	\$ 1,194,780
2024	1,107,847	89,579	1,197,426
2025	1,153,927	50,210	1,204,137
2026	1,212,997	50,351	1,263,348
2027	1,268,820	47,793	1,316,613
Thereafter	32,373,206	204,346	32,577,552
Allowance for loan losses	<u>38,228,195</u> <u>(201,361)</u>	<u>525,661</u> <u>(12,289)</u>	<u>38,753,856</u> <u>(213,650)</u>
Loans, net	<u>\$ 38,026,834</u>	<u>\$ 513,372</u>	<u>\$ 38,540,206</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

6. PROPERTY AND EQUIPMENT

A summary of property and equipment at December 31, 2022 and 2021, is as follows:

	Useful Lives	2022	2021
Office building and improvements	10-40 years	\$ 1,013,047	\$ 990,380
Farm – with donor restriction	N/A	415,000	415,000
Furniture and equipment	3-5 years	342,563	362,857
Accumulated depreciation		(986,985)	(961,557)
		<u>\$ 783,625</u>	<u>\$ 806,680</u>

Depreciation expense for the years ended December 31, 2022, 2021, and 2020, totaled \$57,068, \$64,850, and \$63,052.

7. NET ASSETS WITH DONOR RESTRICTIONS

In 1981, property with an appraised value of \$415,000 was transferred to the Foundation from the General Conference. The property is held by the Foundation as Trustee, and court approval must be obtained prior to any sale of the property. Net income derived from farming the property is contributed to Church Missions. At such time as the property is sold, the corpus will be managed by the Foundation and the earnings distributed to Church Missions.

8. DEBT SECURITIES

The Foundation has received approval from certain states for the sale of Thrift Accumulation Plan Agreements (Agreements), Stewardship Investment Certificates (Certificates), and Individual Retirement Account Notes (Notes) to individuals affiliated with the Church. The principal terms of these instruments as of December 31, 2022, are as follows:

	Agreements	Certificates
Minimum purchase	\$5	\$25
Term	30 days	6 months to 5 years
Interest rate at December 31, 2022	Variable, currently 0.00% to 1.00%	Variable, currently 0% to 2.72%

Notes have a minimum purchase of \$25 or the balance of an individual's IRA, whichever is less, and are generally issued for a minimum of the lesser of five years or holders reaching 59½ years of age. Interest is variable on 5 and 10 year Notes (currently at 2.72% and 2.96%) and is added to the principal on a quarterly basis.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Agreements, Certificates, and Notes outstanding at December 31, 2022, have maturity dates and amounts as follows:

2023	\$ 21,771,380
2024	4,809,279
2025	6,031,651
2026	5,788,387
2027	9,045,920
Thereafter	<u>1,668,845</u>
Total	<u>\$ 49,115,462</u>

The interest rate on these savings instruments may be adjusted monthly by the Board of Directors to reflect current market conditions.

The Foundation holds a minimum of 5%, 10%, and 25% of the proceeds from the sale of Notes, Certificates, and Agreements, respectively, in cash accounts and certificates of deposits for immediate liquidity to fund withdrawals from the Brotherhood Loan Fund. Such minimum amounts totaled \$6,717,449 and \$6,636,695, at December 31, 2022 and 2021.

9. SPLIT-INTEREST AGREEMENTS

Split-interest Trusts

Split-interest trust restricted assets consist of the following at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 442,612	\$ 401,715
Investments	<u>1,837,481</u>	<u>2,555,112</u>
	<u>\$ 2,280,093</u>	<u>\$ 2,956,827</u>

Liabilities for split-interest trusts totaled \$2,280,093 and \$2,956,827 at December 31, 2022 and 2021.

Annuities Payable

Assets received under charitable gift annuity agreements are held as general assets of the Foundation.

Annuities payable at December 31, 2022 and 2021, totaled \$721,499 and \$860,838 and were determined using discount rates ranging from 2.0% to 8.4%. The change in the Foundation's portion of the liability is recorded as a change in net assets without donor restrictions and totaled \$(57,505), \$(5,597), and \$13,459, for the years ended December 31, 2022, 2021, and 2020.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

10. LINE OF CREDIT

The Foundation currently has available for its use a revolving line of credit with First Commonwealth Bank in the amount of \$3,000,000. All amounts borrowed under the revolving line of credit are payable on demand and bear interest at the Wall Street Journal Prime Rate. Advances under the line of credit shall be used to finance timing differences between deposits gathered and loans funded. Interest is to be calculated on the outstanding principal balance for the actual number of days lapsed during each billing cycle at a daily rate based on a year of 360 days. At December 31, 2022 and 2021, no amounts were outstanding on the line of credit.

11. FUNCTIONAL EXPENSE ALLOCATION

The costs of providing programs and other supporting activities have been summarized on a functional basis below. Accordingly, certain costs have been allocated among programs and the supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation Method</u>				
Professional services	Benefits received				
Salaries and benefits	Time and effort				
Depreciation	Benefits received				
General and administrative	Benefits received				
<u>2022</u>	<u>BLF</u>	<u>Trust Fund</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total All Funds</u>
Distributions to charities	\$ 42,462	\$ 197,689	\$ -	\$ -	\$ 240,151
Interest	994,648	-	-	-	994,648
Professional services	38,780	-	37,941	-	76,721
Salaries and benefits	351,672	170,697	246,333	16,202	784,904
Depreciation	38,235	-	18,262	571	57,068
General and administrative	93,677	89,433	72,390	8,369	263,869
Matching grant	3,244	-	-	-	3,244
Provisions for loss on loans	(13,393)	(2,617)	-	-	(16,010)
Loss on disposal of property and equipment	-	-	6,054	-	6,054
Total expenses	<u>\$1,549,325</u>	<u>\$455,202</u>	<u>\$ 380,980</u>	<u>\$ 25,142</u>	<u>\$2,410,649</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

2021	BLF	Trust Fund	Management and General	Fundraising	Total All Funds
Distributions to charities	\$ 34,025	\$ 36,195	\$ -	\$ -	\$ 70,220
Interest	928,379	-	-	-	928,379
Professional services	35,038	1,918	31,170	-	68,126
Salaries and benefits	299,444	143,102	213,517	17,619	673,682
Depreciation	42,801	-	20,752	1,297	64,850
General and administrative	74,035	67,525	41,008	8,938	191,506
Matching grant	8,500	-	-	-	8,500
Provisions for loss on loans	(41,455)	10,368	-	-	(31,087)
Total expenses	<u>\$1,380,767</u>	<u>\$59,108</u>	<u>\$ 306,447</u>	<u>\$ 27,854</u>	<u>\$1,974,176</u>

2020	BLF	Trust Fund	Management and General	Fundraising	Total All Funds
Distributions to charities	\$ 34,658	\$ 27,946	\$ -	\$ -	\$ 62,604
Interest	1,109,580	-	-	-	1,109,580
Professional services	63,965	19,975	2,315	-	86,255
Salaries and benefits	281,402	144,622	183,087	66,564	675,675
Depreciation	40,353	-	17,024	5,675	63,052
General and administrative	91,590	53,202	35,658	5,992	186,442
Matching grant	9,000	-	-	-	9,000
Provisions for loss on loans	17,385	2,824	-	-	20,209
Loss on disposal of property and equipment	-	-	3,928	-	3,928
Total expenses	<u>\$1,647,933</u>	<u>\$248,569</u>	<u>\$ 242,012</u>	<u>\$ 78,231</u>	<u>\$ 2,216,745</u>

12. RETIREMENT PLAN

The Foundation maintains a defined contribution employee pension plan. The plan is available to all employees who are employed on a full time basis. During 2020, 2021, and 2022, the employer rate was 5.0% of eligible compensation plus a match of employee contributions up to 5.0%. For the years ended December 31, 2022, 2021, and 2020, retirement plan expenses of \$51,237, \$44,494, and \$39,671 were included in employee benefits.

13. CASH FLOW INFORMATION

Amounts paid for interest were as follows:

	2022	2021	2020
Brotherhood Loan Fund	<u>\$ 994,648</u>	<u>\$ 928,378</u>	<u>\$ 1,109,580</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Interest re-invested by holders of debt securities in the Brotherhood Loan Fund totaled \$860,434, \$837,014, and \$996,156 during the years ended December 31, 2022, 2021, and 2020.

14. FAIR VALUE OF FINANCIAL INSTRUMENTS

The FASB Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures* (ASC 820), establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis. There have been no changes in the methodologies used at December 31, 2022 and 2021.

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

The cash value of life insurance policies are valued at the amount the Foundation is entitled to receive upon cancellation of the life insurance policy. That amount is based on the insurance premiums paid, the value of underlying investments, surrender fees, and reduced by outstanding policy loans.

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

The fair values of CTF investment accounts and other funds held are based on net asset values of assets allocated to the CTF.

The fair values of split-interest trusts are based on the net asset values of the trust assets.

For assets and liabilities measured at fair value on a recurring basis, the fair value measurements by level within the fair value hierarchy used as of December 31, 2022 and 2021, are as follows:

2022	Level 1	Level 2	Level 3	Total
Mutual funds				
International	\$ 3,025,431	\$ -	\$ -	\$ 3,025,431
Intermediate fixed income	739,028	-	-	739,028
Intermediate fixed income - government	271,241	-	-	271,241
Large cap	7,417,365	-	-	7,417,365
Mid cap	949,571	-	-	949,571
Small cap	81,513	-	-	81,513
Money market	986,118	-	-	986,118
Short-term fixed income	2,262,330	-	-	2,262,330
Short-term fixed income - government	626,482	-	-	626,482
Emerging markets	5,390	-	-	5,390
High yield fixed income	5,094	-	-	5,094
World fixed income	304,554	-	-	304,554
Total mutual funds	16,674,117	-	-	16,674,117
Cash value of life insurance	-	-	36,479	36,479
Common stocks	89,190	-	-	89,190
Total investments	<u>\$ 16,763,307</u>	<u>\$ -</u>	<u>\$ 36,479</u>	<u>\$ 16,799,786</u>
CTF investments	\$ -	\$ 15,972,473	\$ -	\$ 15,972,473
Split-interest trusts	-	2,280,093	-	2,280,093
Other funds held	-	9,202	-	9,202
Total liabilities	<u>\$ -</u>	<u>\$ 18,261,768</u>	<u>\$ -</u>	<u>\$ 18,261,768</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds				
International	\$ 3,832,386	\$ -	\$ -	\$ 3,832,386
Intermediate fixed Income	786,978	-	-	786,978
Intermediate fixed income - government	319,428	-	-	319,428
Large cap	10,044,701	-	-	10,044,701
Mid cap	1,202,110	-	-	1,202,110
Small cap	116,378	-	-	116,378
Money market	1,620	-	-	1,620
Short-term fixed income	2,513,049	-	-	2,513,049
Short-term fixed income - government	687,375	-	-	687,375
Emerging markets	6,282	-	-	6,282
High yield fixed income	9,933	-	-	9,933
World fixed income	<u>326,719</u>	<u>-</u>	<u>-</u>	<u>326,719</u>
Total mutual funds	19,846,959	-	-	19,846,959
Cash value of life insurance	<u>-</u>	<u>-</u>	<u>34,419</u>	<u>34,419</u>
Total investments	<u>\$ 19,846,959</u>	<u>\$ -</u>	<u>\$ 34,419</u>	<u>\$ 19,881,378</u>
CTF investments	\$ -	\$ 19,726,811	\$ -	\$ 19,726,811
Split-interest trusts	-	2,956,827	-	2,956,827
Other funds held	<u>-</u>	<u>9,237</u>	<u>-</u>	<u>9,237</u>
Total liabilities	<u>\$ -</u>	<u>\$ 22,692,875</u>	<u>\$ -</u>	<u>\$ 22,692,875</u>

BRETHREN IN CHRIST FOUNDATION, INC.

NOTES TO FINANCIAL STATEMENTS

The following table sets forth a summary of changes in the fair value of the Foundation's level 3 assets for the years ended December 31, 2022, 2021, and 2020:

	Life Insurance Policies		
	2022	2021	2020
Balance, beginning of year	\$ 34,419	\$ 32,452	\$ 30,499
Premiums paid	532	532	532
Gains and premium discounts	1,528	1,435	1,421
Balance, end of year	<u>\$ 36,479</u>	<u>\$ 34,419</u>	<u>\$ 32,452</u>

The Foundation's financial instruments also include cash and cash equivalents, loans receivable and accrued interest receivable, accounts payable and other liabilities, debt securities, and individual retirement and health savings accounts. The carrying amounts of cash and cash equivalents, accrued interest receivable and accounts payable and other liabilities approximate fair values as of December 31, 2022 and 2021, because of the short maturities of those instruments. The carrying amounts of loans receivable, debt securities and individual retirement and health savings accounts are considered to approximate fair values as of December 31, 2022 and 2021, since they are subject to interest rates, which vary depending on market conditions.



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