Board of Church Extension of Disciples of Christ, Inc.

Financial Statements as of December 31, 2022, 2021 and 2020, and for the Three Years Ended December 31, 2022, 2021 and 2020, and Independent Auditors' Report

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

TABLE OF CONTENTS

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Independent Auditor's Report

Board of Directors
Board of Church Extension of Disciples of Christ, Inc.
Indianapolis, Indiana

Opinion

We have audited the financial statements of Board of Church Extension of Disciples of Christ, Inc. (DCEF), which comprise the statements of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flow for the years then ended, 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 DCEF as of December 31, 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 DCEF, 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.

Prior Year Audited by Other Auditors

The 2021 and 2020 financial statements were audited by other auditors, and their report thereon, dated March 23, 2022, expressed an unmodified opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about DCEF's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 DCEF'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 DCEF'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.

FORVIS, LLP

Indianapolis, Indiana
March 23, 2023

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
ASSETS			
CASH AND CASH EQUIVALENTS	$ 15,318,317	$ 30,350,811	$ 9,821,529
INVESTMENTS	24,551,939	26,779,160	15,252,685
Total Cash and Cash Equivalents and Investments	39,870,256	57,129,971	25,074,214
INVESTMENT IN RELATED PARTY	1,250,000	1,250,000	1,250,000
ACCRUED INTEREST RECEIVABLE	874,367	638,242	831,054
LOANS TO CHURCHES AND RELATED ORGANIZATIONS—Net	146,338,358	144,344,098	160,503,700
SUNDRY RECEIVABLES AND OTHER ASSETS	435,346	632,257	1,508,305
ASSETS HELD FOR SALE	411,500	411,500	299,000
PROPERTY AND EQUIPMENT—Net	329,271	340,539	343,608
TOTAL	$189,509,098	$204,746,607	$189,809,881
LIABILITIES AND NET ASSETS			
INVESTMENT NOTES AND OTHER OBLIGATIONS	$154,784,591	$167,981,378	$153,242,565
OTHER LIABILITIES	427,230	446,084	1,531,193
Total liabilities	155,211,821	168,427,462	154,773,758
NET ASSETS:			
Without donor restrictions	28,569,087	30,865,511	28,637,836
With donor restrictions	5,728,190	5,453,634	6,398,287
Total net assets	34,297,277	36,319,145	35,036,123
TOTAL	$189,509,098	$204,746,607	$189,809,881

See notes to financial statements.

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 and 2020

	2022	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS:			
Operating:			
Income:			
Interest on loans	$ 6,984,917	$ 7,470,462	$ 7,413,353
Interest and dividends on investments	795,461	573,721	482,874
Fees, services, and other operating income	406,370	345,441	969,259
Net assets released from restrictions	353,468	1,303,299	358,207
Total income	8,540,216	9,692,923	9,223,693
Expenses:			
Lending services	5,454,723	5,984,109	5,789,003
Program services	926,628	1,154,631	850,127
General administration	1,573,613	1,319,668	1,213,595
Fundraising and development	564,494	1,580,304	628,196
Total expenses	8,519,458	10,038,712	8,480,921
Income (Loss) from operations	20,758	(345,789)	742,772
Other changes in net assets without donor restrictions:			
Bequests, annuities, and other gifts	706,023	1,348,619	419,185
(Losses) gains on investments	(3,023,205)	1,224,847	814,069
Total change in net assets without donor restrictions	(2,296,424)	2,227,677	1,976,026
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS:			
Gift and investment income	628,024	358,644	383,375
Net assets released from restrictions	(353,468)	(1,303,299)	(358,207)
Total change in net assets with donor restrictions	274,556	(944,655)	25,168
TOTAL CHANGE IN NET ASSETS	(2,021,868)	1,283,022	2,001,194
BEGINNING NET ASSETS	36,319,145	35,036,123	33,034,929
ENDING NET ASSETS	$ 34,297,277	$ 36,319,145	$ 35,036,123

See notes to financial statements.

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Lending Services	Program Services	General Administration	Fundraising and Development	Total
EXPENSES:					
Interest on investment notes and other obligations	$ 3,291,524	$ -	$ -	$ -	$ 3,291,524
Salaries and employee benefits	1,380,086	624,625	1,135,781	294,581	3,435,073
Travel	88,116	58,255	12,433	14,101	172,905
Grant and sponsorship expenses	-	71,536	-	137,962	209,498
Insurance expense	20,116	6,508	25,342	5,226	57,192
Meeting and event expense	125,853	-	23,597	7,866	157,316
Office expense	365,560	54,280	181,592	46,865	648,297
Professional fees	191,247	87,228	100,652	38,463	417,590
Rent expense	74,786	24,196	94,216	19,430	212,628
Credit for loan losses	(82,565)	-	-	-	(82,565)
TOTAL EXPENSES	$ 5,454,723	$ 926,628	$ 1,573,613	$ 564,494	$ 8,519,458

See notes to financial statements.

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

	Lending Services	Program Services	General Administration	Fundraising and Development	Total
EXPENSES:					
Interest on investment notes and other obligations	$ 3,648,593	$ -	$ -	$ -	$ 3,648,593
Salaries and employee benefits	1,513,208	664,601	980,444	356,090	3,514,343
Travel	38,882	46,178	2,780	7,738	95,578
Grant and Sponsorship Expenses	-	208,214	-	1,052,999	1,261,213
Insurance Expenses	25,749	4,603	17,879	6,765	54,996
Meeting and Event Expenses	13,774	-	2,583	860	17,217
Office Expenses	296,648	53,485	170,073	71,599	591,805
Professional Fees	208,099	159,855	77,181	58,250	503,385
Rent Expense	98,981	17,695	68,728	26,003	211,407
Provision for loan losses	140,175	-	-	-	140,175
TOTAL EXPENSES	$ 5,984,109	$ 1,154,631	$ 1,319,668	$ 1,580,304	$ 10,038,712

See notes to financial statements.

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Lending Services	Program Services	General Administration	Fundraising and Development	Total
EXPENSES:					
Interest on investment notes and other obligations	$ 3,450,678	$ -	$ -	$ -	$ 3,450,678
Salaries and employee benefits	1,434,487	624,716	831,315	348,004	3,238,522
Travel	30,929	22,218	24,969	9,821	87,937
Grant and Sponsorship Expenses	-	-	-	-	-
Insurance Expenses	23,050	4,121	16,005	6,055	49,231
Meeting and Event Expenses	57,826	43,981	10,842	3,614	116,263
Office Expenses	390,235	64,226	176,767	207,022	838,250
Professional Fees	219,026	73,136	84,835	27,626	404,623
Rent Expense	99,174	17,729	68,862	26,054	211,819
Provision for loan losses	83,598	-	-	-	83,598
TOTAL EXPENSES	$ 5,789,003	$ 850,127	$ 1,213,595	$ 628,196	$ 8,480,921

See notes to financial statements.

BOARD OF CHURCH EXTENSION OF DISCIPLES OF CHRIST, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020

	2022	2021	2020
OPERATING ACTIVITIES:			
Change in total net assets	$ (2,021,868)	$ 1,283,022	$ 2,001,194
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities:			
Provision (credit) for loan losses	(82,565)	140,175	83,598
Depreciation and amortization	11,800	69,982	71,593
Gains on sale of assets held for sale	(4,069)	(114,804)	(18,376)
Amortization of premium—less accretion of discount on investments	41,390	(4,244)	13,561
Net losses (gains) on investments	3,023,205	(1,224,847)	(814,069)
Changes in operating assets and liabilities:			
Accrued interest receivable	(236,125)	192,812	(108,432)
Sundry receivable and other assets	196,911	876,048	95,999
Other liabilities	(18,854)	(1,085,109)	132,129
Net cash provided by operating activities	909,825	133,035	1,457,197
INVESTING ACTIVITIES:			
Proceeds from sale of investments	6,839,784	3,001,479	12,216,310
Proceeds from sale of assets held for sale	-	292,078	151,776
Purchases of investments	(7,681,217)	(13,296,561)	(1,788,563)
Principal collected on loans	24,512,778	35,006,510	16,633,434
Loan funds advanced	(26,418,827)	(19,279,160)	(29,221,280)
Purchase of property and equipment	(534)	(66,913)	(37,460)
Net cash provided by (used in) investing activities	(2,748,016)	5,657,433	(2,045,783)
FINANCING ACTIVITIES:			
Borrowings on line of credit	-	-	8,500,000
Repayments of line of credit	-	-	(8,500,000)
Sales of investment notes	43,794,586	51,137,414	36,319,282
Redemptions of investment notes	(56,988,889)	(36,398,600)	(27,729,585)
Net cash provided by (used in) financing activities	(13,194,303)	14,738,814	8,589,697
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(15,032,494)	20,529,282	8,001,111
CASH AND CASH EQUIVALENTS—Beginning of year	30,350,811	9,821,529	1,820,418
CASH AND CASH EQUIVALENTS—End of year	$ 15,318,317	$ 30,350,811	$ 9,821,529
INTEREST PAID	$ 844,711	$ 1,123,395	$ 1,024,872

See notes to financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Business—Board of Church Extension of Disciples of Christ, Inc. is a not-for-profit corporation affiliated through its common religious purposes with the Christian Church (Disciples of Christ). Effective January 1, 2012, Board of Church Extension of Disciples of Christ, Inc. changed its "doing business as" name from Church Extension to Disciples Church Extension Fund (DCEF).

In addition, effective January 1, 2012, DCEF began operating under a new organizational structure which included the creation of two new entities: Hope Partnership for Missional Transformation (HPMT) and Church Extension Financial & Missional Resources (CEFMR). Under this structure, DCEF served as the financial resource to congregations offering loan, investment, and building and capital planning services while HPMT served as the missional resource to congregations offering ministry planning and leadership development services. CEFMR served as the umbrella organization providing support resources to DCEF, HPMT and congregations.

Effective December 31, 2019, the HPMT entity was dissolved and all net assets of HPMT were acquired by DCEF, for no consideration.

Effective December 31, 2020, the CEFMR entity was dissolved. This action leaves DCEF as the sole entity. DCEF continues to offer loan, investment, and building and capital planning services as well as ministry planning, and leadership development services.

DCEF's primary means of obtaining the funds necessary to conduct its operations is through the receipt of proceeds from the sale of its investment obligations, primarily in the form of term and demand notes. DCEF believes that nearly all funds raised by issuance of its investment obligations are from individuals related to and units of the Christian Church (Disciples of Christ).

Cash Equivalents—DCEF considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments—Investments are carried at fair value. Investments for which quoted market prices are not available are valued by the investment manager of the fund based on fair value of the underlying assets. Realized and unrealized gains and losses on investments are calculated based on the cost or the amortized cost of the specific investment.

Related Party Investments—Related Party investments consist of a related party investment in DDI NGI, LLC which is accounted for under the equity method of accounting at cost with an adjustment for DCEF's pro-rata share of gains and losses.

DisciplesData, Inc. (DDI) was originally formed as an initiative of the Disciples of Christ Church to provide data processing services to churches, church related organizations and other organizations with charitable purposes. A member of DCEF management serves on the board of directors of DDI. DDI NGI, LLC was formed to allow certain nonprofit, tax-exempt organizations to invest in the funding of the development and completion of loan and investment data processing software by DDI.

Loans—Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for loan losses, and any unamortized deferred fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on loans is discontinued when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due. Such loans are placed on nonaccrual status when the principal or interest is past due 150 days or more, unless the borrower is making at least interest only payments or the loan is fully collateralized and is in the process of collection. When a loan is placed on nonaccrual status, all previously accrued and unpaid interest is charged against interest income and the loan is accounted for on the cost recovery method thereafter, until qualifying for return to accrual status. Generally, a loan is returned to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement or when the loan is both well secured and in the process of collection. Past-due status is based on contractual terms of the loan.

Allowance for Loan Losses— The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to income. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Based upon the nature of DCEF's relationship with its borrowers and its desire to work with a borrower to meet its obligations without foreclosure, historical loan losses have been minimal.

The allowance for loan losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows of the impaired loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is based on historical charge-off experience and expected loss given default derived from DCEF's internal risk rating process. Other adjustments may be made to the allowance for pools of loans after an assessment of internal or external influences on credit quality that are not fully reflected in the historical loss or risk rating data.

A loan is considered impaired when, based on current information and events, it is probable that DCEF will be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due. Loans that experience insignificant payment delays and payment shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including the length of the delay, the reasons for the delay, the borrower's prior payment record and the amount of the shortfall in relation to the principal and interest owed. Impairment is measured on a loan-by-loan basis for commercial and construction loans by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent.

Groups of loans with similar risk characteristics are collectively evaluated for impairment based on the group's historical loss experience adjusted for changes in trends, conditions and other relevant factors that affect repayment of the loans. Additionally, DCEF does separately identify individual loans for impairment measurements.

Assets Held for Sale—DCEF obtains properties that are pledged as collateral under a loan by deed in lieu of foreclosure. These properties are classified as held for sale and are initially recorded at fair value less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value less cost to sell.

Property and Equipment—Property and equipment are recorded on the basis of cost. Depreciation and amortization are computed by the straight-line method over the respective useful lives ranging from three to ten years. DCEF identifies and records impairment losses on long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Fair value is determined based on discounted cash flows or appraised values depending upon the nature of the assets.

Gift Income—Gifts qualifying as unconditional promises to give are recognized as assets and gift income when granted. DCEF reports gifts of cash or other assets 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 the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

DCEF has been designated as the beneficiary of certain charitable gift annuities and remainder trusts. At the time the gift is made, DCEF recognizes the net present value of the portion of the gift due to DCEF at the time of the donor's death. Such calculations utilize actuarial assumptions as to the expected life of the donor as well as the current interest rate. The net present value of the gift is included in sundry receivables and other assets in the statements of financial position and as gift income with donor restrictions within the statements of activities when received. Changes in the fair values of the underlying annuity investments are recognized as gift and investment income with donor restrictions within the statements of activities as they occur.

Net Assets—Net assets are allocated to and accounted for in individual categories based upon the purposes for which they are intended. Net assets without donor restrictions have no donor-imposed restrictions placed upon them. However, DCEF has designated certain net assets without donor restrictions for specific purposes. Net assets with donor restrictions include net assets whose use by DCEF is limited by donor-imposed stipulations that either expire by passage of time or can be met and removed by actions of DCEF pursuant to those stipulations, and net assets whose use is limited by donor-imposed restrictions which stipulate that resources be maintained permanently but permits DCEF to expend part or all of the income, or other economic benefits, derived from the donated assets.

Measure of Operations—The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to DCEF's ongoing lending, investing, and building and capital planning services. Non-operating activities are limited to resources that generate return from investments, gifts, and other activities.

Income Taxes—DCEF is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. As a religious organization, DCEF is not required to file annual Federal or State information returns. Because of this, all tax years remain open and subject to examination.

Functional Expenses—The costs of providing lending and other services have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among services benefited. Such allocations are determined by management on an equitable basis. The method of allocation for these expenses was to evaluate the time and effort spent on each.

Use of Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenditures during the reporting period. Actual results could differ from those estimates.

2. FUTURE CHANGE IN ACCOUNTING PRINCIPLE

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments—Credit Losses (Topic 326) (ASU 2016-13). ASU 2016-13 significantly changes how entities will measure credit losses for most financial assets and certain other instruments that are not measured at fair value through net income. The standard will replace the existing "incurred loss" approach with an "expected loss" model. The new model, referred to as the current expected credit loss (CECL) model, will apply to (1) financial assets subject to credit losses and measured at amortized cost, and (2) certain off-balance sheet credit exposures. This includes, but is not limited to, loans, leases, held-to-maturity securities, loan commitments, and financial guarantees. Credit losses relating to available-for-sale debt securities will be recorded through an allowance for credit losses. The ASU also simplifies the accounting model for purchased credit-impaired (PCI) debt securities and loans. ASU 2016-13 also expands the disclosure requirements regarding an entity's assumptions, models, and methods for estimating the allowance for loan and lease losses. Entities will apply the standard's provisions as a cumulative-effect adjustment to retained earnings as of the beginning of the first reporting period in which the guidance is effective, i.e., modified retrospective approach.

The CECL model represents a significant change from existing practice and may result in material changes to DCEF's accounting for financial instruments. DCEF is evaluating the effect ASU 2016-13 will have on its financial statements and related disclosures. The impact of the ASU will depend upon the state of the economy and the nature of our portfolios at the date of adoption. The new standard is effective for fiscal years beginning after December 15, 2022.

3. INVESTMENTS

The fair value of investments at December 31, 2022, 2021 and 2020, are summarized as follows:

	2022	2021	2020
Equities—common stocks	$ 100,989	$ 129,225	$ 102,715
Fixed income:			
Corporate bonds	4,044,007	991,281	-
Government obligations	2,973,382	4,337,962	50,050
Other fixed income	5,450,870	6,966,269	2,866,855
Total fixed income	12,468,259	12,295,512	2,916,905
Certificates of deposit and commercial paper	590,948	1,098,465	100,000
Investments in the Joint Investment Trust of the Christian Church Foundation Inc.			
Common Balanced Fund	7,101,441	8,312,092	7,262,744
Beasley Growth Fund	4,290,302	4,943,866	4,870,321
Total investments	$ 24,551,939	$ 26,779,160	$ 15,252,685

Net (loss) gain on investments for the years ended December 31, 2022, 2021 and 2020 consist of the following:

	2022	2021	2020
Realized gain on investments	$ 274	$ 5,539	$ 429,238
Unrealized (loss) gain	(3,023,479)	1,219,308	384,831
Net (losses) gains on investments	(3,023,205)	1,224,847	814,069
Interest and dividends on investments	795,461	573,721	482,874
Total investment (loss) return	$ (2,227,744)	$ 1,798,568	$ 1,296,943

DCEF's policy is to include interest and dividends earned on investments in its income from operations.

The Beasley Growth Fund - Joint Investment Trust of the Christian Church Foundation, Inc. (Beasley Growth Fund) seeks long-term capital growth by investing primarily in common stocks and domestic and global bonds. Withdrawals may be made at each month end and require at least 10-days prior written notice.

The Common Balanced Fund seeks to produce total return above the annually-defined income rate plus inflation with only moderate volatility by investing primarily in both growth and value style equity stocks and domestic and global bonds. Withdrawals may be made at each month end and require at least 10-days prior written notice.

The Beasley Growth Fund and Common Balanced Fund's asset mix at December 31, 2022, 2021 and 2020 is as follows:

	2022		2021		2020	
	Common Balanced Fund	Beasley Growth Fund	Common Balanced Fund	Beasley Growth Fund	Common Balanced Fund	Beasley Growth Fund
Domestic equities	42%	55%	44%	55%	44%	55%
International equities	10%	21%	10%	21%	10%	22%
Domestic fixed income	32%	24%	30%	24%	31%	23%
Real assets	16%	0%	16%	0%	15%	0%

4. FAIR VALUE OF FINANCIAL INSTRUMENTS

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* ("ASC Topic 820") defines fair value, establishes a consistent framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. ASC Topic 820 requires, among other things, DCEF's valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs.

ASC Topic 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect DCEF's market assumptions.

In accordance with ASC Topic 820, the three levels within the fair value hierarchy are described as follows:

Level 1—Quoted prices for identical instruments in active markets.

Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3—Model-derived valuations in which one or more significant inputs or significant drivers are unobservable. This hierarchy requires the use of observable market data when available.

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2022, is as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 100,989	$ -	$ -	$ 100,989
Fixed income:				
Corporate bonds	-	4,044,007	-	4,044,007
Government obligations	-	2,973,382	-	2,973,382
Other	-	5,450,870	-	5,450,870
Certificates of deposit	-	590,948	-	590,948
Total assets	$ 100,989	$ 13,059,207	$ -	$ 13,160,196
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc. *				
Common balance fund				7,101,441
Beasley growth fund				4,290,302
Total Investments				$ 24,551,939

* Measured at Net Asset Value (NAV)

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2021, is as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 129,225	$ -	$ -	$ 129,225
Fixed income:				
Corporate bonds	-	991,281	-	991,281
Government obligations	-	4,337,962	-	4,337,962
Other	-	6,966,269	-	6,966,269
Certificates of deposit	-	1,098,465	-	1,098,465
Total assets	$ 129,225	$ 13,393,977	$ -	$ 13,523,202
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc. *				
Common balanced fund				8,312,092
Beasley growth fund				4,943,866
Total Investments				$ 26,779,160

* Measured at Net Asset Value (NAV).

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2020, is as follows:

	Level 1	Level 2	Level 3	Total
Common stocks	$ 102,715	$ -	$ -	$ 102,715
Fixed income:				
Corporate bonds	-	-		-
Government obligations	-	50,050	-	50,050
Other	-	2,866,855	-	2,866,855
Certificates of deposit	-	100,000	-	100,000
Total assets	$ 102,715	$ 3,016,905	$ -	$ 3,119,620
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc. *				
Common balanced fund				7,262,744
Beasley growth fund				4,870,321
Total Investments				$ 15,252,685

* Measured at Net Asset Value (NAV).

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022.

Investments—Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. DCEF currently does not have any Level 3 assets measured at fair value on a recurring basis.

Nonrecurring Measurements—Loans to churches and related organizations are measured at fair value on a nonrecurring basis, such as when there is an impairment. Loans to churches and related organizations measured at fair value on a nonrecurring basis for the years ended December 31, 2022, 2021 and 2020, are as follows:

	Fair Value	Level 1	Level 2	Level 3
December 31, 2022				
Loans to churches and related organizations	$ 2,275,085	$ -	$ -	$ 2,275,085
December 31, 2021				
Loans to churches and related organizations	$ 2,571,250	$ -	$ -	$ 2,571,250
December 31, 2020				
Loans to churches and related organizations	$ 1,786,273	$ -	$ -	$ 1,786,273

DCEF records nonrecurring adjustments to certain collateral-dependent loans to churches and related organizations in accordance with ASC Topic 310-10. Such amounts are generally based on the fair value of the underlying collateral supporting the loan, less costs to sell. In cases where the carrying value exceeds the fair value of the collateral, an impairment loss is recognized.

Nonrecurring Measurements— The following tables present quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements at December 31, 2022, 2021 and 2020:

	Fair Value at 12/31/2022	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 2,275,085	Market comparable	Discount to reflect realizable value	0% - 20%

	Fair Value at 12/31/2021	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 2,571,250	Market comparable	Discount to reflect realizable value	0% - 20%

	Fair Value at 12/31/2020	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 1,786,273	Market comparable	Discount to reflect realizable value	0% - 20%

5. PROPERTY AND EQUIPMENT—NET

Property and equipment at December 31, 2022, 2021 and 2020, consist of the following:

	2022	2021	2020
Leasehold improvements	$ 295,857	$ 295,857	$ 295,857
Furniture and equipment	327,792	327,792	409,997
Computer software	225,889	225,356	724,648
	849,538	849,005	1,430,502
Less accumulated depreciation and amortization	(520,267)	(508,466)	(1,086,894)
Property and Equipment - Net	$ 329,271	$ 340,539	$ 343,608

6. LOANS TO CHURCHES AND RELATED ORGANIZATIONS

Loans receivable at December 31, 2022, 2021 and 2020, consist of the following:

	2022	2021	2020
Mortgage loans:			
Interest bearing	$ 115,821,625	$ 121,299,466	$ 138,508,350
Noninterest bearing	237,262	295,164	407,539
Participation loans	17,615,222	17,525,183	16,069,110
	133,674,109	139,119,813	154,984,999
Unsecured loans	14,667,981	7,310,582	7,464,823
Loans to Churches and Related Organizations	148,342,090	146,430,395	162,449,822
Less allowance for loan losses	(2,003,732)	(2,086,297)	(1,946,122)
Loans to Churches and Related Organizations - Net	$ 146,338,358	$ 144,344,098	$ 160,503,700

Participation loans represent higher credit risk than wholly-owned loans because DCEF does not maintain full control over the disposition and direction of actions regarding the management and collection of the loans. The lead lender directs most servicing and collection activities and major actions must be coordinated and negotiated with the other participants, whose best interests regarding the loan may not align with those of DCEF.

A summary of the changes in the allowance for loan losses as of and for the years ended December 31, 2022, 2021 and 2020, is as follows:

	2022	2021	2020
Balance—January 1	$ 2,086,297	$ 1,946,122	$ 1,862,524
Provision (credit) for loan losses	(82,565)	140,175	83,598
Balance—December 31	$ 2,003,732	$ 2,086,297	$ 1,946,122

Allowance for Loan Losses—The following table provides a summary of the allowance for loan losses and related loans as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
Allowance for loan losses:			
Individually evaluated for impairment	$ 1,720,101	$ 1,824,198	$ 1,626,406
Collectively evaluated for impairment	283,631	262,099	319,716
Total allowance for loan losses	$ 2,003,732	$ 2,086,297	$ 1,946,122
Loans receivable:			
Individually evaluated for impairment	$ 6,530,644	$ 7,273,582	$ 12,233,093
Collectively evaluated for impairment	141,811,446	139,156,813	150,216,729
Total loans receivable	$ 148,342,090	$ 146,430,395	$ 162,449,822

Credit Risk Profile—DCEF considers repayment performance as the best indicator of credit quality for its loans. This analysis reviews DCEF's portfolio of loans at the borrower level, rather than the individual loan level. Loans that have principal and interest payments that are past due 150 days or more, are classified as nonperforming unless the borrower is making at least interest only payments or the loan is fully collateralized and is in the process of collection. Loans that have been modified in a troubled debt restructuring are classified as nonperforming unless such loans have a sustained repayment performance of six months or greater and are reasonably assured of repayment in accordance with the restructured terms.

The following table summarizes the credit risk profile of DCEF's loans as of December 31, 2022, 2021 and 2020:

	2022	2021	2020
Performing	$ 144,663,301	$ 142,751,606	$ 158,771,033
Nonperforming (nonaccrual)	3,678,789	3,678,789	3,678,789
Total loans	$ 148,342,090	$ 146,430,395	$ 162,449,822

During 2022, 2021 and 2020, no troubled debt restructurings were newly modified. No charge-offs were recorded on troubled debt restructurings during the years ended December 31, 2022, 2021 and 2020. No troubled debt restructurings were modified in the past 12 months that subsequently defaulted.

Aging Analysis of Loans—The following table summarizes DCEF's loans by age as of December 31, 2022:

	Balance	**Allowance**
Current	$ 127,354,817	$ (249,052)
1–30 days past due	11,760,232	(23,374)
31–60 days past due	570,235	(1,133)
61–90 days past due	3,000,900	(5,964)
91–120 days past due	-	-
121–150 days past due	19,833	(39)
151+ past due	5,636,073	(1,724,170)
Total loans	$ 148,342,090	$(2,003,732)

The following table summarizes DCEF's loans by age as of December 31, 2021:

	Balance	**Allowance**
Current	$ 130,339,449	$ (261,616)
1–30 days past due	-	-
31–60 days past due	8,067,926	(49)
61–90 days past due	183,500	-
91–120 days past due	-	-
121–150 days past due	565,938	(434)
151+ past due	7,273,582	(1,824,198)
Total loans	$ 146,430,395	$(2,086,297)

The following table summarizes DCEF's loans by age as of December 31, 2020:

	Balance	**Allowance**
Current	148,270,228	(304,015)
1–30 days past due	1,321,921	(6,622)
31–60 days past due	81,930	(938)
61–90 days past due	542,650	(8,144)
91–120 days past due	484,087	-
121–150 days past due	542,214	(125,101)
151+ past due	11,206,792	(1,501,302)
Total loans	$ 162,449,822	$(1,946,122)

Cash basis interest income recognized on impaired loans during each of the years presented was immaterial to the statements of activities. A loan is considered impaired, in accordance with the impairment accounting guidance (ASC 310-10-35-16), when based on current information and events, it is probably DCEF will be unable to collect all amounts due from the borrower in accordance with the contractual terms of the loan. Impaired loans include nonperforming commercial loans but also include loans modified in troubled debt restructurings.

At December 31, 2022, DCEF had loan and line commitments outstanding of $39,000,936.

7. INVESTMENT NOTES AND OTHER OBLIGATIONS

Investment notes and other obligations as of December 31, 2022, 2021 and 2020, consist of the following:

	2022	2021	2020
Demand and term notes (interest at 0.01%–5.25% at 2022, 2021 and 2020)	$ 147,180,988	$ 162,451,515	$ 144,221,935
Investment notes relating to loans (one to seven year maturity, interest at 0.01%–4% at 2022, 2021 and 2020)	7,603,603	5,529,863	9,020,630
	$ 154,784,591	$ 167,981,378	$ 153,242,565

Maturities of investment notes and other obligations as of December 31, 2022, are as follows:

Years Ending December 31	
2023	$ 62,057,896
2024	34,465,978
2025	44,260,729
2026	9,675,048
2027	4,176,655
Thereafter	148,285
	$ 154,784,591

Over the past five years, reinvestment of DCEF's investment notes has averaged 57.52% per year. Of the $62,057,896 due in 2023, $49,258,811 are term notes and $12,799,085 are demand notes.

Interest compounded on investment notes was $2,431,267, $2,518,275 and $2,446,837 during 2022, 2021 and 2020, respectively. DCEF's effective interest rate at December 31, was 2.097%, 1.787% and 2.29% for 2022, 2021 and 2020, respectively.

DCEF is dedicated to following guidelines established by the North American Securities Administrators Association (NASAA) in the statement of policy regarding DCEF fund securities related to the general offering of the notes to investors. The statement of policy provides financial guidelines to states related to the selling of these notes. The guidelines suggest the maintaining of a liquidity ratio (cash and equivalents, investments, and unused portions of lines of credit to outstanding investment notes) of at least 8% (with lines of credit not exceeding 2%), a capital adequacy ratio (unrestricted net assets to total assets) of at least 5%, and a limit of senior secured debt to a maximum of 10% of total assets. As of December 31, 2022, management of DCEF is not aware of any noncompliance.

8. LINE OF CREDIT

DCEF has available an unsecured line of credit with Regions Bank in the amount of $10,000,000 whereby interest only is paid each month. At December 31, 2022, 2021 and 2020, there were no borrowings on this line of credit. Borrowings bear interest at a floating rate equal to the Secured Overnight Financing Rate (SOFR) plus 250 basis points which was 6.8% at December 31, 2022. Borrowings bore interest at a floating rate equal to Monthly London InterBank Offered Rate (LIBOR) plus 250 basis points, which was 2.59% at December 31, 2021 and 2.65% at December 31, 2020. The line expires on June 30, 2023. As of the date the financial statements were available to be issued, there were no borrowings on the line of credit.

9. NET ASSETS

Net assets without donor restrictions as of December 31, 2022, 2021 and 2020, are available for the following purposes:

	2022	2021	2020
Interest-free loan funds	$ 3,813,531	$ 3,811,879	$ 3,811,374
Accessibility low-interest loan funds	859,497	855,046	823,664
Memorial, named, and other board designated loan funds	12,734,357	12,978,934	12,795,079
New Church Ministry	3,919,711	3,615,991	2,294,637
General	7,241,991	9,603,661	8,913,082
Total	$ 28,569,087	$ 30,865,511	$ 28,637,836

Net assets with donor restrictions as of December 31, 2022, 2021 and 2020, are available for the following purposes:

	2022	2021	2020
Benefit of Churches, Regions or other Charitable purposes	$ 3,981,101	$ 3,804,958	$ 4,903,010
New Church Ministry	1,747,089	1,648,676	1,495,277
Total	$ 5,728,190	$ 5,453,634	$ 6,398,287

Net assets with donor restrictions are primarily comprised of gifts received by DCEF to be released, or distributed, in the future based on donor-imposed restrictions. Future net assets released amounts, or distributions, will be made pursuant gift agreements and may vary in amount from year to year.

10. ENDOWMENT

DCEF's endowment consists of approximately 25 individual funds established for a variety of purposes. DCEF's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors (Board) to function as endowments. Endowment assets include those assets of donor-restricted endowment funds DCEF must hold in perpetuity or for donor-specified periods. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the adopted State of Indiana's "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, DCEF classifies endowment net assets with donor restrictions, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in endowment net assets with donor restrictions are those amounts yet to be appropriated for expenditure by DCEF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate endowment funds:

a. The duration and preservation of the fund
b. The purposes of DCEF and the donor restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and appreciation of investments
f. Other resources of DCEF
g. The investment policies of DCEF

Endowment net asset composition by type as of December 31, 2022, is as follows:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 2,889,479	$ 2,889,479
Term endowments	-	2,000,499	2,000,499
Board-designated endowment funds	4,556,055	-	4,556,055
	$ 4,556,055	$ 4,889,978	$ 9,446,033

Endowment net asset composition by type as of December 31, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 2,779,814	$ 2,779,814
Term endowments	-	2,021,434	2,021,434
Board-designated endowment funds	4,542,427	-	4,542,427
	$ 4,542,427	$ 4,801,248	$ 9,343,675

Endowment net asset composition by type as of December 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 2,624,846	$ 2,624,846
Term endowments	-	3,009,236	3,009,236
Board-designated endowment funds	3,504,150	-	3,504,150
	$ 3,504,150	$ 5,634,082	$ 9,138,232

Changes in endowment net assets for the year ended December 31, 2022, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2021	$ 4,542,427	$ 4,801,248	$ 9,343,675
Investment return	(1,087,778)	80,979	(1,006,799)
Contributions	-	115,944	115,944
Board designated contributions	1,316,912	-	1,316,912
Appropriation of endowment assets for expenditure	(215,506)	(49,015)	(264,521)
Other Changes	-	(59,177)	(59,177)
Endowment net assets December 31, 2022	$ 4,556,055	$ 4,889,979	$ 9,446,034

Changes in endowment net assets for the year ended December 31, 2021, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2020	$ 3,504,150	$ 5,634,082	$ 9,138,232
Investment return	278,533	98,954	377,487
Contributions	-	153,400	153,400
Board designated contributions	896,849	-	896,849
Appropriation of endowment assets			
for expenditure	(137,105)	(1,085,188)	(1,222,293)
Endowment net assets			
December 31, 2021	$ 4,542,427	$ 4,801,248	$ 9,343,675

Changes in endowment net assets for the year ended December 31, 2020, is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2019	$ 3,249,317	$ 5,650,380	$ 8,899,697
Investment return	384,455	109,188	493,643
Contributions	-	69,318	69,318
Appropriation of endowment assets			
for expenditure	(129,622)	(194,804)	(324,426)
Endowment net assets			
December 31, 2020	$ 3,504,150	$ 5,634,082	$ 9,138,232

Return Objectives and Risk Parameters—DCEF has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Without donor restriction endowments are invested in the Beasley Fund at the Christian Church Foundation, to utilize the Foundation's expertise in investment management. The Foundation invests in a manner that is intended to yield a long-term rate of return, while assuming a moderate level of investment risk. With donor restriction endowments are invested in investment notes at DCEF which promotes the preservation of the corpus of the endowment while providing a predictable rate of return based upon the terms of the respective investment note. Actual returns in any given year may vary.

Strategies Employed for Achieving Investment Objectives—To achieve its long-term rate of return objectives, DCEF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). By investing in the Beasley Fund of the Christian Church Foundation, DCEF is able to take advantage of a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Relationship of Spending Policy to Investment Objectives—Management determines the method to be used to appropriate endowment funds for expenditure, unless otherwise instructed by the donor. Endowment funds are invested in investment notes. The earnings on the investment notes are distributed when received and represent the spending on the endowment funds. As the fair value of investment notes approximates its carrying value, there are no material accumulated investment earnings on the endowment funds. In establishing this method, the Committee considered the expected long-term rate of return on the investment of the DCEF's endowment funds. Accordingly, over the long-term, DCEF expects the current spending policy to allow its endowment to grow, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts. Depending upon market conditions and the needs and available resources of DCEF, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

11. AVAILABILITY AND LIQUIDITY

The following represents Board of Church Extension of Disciples of Christ, Inc.'s financial assets at December 31, 2022, 2021 and 2020:

	2022	2021	2020
Financial assets at year end:			
Cash and cash equivalents	$ 15,318,317	$ 30,350,811	$ 9,821,529
Investments	24,551,939	26,779,160	15,252,685
Accrued interest receivable	874,367	638,242	831,054
Loan principal payments due in one year	11,792,813	17,891,440	26,173,445
Total financial assets	52,537,436	75,659,653	52,078,713
Less amounts not available to be used within one year:			
42% and 34% of Investment notes with maturities less than one year	26,064,316	30,333,880	18,119,013
Net assets with donor restrictions	5,728,190	5,453,634	6,398,287
Total	31,792,506	35,787,514	24,517,300
Financial assets available to meet general expenditures over the next twelve months	$ 20,744,930	$ 39,872,139	$ 27,561,413

DCEF’s goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $2,400,000). As part of its liquidity plan, excess cash is invested in short-term investment, including money market accounts and certificates of deposit. DCEF also has a $10,000,000 line of credit that expires on June 30, 2023 available to meet cash flow needs.

Reflective of DCEF’s historical renewal experience on investment note, amounts not available to be used within one year represent the estimated portion of investment notes with maturities less than one year which are not expected to be renewed.

Certain immaterial revisions have been made to the amounts presented 2021 and 2020 to remove assets held for sale and other liabilities which increased the financial assets available to meet general expenditures over the next twelve months by $34,584 and $1,232,193, respectively.

12. RELATED PARTIES AND AFFILIATED ORGANIZATIONS

The Christian Church (Disciples of Christ) includes all those organizations that are listed in the Annual Yearbook and Directory of the Christian Church (Disciples of Christ) (Yearbook). Most of these organizations are individually incorporated with their own board of directors. Individual Church entities are generally independent and are responsible for their own personnel policies, financial matters, program activities and other corporate matters, which are affiliated by the common clause of the Church. All organizations included in the Yearbook are considered ministry partners affiliated with DCEF. DCEF provides services, makes loans, and sells investment obligations to certain units of the Christian Church (Disciples of Christ) with which its officers and Board of Directors are affiliated. These transactions are in the normal course of business and on the same terms, including interest rates and collateral, as those available to others.

Electronic data processing services for various units of the Christian Church are provided by Discipledata, Inc. (DDI), a non-profit corporation. An officer of DCEF is currently a member of the Board of Directors of DDI. DCEF purchases data processing services from DDI at rates and terms comparable with those available to other customers of DDI. Data processing expenses were $308,181, $304,933 and $246,805 for the years ended December 31, 2022, 2021 and 2020, respectively.

As of December 31, 2022, DCEF maintains a $1,250,000 investment in, DDI NGI, LLC.

Effective December 31, 2020, the Board of Directors of CEFMR authorized the dissolution of CEFMR. Concurrently, the Board of Directors of DCEF and CEFMR authorized the approval of an asset transfer transaction whereby DCEF would acquire the net assets of CEFMR, for no consideration. Pursuant to ASC 958-805-55-1, ceding control to a new not-for-profit organization is the sole definitive criterion for identifying a merger and one organization obtaining control over the other is the sole definitive criteria for identifying an acquisition. Based on this, DCEF was determined to acquire the net assets of CEFMR on December 31, 2020.

As summary of assets acquired and liabilities assumed effective December 31, 2020 follows below:

Assets acquired:	
Cash and cash equivalents	$ 72,967
Investments	21,668
Total	94,635
Liabilities assumed—other liabilities	94,635
Total	94,635
Net assets acquired	$ -

13. LEASES

DCEF has provided, along with certain other affiliated church organizations, a guaranty of payments for a lease agreement, entered into by Christian Church Services, Inc., that serves as the operating facilities for the entities that guaranty the lease. The minimum annual rent under the lease agreement ranges from $930,000 to $980,000 over the lease term. The lease commenced on September 1, 2014 and expires August 31, 2029. Christian Church Services, Inc., in turn, leases to DCEF its portion of space occupied on a monthly basis, which was $212,408, $211,408 and $197,239 for the years ended December 31, 2022, 2021 and 2020, respectively.

14. RETIREMENT BENEFITS

DCEF participates in a noncontributory, trusteed retirement plan provided by the Pension Fund of the Christian Church (Disciples of Christ), Inc. which covers substantially all employees of DCEF. Payments to the plan are based upon a fixed percentage of participants' salaries and are actuarially determined to provide adequate funding for benefits defined in the plan. No liability exists under the plan for past service costs. The amounts charged to expense (which were equal to the payments made to the plan) were $316,827, $312,672 and $295,189 for the years ended December 31, 2022, 2021 and 2020, respectively.

DCEF also sponsored a defined-benefit health care plan that provides postretirement medical benefits to certain retirees who, at the time of their retirement, met the then-existing eligibility requirements. No other retirees or current employees are (or will be) eligible for benefits under the plan. The plan limits the amount of annual benefits payable to the eligible retirees.

15. SUBSEQUENT EVENTS

Events occurring subsequent to the date of the statement of financial position have been evaluated for potential recognition or disclosure in the financial statements through March 23, 2022, the date the financial statements were available to be issued.

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