

**Presbyterian Church (U.S.A.), A Corporation**  
**Consolidated Financial Statements**  
**Years Ended December 31, 2020 and 2019**

**Presbyterian Church (U.S.A.), A Corporation**  
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**Years Ended December 31, 2020 and 2019**

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## **Independent Auditor's Report**

Audit Committee  
Presbyterian Church (U.S.A.), A Corporation

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Presbyterian Church (U.S.A.), A Corporation, and its constituent corporations, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

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## Independent Auditor's Report (Continued)

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Presbyterian Church (U.S.A.), A Corporation and its constituent corporations as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Prior Period Adjustment*

As described in Note 20 to the financial statements, Presbyterian Church (U.S.A.), A Corporation identified a misstatement in the December 31, 2019 financial statements related to the recording of certain outside trusts. As a result, net assets with donor restrictions as of December 31, 2019 was decreased by \$7,304,137. Our opinion is not modified with respect to this matter.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position as of December 31, 2020, and the consolidating statement of activities and changes in net assets for the year then ended are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

MCM CPA & Advisors LLP

Cincinnati, Ohio  
April 29, 2021

**Presbyterian Church (U.S.A.), A Corporation**  
**Consolidated Statements of Financial Position**  
**December 31, 2020 and 2019**

	<u>2020</u>	<u>Restated 2019</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 6,833,383	\$ 2,056,863
Beneficial interest in pooled investments held by the Foundation - short-term	85,029,556	77,726,046
Other investments and accrued income	66,220,184	72,586,658
Contributions receivable from congregations	2,613,884	2,704,389
Receivables from related entities, net	2,978,393	3,007,673
Due from the Foundation - FMS	-	195,330
Other accounts receivable	700,342	658,943
Inventories, prepaid expenses and other assets	807,093	990,171
Property and equipment, net of accumulated depreciation	11,351,410	10,918,125
Beneficial interest in pooled investments held by the Foundation - long-term	389,013,420	362,819,861
Other investments held by the Foundation	6,904,212	6,471,336
Beneficial interest in perpetual trusts	<u>120,975,266</u>	<u>71,461,617</u>
Total assets	<u>\$ 693,427,143</u>	<u>\$ 611,597,012</u>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 6,791,481	\$ 6,729,467
Amounts received from congregations and designated for others	370,032	434,896
Amounts held for missionaries and committed for projects	7,487,314	7,633,097
Amount due to other agencies	9,085,007	8,986,582
Due to the Foundation - church loans	282,549	284,269
Refundable advance - Paycheck Protection Program	8,850,500	-
Deferred revenue	306,576	392,849
Other	<u>16,391</u>	<u>11,879</u>
Total liabilities	33,189,850	24,473,039
<b>Net assets</b>		
<b>Without donor restrictions</b>		
Undesignated - General Mission	19,307,222	17,310,756
Undesignated - OGA per capita	6,928,077	4,045,171
Board designated	<u>53,863,746</u>	<u>56,092,551</u>
Total net assets without donor restrictions	80,099,045	77,448,478
With donor restrictions	<u>580,138,248</u>	<u>509,675,495</u>
Total net assets	<u>660,237,293</u>	<u>587,123,973</u>
Total liabilities and net assets	<u>\$ 693,427,143</u>	<u>\$ 611,597,012</u>

See accompanying notes.

**Presbyterian Church (U.S.A.), A Corporation**  
**Consolidated Statements of Activities and Changes in Net Assets**  
**Year Ended December 31, 2020 with Comparative Totals for the Year Ended December 31, 2019**

	2020			Restated 2019
	Without donor restrictions	With donor restrictions	Total	Total
<b>Revenues, gains and other support</b>				
<b>Contributions</b>				
Congregations	\$ 16,239,342	\$ 2,924,797	\$ 19,164,139	\$ 20,714,416
Gifts, bequests and grants	1,140,593	6,392,621	7,533,214	8,327,622
Special giving and special offering	-	19,029,654	19,029,654	24,025,427
<b>Total contributions</b>	<b>17,379,935</b>	<b>28,347,072</b>	<b>45,727,007</b>	<b>53,067,465</b>
<b>Investment return</b>				
Income from endowment funds held by the Foundation	3,219,542	4,429,307	7,648,849	9,489,840
Income from other investments	3,078,231	11,518	3,089,749	3,723,690
Realized gains on investments, net	3,750,460	2,539,494	6,289,954	3,410,573
Unrealized gain on investments, net	4,356,562	74,696,318	79,052,880	58,811,082
Change in value of beneficial interest in life income trusts	-	999,402	999,402	391,406
<b>Total investment return</b>	<b>14,404,795</b>	<b>82,676,039</b>	<b>97,080,834</b>	<b>75,826,591</b>
Interest income from loans	-	25,379	25,379	27,576
The Hubbard Press	1,005,242	-	1,005,242	1,198,323
Sales of resources	1,029,765	-	1,029,765	1,340,123
Program services	4,398,217	1,343,947	5,742,164	9,596,219
Other	589,124	(817,059)	(227,935)	2,910,173
<b>Total revenue before releases from restriction</b>	<b>38,807,078</b>	<b>111,575,378</b>	<b>150,382,456</b>	<b>143,966,470</b>
Net assets released from restrictions	41,112,625	(41,112,625)	-	-
<b>Total revenue, gains and other support</b>	<b>79,919,703</b>	<b>70,462,753</b>	<b>150,382,456</b>	<b>143,966,470</b>
<b>Expenses</b>				
Executive Director's Office	718,115	-	718,115	650,395
Communications Ministry	2,344,757	-	2,344,757	2,574,888
Mission Engagement and Support	504,020	-	504,020	574,997
Theology, Formation and Evangelism	8,270,498	-	8,270,498	10,963,897
Compassion, Peace and Justice	17,449,417	-	17,449,417	16,403,301
World Mission	19,749,812	-	19,749,812	18,509,527
Racial Equity and Women's Intercultural Ministries	6,126,620	-	6,126,620	6,221,247
Administrative Services Group	3,295,316	-	3,295,316	3,141,573
Office of the General Assembly	10,298,839	-	10,298,839	13,793,449
Presbyterian Historical Society	706,077	-	706,077	733,671
Santa Fe - Plaza Resokuna (Ghost Ranch)	-	-	-	30,980
Conference center - Stony Point	2,571,981	-	2,571,981	2,793,030
Church and student loans	9,214	-	9,214	-
The Hubbard Press	974,063	-	974,063	956,042
Shared expenses	1,774,638	-	1,774,638	150,792
Depreciation	1,095,947	-	1,095,947	1,110,387
Other	1,379,822	-	1,379,822	895,542
<b>Total expenses</b>	<b>77,269,136</b>	<b>-</b>	<b>77,269,136</b>	<b>79,503,718</b>
Change in net assets	2,650,567	70,462,753	73,113,320	64,462,752
<b>Net assets at beginning of year, as restated</b>	<b>77,448,478</b>	<b>509,675,495</b>	<b>587,123,973</b>	<b>522,661,221</b>
<b>Net assets at end of year</b>	<b>\$ 80,099,045</b>	<b>\$ 580,138,248</b>	<b>\$ 660,237,293</b>	<b>\$ 587,123,973</b>

See accompanying notes.

**Presbyterian Church (U.S.A.), A Corporation**  
**Consolidated Statements of Activities and Changes in Net Assets (Continued)**  
**Year Ended December 31, 2019**

	<b>Restated</b>		
	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Revenues, gains and other support</b>			
<b>Contributions</b>			
Congregations	\$ 17,389,948	\$ 3,324,468	\$ 20,714,416
Gifts, bequests and grants	4,457,850	3,869,772	8,327,622
Special giving and special offering	-	24,025,427	24,025,427
Total contributions	<u>21,847,798</u>	<u>31,219,667</u>	<u>53,067,465</u>
<b>Investment return</b>			
Income from endowment funds held by the Foundation	4,014,868	5,474,972	9,489,840
Income from other investments	3,118,305	605,385	3,723,690
Realized gains on investments, net	2,729,360	681,213	3,410,573
Unrealized gain on investments, net	6,203,359	52,607,723	58,811,082
Change in value of beneficial interest in life income trusts	-	391,406	391,406
Total investment return	<u>16,065,892</u>	<u>59,760,699</u>	<u>75,826,591</u>
<b>Interest income from loans</b>			
The Hubbard Press	-	27,576	27,576
The Hubbard Press	1,198,323	-	1,198,323
Sales of resources	1,333,949	6,174	1,340,123
Program services	8,850,413	745,806	9,596,219
Other	3,164,397	(254,224)	2,910,173
Total revenue before releases from restriction	<u>52,460,772</u>	<u>91,505,698</u>	<u>143,966,470</u>
Net assets released from restrictions	<u>35,767,255</u>	<u>(35,767,255)</u>	<u>-</u>
Total revenue, gains and other support	<u>88,228,027</u>	<u>55,738,443</u>	<u>143,966,470</u>
<b>Expenses</b>			
Executive Director's Office	650,395	-	650,395
Communications Ministry	2,574,888	-	2,574,888
Mission Engagement and Support	574,997	-	574,997
Theology, Formation and Evangelism	10,963,897	-	10,963,897
Compassion, Peace and Justice	16,403,301	-	16,403,301
World Mission	18,509,527	-	18,509,527
Racial Equity and Women's Intercultural Ministries	6,221,247	-	6,221,247
Administrative Services Group	3,141,573	-	3,141,573
Office of the General Assembly	13,793,449	-	13,793,449
Presbyterian Historical Society	733,671	-	733,671
Santa Fe - Plaza Resolana (Ghost Ranch)	30,980	-	30,980
Conference center - Stony Point	2,793,030	-	2,793,030
The Hubbard Press	956,042	-	956,042
Shared expenses	150,792	-	150,792
Depreciation	1,110,387	-	1,110,387
Other	895,542	-	895,542
Total expenses	<u>79,503,718</u>	<u>-</u>	<u>79,503,718</u>
Change in net assets	8,724,309	55,738,443	64,462,752
Net assets at beginning of year, as previously reported	68,724,169	460,353,514	529,077,683
Prior period adjustment	-	(6,416,462)	(6,416,462)
Net assets at beginning of year, as restated	<u>68,724,169</u>	<u>453,937,052</u>	<u>522,661,221</u>
Net assets at end of year	<u>\$ 77,448,478</u>	<u>\$ 509,675,495</u>	<u>\$ 587,123,973</u>

See accompanying notes.

**Presbyterian Church (U.S.A.), A Corporation**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2020 and 2019**

	<u>2020</u>	<u>Restated 2019</u>
Cash flows from operating activities		
Change in net assets	\$ 73,113,320	\$ 64,462,752
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities		
Depreciation	1,095,947	1,110,387
Contributions and revolving loan fund investment earnings restricted for long-term investment	(3,058,600)	(936,081)
Realized and unrealized gain on investments, net	(85,342,834)	(62,221,655)
Change in beneficial interests in life income funds	(999,402)	(391,406)
Gain on disposal of property and equipment	-	(2,831,149)
Changes in operating assets and liabilities		
Receivables from congregations	90,505	491,864
Due to/from Foundation	193,610	597,802
Other accounts receivable	(41,399)	578,596
Inventories, prepaid expenses and other assets	183,078	373,948
Accounts payable and accrued expenses	62,014	638,427
Amounts received from congregations and other liabilities	(206,135)	7,524
Amounts due to other agencies	98,425	1,034,473
Refundable advance - Paycheck Protection Program	8,850,500	-
Deferred revenue	(86,273)	(63,686)
Net cash (used in) provided by operating activities	<u>(6,047,244)</u>	<u>2,851,796</u>
Cash flows from investing activities		
Purchases of investments	(57,548,659)	(70,576,305)
Sales of investments	66,490,017	62,861,672
Net repayments of receivables from related entities, mortgages and loans	29,280	172,726
Acquisition of property and equipment, net	(1,529,231)	(1,552,785)
Proceeds from sale of property	-	3,220,225
Maturities of beneficial interests in life income funds	323,757	107,338
Net cash provided by (used in) investing activities	<u>7,765,164</u>	<u>(5,767,129)</u>
Cash flows from financing activities		
Contributions and revolving loan fund investment earnings restricted for long-term investment	<u>3,058,600</u>	<u>936,081</u>
Cash provided by financing activities	<u>3,058,600</u>	<u>936,081</u>
Increase (decrease) in cash and cash equivalents	4,776,520	(1,979,252)
Cash and cash equivalents at beginning of year	<u>2,056,863</u>	<u>4,036,115</u>
Cash and cash equivalents at end of year	<u>\$ 6,833,383</u>	<u>\$ 2,056,863</u>
Supplemental disclosure of cash flow information		
Donated stock	\$ 190,733	\$ 102,805

See accompanying notes.



**Presbyterian Church (U.S.A.), A Corporation  
Notes to Consolidated Financial Statements  
Years Ended December 31, 2020 and 2019**

**Note 1 - Organization and Nature of Operations**

The Presbyterian Church (U.S.A.), ("PCUSA") is an unincorporated body of Reformed Christians, who have agreed to conduct worship and other religious activities in conformity with the then current version of the Presbyterian Church (U.S.A.) Constitution, which contains among other things, in its Book of Order, a Form of Government setting forth a detailed formal structure of the PCUSA. As an ecclesiastical organization, PCUSA does not exist under any federal, state or other secular law. Central to the structure of PCUSA is the concept of councils (formerly referred to as governing bodies). At the national level, the council is the General Assembly. The ecclesiastical work of the PCUSA at the General Assembly level is carried out by a number of ministry units and related agencies.

Presbyterian Church (U.S.A.), A Corporation ("PCUSA, A Corporation") is a corporate entity of the General Assembly of PCUSA and is the principal corporation of the General Assembly. Until July 26, 2018 all voting members of the Presbyterian Mission Agency ("PMA") Board were members of the Board of Directors of PCUSA, A Corporation. The board membership of PCUSA, A Corporation altered based on the action of the 223rd General Assembly (2018) whereby the board's membership was amended to eleven (11) members elected by the General Assembly coming from the recommendations to the General Assembly Nominating Committee ("GANC") by the following entities or bodies: the Committee on the Office of the General Assembly, the PMA, the PCUSA Foundation ("Foundation"), the PCUSA Investment and Loan Program, Inc. ("ILP"), the Presbyterian Publishing Corporation ("PPC"), Presbyterian Women in the PCUSA, Inc. ("PW"), the Racial Equity Advocacy Committee of the PCUSA, the Advocacy Committee for Women's Concerns of the PCUSA, as well as three (3) at-large members. The 224th General Assembly (2020) amended PCUSA, A Corporation's Bylaws including altering the membership of the Board of Directors whereby the board's membership was expanded to fourteen (14) members. Thirteen (13) such members are voting members, and one (1) member is nonvoting. The two (2) additional voting members are elected by the General Assembly coming from recommendations of the GANC. One (1) such voting member is recommended to the GANC by the Board of Pensions of the Presbyterian Church (U.S.A.) ("Board of Pensions"), and the other such voting member is an at-large member. Provision is made in the Bylaws should the Board of Pensions not provide submissions to the GANC. The ex officio, nonvoting member added to the PCUSA, A Corporation Board of Directors is the Stated Clerk of the General Assembly. PCUSA, A Corporation receives and holds title and/or maintains and manages property and income at the General Assembly level related to mission activities; generally maintains and manages all real and tangible property not held for investment, including the insuring of such property; effects short-term investment of funds prior to either their disbursement or transfer to the Foundation for longer-term investment; acts as the disbursing agent for all funds held for the General Assembly and for other councils and entities upon their request; and provides accounting, reporting, and other financial and related services as the General Assembly or PMA Board may direct or approve.

PCUSA, A Corporation is a tax-exempt religious corporation under Internal Revenue Code Section 501(c)(3).

**Note 2 - Basis of Presentation and Summary of Significant Accounting Policies**

1. **Basis of Presentation:** The accompanying consolidated financial statements reflect the consolidated operations of PCUSA, A Corporation and its constituent corporations, which are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The constituent corporations of PCUSA, A Corporation are the following: General Assembly Mission Board of the Presbyterian Church (U.S.A.), Inc.; The Historical Foundation of the Presbyterian and Reformed Churches, Inc.; The Hubbard Press; Pedco, Inc.; The Presbyterian Historical Society; Presbyterian Life, Inc.; Presbyterian Publishing House of the Presbyterian Church (U.S.A.), Inc.; Commission on Ecumenical Mission and Relations of the Presbyterian Church (U.S.A.); Board of Foreign Missions of the Presbyterian Church (U.S.A.); and The Woman's Board of Foreign Missions of the Presbyterian Church (U.S.A.). All intercompany transactions have been eliminated in consolidation.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

1. **Basis of Presentation (Continued)**: Effective January 1, 2020, PCUSA, A Corporation adopted Accounting Standards Update ("ASU") 2019-03, *Updating the Definition of Collections (Topic 958)*. This ASU clarifies the definition of "collections" to more closely align with the definition used by the American Alliance of Museums. Entities holding collections are also required to disclose their policy regarding the use of receipts from deaccessions. If the entity's policy allows receipts from deaccessions to be used in the direct care of its collections, the term "direct care" should be defined in financial statement disclosures. This standard has been applied prospectively, beginning with the year ended December 31, 2020.

Effective January 1, 2020, PCUSA, A Corporation also adopted ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*, which modifies the disclosure requirements for fair value measurements by removing, modifying, or adding certain disclosures. The standard was applied prospectively as of the effective date with no material impact.

2. **Donor-imposed Restrictions**: For external reporting purposes, PCUSA, A Corporation's financial statements have been prepared to focus on the organization as a whole and to present balances and transactions classified in accordance with the existence or absence of donor-imposed restrictions. Net assets and related activity are classified as net assets without donor restrictions or net assets with donor restrictions as follows:
  - **Net Assets Without Donor Restrictions**:
    - ***Unrestricted-undesignated: General Mission***: Net assets that are not subject to donor-imposed restrictions. Unrestricted undesignated net assets consist of the accumulation of certain contributions, gifts, bequests, and related income thereon, which are available for general church purposes. A minimum reserve requirement for unrestricted undesignated net assets is monitored by the PMA Board. If the reserve falls below the minimum reserve requirement, further action could be taken by the PMA Board to undesignate unrestricted designated net assets.
    - ***Unrestricted-undesignated: OGA per capita***: Net assets that are not subject to donor-imposed restrictions. Unrestricted, undesignated OGA per capita assets consist of the accumulation of per capita apportionment income from congregations.
    - ***Unrestricted-designated***: Net assets that are not subject to donor-imposed restrictions. Unrestricted designated net assets consist of the accumulation of certain contributions, gifts, bequests, and related income thereon that have been designated for specific purposes by OGA, or the PMA Board of the General Assembly and/or the PCUSA, A Corporation Board.
  - **Net Assets with Donor Restrictions**: Net assets with donor restrictions due to time or purpose are subject to donor-imposed restrictions that may or will be met either by actions of PCUSA, A Corporation or the passage of time and primarily consist of contributions and related investment income. Net assets with donor restrictions in perpetuity are to be maintained permanently. The Foundation provides this service for such assets benefiting the PCUSA, A Corporation. Generally, the donors of these assets permit PCUSA, A Corporation to use all or part of the income earned on related investments for general or specific purposes, and these assets consist primarily of endowment funds, revolving loan funds, life income plans, and outside trusts.
3. **Cash Equivalents**: For purposes of reporting cash flows, PCUSA, A Corporation considers investments with an original maturity of three months or less when purchased to be cash equivalents.
4. **Investments**: Investments are recorded at fair value. Investment transactions are recorded on a trade-date basis. Realized gains and losses are recorded using the specific identification of securities sold on funds held by the Foundation and using the historical cost of securities sold on funds held by other investment managers.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

4. Investments (Continued): The Trustees ("Trustees") of the Foundation believe that the carrying amount of its alternative investments is a reasonable estimate of fair value as of December 31, 2020 and 2019. Since alternative investments are not readily marketable, the estimated value is subject to uncertainty and therefore may differ from the value that would have been used had a ready market for the investments existed, and such differences could be material.

Long-term investments held by the Foundation represent General Assembly endowment funds, which are generally not available for immediate use.

5. Contributions from Congregations: Contributions from congregations include amounts in-transit at year-end.
6. Allowance for Loan Losses: The allowance for loan losses is maintained at a level considered by management to be adequate to provide for loan losses inherent in the loan portfolio. Management determines the adequacy of the allowance based upon reviews of payment history, recent loss experience, current economic conditions, the risk characteristics of the various categories of loans, and such other factors, which in management's judgment deserve current recognition in estimating loan losses. The allowance for loan losses is increased by the provision for loan losses and reduced by net loan charge-offs.
7. Annuity and Life Income Funds: PCUSA, A Corporation is an income beneficiary of trust funds held by the Foundation. In accordance with current accounting standards, PCUSA, A Corporation has recorded, as an asset, the net present value of the future income to be received from the funds.
8. Inventories: Inventories represent books, periodicals, and curriculum produced by PCUSA, A Corporation for distribution. These items are stated at average cost.
9. Property and Equipment: Property and equipment consists principally of the PCUSA, A Corporation headquarters building and related land and equipment, domestic properties used for mission work, cemeteries, and undeveloped land.

The PCUSA, A Corporation headquarters building, and related land and equipment are stated at cost or fair value at the date of donation, if donated. The domestic properties used for mission work, cemeteries, undeveloped land, and other properties are recorded based on fair value at the date of donation, appraisal value, or replacement cost. Expenditures greater than \$5,000 which increase values or extend the useful lives of the respective assets are capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

PCUSA, A Corporation holds title to various other foreign properties. Such properties include properties used for mission work, cemeteries, undeveloped land, and property held for disposition. PCUSA, A Corporation has administrative responsibility for property taxes, insurance, maintenance, and improvements for these properties. Generally, it is PCUSA, A Corporation's policy to exclude the cost or donated value of foreign properties from its financial records.

PCUSA, A Corporation reviews for the impairment of long-lived assets subject to depreciation and amortization, including property and equipment, whenever events or changes in circumstances indicate that the carrying amount of these assets may not be recoverable. If this review were to result in the conclusion that the carrying value of long-lived assets would not be recoverable, then a write down of the assets would be recorded through a charge to net assets equal to the difference in the fair market value of the assets and their carrying value. No such impairment losses were recognized for the years ended December 31, 2020 and 2019.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

10. Revenue Recognition: PCUSA recognizes contributions when cash, securities, or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met. PCUSA also receives revenue from the sale of religious resources and registrations from various programs. Revenue from these sources is recognized when the performance obligation is satisfied which typically occurs at the point of sale of goods to or registration received from the customer. Payment occurs at the time of the sale of goods or when registration is made. Payment for conference center services can be at the time of reservation as a deposit, at check out, or upon payment of invoices.
11. Deferred Revenue: PCUSA, A Corporation holds special events each year. Monies received to support future special events are recorded as deferred revenue.
12. Collections: PCUSA, A Corporation's collections consist of works of art, ecclesiastical objects and papers, historical treasures, archeological specimens, and other assets. The collections, which were acquired through purchases and contributions since PCUSA, A Corporation's inception, are not recognized as assets on the consolidated statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from deaccessions or insurance recoveries are reflected as increases in the appropriate net asset classes.

PCUSA, A Corporation has a policy allowing the proceeds from the sale of deaccessioned items to be used for collection acquisitions as well as for the direct care of the existing collection. "Direct care" is defined as those expenses incurred to support the preservation of the collection (conservation or restoration, for example).

13. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period.
14. Income Taxes: PCUSA, A Corporation is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, PCUSA, A Corporation is subject to federal income tax on any unrelated business taxable income.

Accounting principles generally accepted in the United States of America prescribe recognition thresholds and measurement attributes for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Tax benefits or liabilities will be recognized only if the tax position would "more-likely-than-not" be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit or liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more-likely-than-not" test, no tax benefit or liability will be recorded. Management has concluded that it is unaware of any tax benefits or liabilities to be recognized at December 31, 2020 and 2019, and does not expect this to change in the next 12 months.

PCUSA, A Corporation would recognize interest and penalties related to uncertain tax positions in interest and income tax expense, respectively. PCUSA, A Corporation has no amounts accrued for interest or penalties as of December 31, 2020 and 2019. PCUSA, A Corporation is no longer subject to examination by taxing authorities for the years before December 31, 2016.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 2 - Basis of Presentation and Summary of Significant Accounting Policies (Continued)**

15. **New Accounting Pronouncements:** In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, to improve financial reporting with respect to leasing transactions. ASU 2016-02 will require lessees to recognize a lease liability and a right-of-use asset with respect to all leases with terms of greater than twelve months. The lease liability recognized in the statement of financial position will represent the lessee's obligation to make lease payments measured on a discounted basis, while the right-of-use asset will represent the lessee's right to use, or control use of, the underlying asset for the lease term. For leases with a term of twelve months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The standard will be effective for the year ending December 31, 2022.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The standard requires contributed nonfinancial assets be shown separate from contributions of cash and other financial assets and provides for qualitative disclosure regarding valuation techniques, categories of contributed nonfinancial assets, and their use. This standard will be effective for the year ending December 31, 2022.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments-Credit Losses*. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly-recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2023.

PCUSA, A Corporation is currently in the process of evaluating these ASUs and their related impact on PCUSA's consolidated financial statements.

16. **Subsequent Events:** Management has performed an analysis of the activities and transactions subsequent to December 31, 2020 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2020. Management has performed their analysis through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.
17. **Reclassifications:** Certain reclassifications have been made to the 2019 consolidated financial statements to conform to the 2020 presentation. The reclassifications had no effect on net assets or the change in net assets.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 3 - Liquidity and Availability of Financial Assets**

PCUSA, A Corporation's financial assets available within one year of the statement of financial position date for general expenditures as of December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 6,833,383	\$ 2,056,863
Beneficial interest in pooled investments held by the Foundation - short-term	85,029,556	77,726,046
Other investments and accrued income	66,220,184	72,586,658
Contributions receivable from congregations	2,613,884	2,704,389
Receivables from related entities, net	2,978,393	3,007,673
Due from Foundation	-	195,330
Other accounts receivable	700,342	658,943
Beneficial interest in pooled investments held by the Foundation - long-term	389,013,420	362,819,861
Other investment held by the Foundation	6,904,212	6,471,336
Beneficial interest in perpetual trusts	<u>120,975,266</u>	<u>71,461,617</u>
<b>Total financial assets</b>	<b>681,268,640</b>	<b>599,688,716</b>
<b>Less amounts not available to be used within one year</b>		
Restricted by donors for use in future periods	237,029,464	216,434,462
Less net assets with purpose restrictions to be met in less than one year	(44,174,674)	(60,070,405)
Restricted by donors in perpetuity - endowments	223,598,459	222,804,850
Restricted by donors in perpetuity - outside trusts	116,203,867	67,689,619
Restricted by donors in perpetuity - life income trusts	3,306,458	2,746,564
Amounts unavailable to management without board's approval board designated funds	<u>53,863,746</u>	<u>56,092,551</u>
<b>Financial assets available to meet general expenditures within one year</b>	<b><u>\$ 91,441,320</u></b>	<b><u>\$ 93,991,075</u></b>

PCUSA, A Corporation is substantially supported by unrestricted and restricted contributions. It also receives the benefit of gifts to establish endowments that will exist in perpetuity; the income generated from such endowments is used to fund programs. Generally, these gifts are received, held, and invested by the Foundation but could be held by another outside entity.

If a donor restriction requires resources to be used in a particular manner or in a future period, the PCUSA, A Corporation must maintain sufficient resources to meet those responsibilities to donors. Thus, financial assets may not be available for general expenditure within one year. As part of PCUSA, A Corporation'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. PCUSA, A Corporation operates with a balanced budget approved by the General Assembly. PCUSA, A Corporation invests cash in excess of daily requirements in short-term investments. Additionally, PCUSA, A Corporation has board designated net assets without donor restrictions that, while PCUSA, A Corporation does not intend to spend for purposes other than those identified, the amounts could be made available for current operations, if necessary.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 4 - Investments**

Investments, including long-term investments, are primarily held in common funds managed by the Foundation on behalf of PCUSA, A Corporation. A summary of PCUSA, A Corporation's investments, including the interest in common funds managed by the Foundation, at December 31, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Beneficial interest in pooled investments		
Held by the Foundation		
Short-term	\$ 85,029,556	\$ 77,726,046
Long-term	<u>389,013,420</u>	<u>362,819,861</u>
Total beneficial interest in pooled investments held by the Foundation	474,042,976	440,545,907
Other investments held by the Foundation		
Shares in New Covenant mutual fund	6,904,212	6,471,336
Other investments		
Cash equivalents	951,922	4,590,313
U.S. treasury securities	17,955,955	18,213,682
U.S. agency securities	8,518,069	5,813,009
Corporate debt securities	24,188,416	25,303,322
Mortgage-backed securities	1,215,274	3,625,384
Equity securities	3,857,630	5,369,422
Presbyterian investment and loan program denominational account receipts	<u>9,532,918</u>	<u>9,671,526</u>
Total other investments	<u>66,220,184</u>	<u>72,586,658</u>
Total investments	<u>\$ 547,167,372</u>	<u>\$ 519,603,901</u>

The Foundation's investment portfolio as of December 31, 2020 and 2019 comprised the following types of investments:

	<u>2020</u>	<u>2019</u>
Preferred and common stock	56%	58%
Fixed income	16%	16%
Cash	3%	0%
Real estate	9%	10%
Private equity	<u>16%</u>	<u>16%</u>
	<u>100%</u>	<u>100%</u>

Income received by PCUSA, A Corporation from the Foundation is net of administrative fees of outside managers.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 5 - Beneficial Interest in Perpetual Trusts**

Funds held in trust by others represent resources neither in the possession nor under the control of PCUSA, A Corporation, but held and administered by outside trustees, with PCUSA, A Corporation deriving only income from such funds. Such investments are recorded in the consolidated statements of financial position at the fair value of the principal amounts, which represents the estimated present value of the expected future cash flows, and the income, including contributions of \$43,143,511 and fair value adjustments of \$5,370,737 and contributions of \$0 and fair value adjustments of \$7,128,381 during the years ended December 31, 2020 and 2019, respectively, is recorded in the consolidated statements of activities and changes in net assets.

PCUSA, A Corporation is a named beneficiary in certain trusts for which it has been unable to obtain the necessary information to measure its interest. Therefore, these trusts are not recorded.

**Note 6 - Endowment Composition**

In accordance with the Uniform Prudent Management of Institutional Funds Act ("UPMIFA"), the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

**Appropriation of Endowment Assets**

PCUSA, A Corporation receives a spending formula from the Foundation whereby PCUSA, A Corporation receives investment income from endowments with and without donor restrictions. The endowments are held and invested by the Foundation for the General Assembly's use as the PCUSA, A Corporation has a beneficial interest in the income of these endowment funds.

The current policy calls for a 4.25% annual total return payout rate of the average market value based on the 20-quarter rolling average with an eighteen-month lag. Pursuant to this policy, the Foundation paid the beneficiaries of certain endowments 3.9% (based on the December 31, 2019 market value) and 4.4% (based on the December 31, 2018 market value) in 2020 and 2019, respectively. The spending formula will be monitored to determine the effects of changing return and inflation expectations on the preservation of purchasing power and the generation of appropriate levels of spendable income.

**Investment Policies**

The Trustees of the Foundation are charged with the responsibility of managing the endowment assets that benefit PCUSA, A Corporation. The overall goal in management of these funds is to generate a long-term rate of return that provides sustainable distributions to support the mission within reasonable levels of risk.

The Trustees adhere to modern portfolio theory, which has as its basis risk reduction through diversification. Diversification is obtained through the use of multiple asset classes as well as multiple investments within these asset classes. Asset classes that may be used include (but are not limited to) domestic and international stocks and bonds, private equity (venture capital and corporate finance), and real property (real estate). The investment strategy is implemented through the selection of an external advisor, Outsourced Chief Investment Officer ("OCIO"), who is responsible for managers with expertise and successful histories in the management of specific asset classes.



**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 6 - Endowment Composition (Continued)**

Investment Policies (Continued)

The Trustees' role is one of setting and reviewing policy benchmarks, return and risks. The Trustees also retain, monitor and evaluate its Outsourced Chief Investment Advisor who has the responsibility for due diligence, hiring, and firing of investment managers. It is the Trustees' desire to find ways to invest these funds in accordance with the social witness principles of the PCUSA. The Trustees will review the investment policy statement at least annually.

The primary financial objectives of the endowment funds in perpetuity (the "Fund") are to (1) provide a stream of relatively stable and constant earnings in support of annual budgetary needs and (2) to preserve and enhance the real (inflation-adjusted) purchasing power of the Fund.

The long-term investment objective of the Fund is to attain a target rate of return of 7.34%. The calculation of real total return includes all realized and unrealized capital changes plus all interest, rent, dividend, and other income earned by the portfolio, adjusted for inflation, during a year, net of investment expenses, on average, over a five-to-seven year period. Secondary objectives are to (1) outperform the Fund's custom benchmark, a weighted average return based on the target asset allocation and index returns and (2) to outperform the median return of a pool of endowment funds with broadly similar investment objectives and policies.

Endowment net asset composition as of December 31:

<u>2020</u>	<u>With donor restrictions</u>
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 223,598,459
Accumulated investment gains	<u>195,335,951</u>
Total endowment net assets	418,934,410
Net assets other than endowment	<u>161,203,838</u>
Total net assets	<u>\$ 580,138,248</u>
 <u>2019</u> <hr/>	
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 222,804,850
Accumulated investment gains	<u>168,117,992</u>
Total endowment net assets	390,922,842
Net assets other than endowment	<u>118,752,653</u>
Total net assets	<u>\$ 509,675,495</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 6 - Endowment Composition (Continued)**

Investment Policies (Continued)

Changes in endowment net assets for the years ended December 31, 2020 and 2019:

	<u>With donor restrictions</u>
Beginning balance, January 1, 2020	\$ 390,922,842
Investment return	28,922,559
Contributions	3,058,600
Appropriation of endowment pursuant to spending policy	<u>(3,969,591)</u>
Ending balance, December 31, 2020	<u>\$ 418,934,410</u>
Beginning balance, January 1, 2019	\$ 362,202,924
Investment return	31,177,389
Contributions	936,081
Appropriation of endowment pursuant to spending policy	<u>(3,393,552)</u>
Ending balance, December 31, 2019	<u>\$ 390,922,842</u>

PCUSA, A Corporation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument.

The Foundation must ensure that permanent endowment funds continue to provide for ministry in perpetuity. Permanent endowment funds pay beneficiaries a spending formula under a total return policy instead of net income as permitted under UPMIFA and Pennsylvania state law.

The market value of permanent endowment funds has fluctuated at times due to the market volatility. The Foundation has a duty to ensure that the market value of the permanent endowment funds grows over time to keep pace with inflation. To the extent the market volatility has caused the market value of the permanent endowment funds to fall below the historical gift amount, the Foundation must review those funds to determine if any actions are required. The below procedures outline certain actions in the event of such occurrences.

- Each new endowment fund account will invest in the Presbyterian Endowment Fund immediately at quarter end. Spending formula payments are reinvested into principal for the next four quarters. At the end of the fifth quarter after the account opening, spending formula distributions to beneficiaries will begin.
- A review of all donor restricted endowment funds will occur annually using December 31st valuations to assess the total historic gift amount compared to the market value.
- Donor restricted endowment funds that are less than 75% of historic gift amount will pay beneficiaries the lesser of net income only or spending formula beginning the first quarter of the following year. These funds will receive this until the market value of the account exceeds 105% of the total historic gift amount as of December 31st of the prior year.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 6 - Endowment Composition (Continued)**

Investment Policies (Continued)

- Beneficiaries, donors (if still alive), Foundation ministry relations officers, and client services will receive communication of donor restricted endowment funds that switch from distributing spending formula to net income in a timely manner to accommodate the beneficiary's budgeting process.
- Additions to existing donor restricted endowment funds will invest in the same investment vehicle used at the time of the addition. The Foundation administration fee will remain consistent across all endowments.

The Foundation's Management has the discretion to override these procedures in periods of extreme market volatility or in consideration of undue hardship to beneficiaries. Any overrides are reported to the Audit and Compliance Committees of the Trustees.

At December 31, 2020 and 2019, fund with deficiencies of \$10,202,600 and \$12,296,725, respectively, were reported in net assets with donor restrictions.

	<u>2020</u>	<u>2019</u>
Fair value of underwater endowment funds	\$ 44,746,630	\$ 46,434,867
Original endowment gift amount	<u>54,949,230</u>	<u>58,731,592</u>
Deficiencies of underwater endowment funds	<u>\$ (10,202,600)</u>	<u>\$ (12,296,725)</u>

**Note 7 - Receivables from Related Entities**

A summary of the activity relating to receivables from related entities, which includes unsecured student loans of approximately \$548,000 and \$626,000, during the years ended December 31, 2020 and 2019, is as follows:

	<u>2020</u>	<u>2019</u>
Receivables at January 1	\$ 3,007,673	\$ 3,401,094
Assessments and other	20,861,050	24,947,315
Collections of assessments and other	(19,457,456)	(23,989,274)
New loans	492,059	443,023
Loan repayments	(399,005)	(190,624)
Charge-offs	<u>(1,147,224)</u>	<u>(1,218,594)</u>
Receivables at December 31	3,357,097	3,392,940
Less allowance for loan loss	<u>(378,704)</u>	<u>(385,267)</u>
Net receivables at December 31	<u>\$ 2,978,393</u>	<u>\$ 3,007,673</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 8 - Receivables from Related Entities, Mortgages and Loans**

The outstanding principal balances of loans to churches, students and Presbyterian schools and colleges for which an impairment has been recognized at December 31, 2020 and 2019 were \$10,374 and \$11,685, respectively, and the related allocated allowances for loan losses at December 31, 2020 and 2019 were \$9,855 and \$11,101, respectively, resulting in no additional provision for loans in December 31, 2020 and 2019. There was no interest received by PCUSA, A Corporation, on the impaired loans during 2020. The total average impaired loan balances were \$11,029 and \$11,879 at December 31, 2020 and 2019, respectively.

**Note 9 - Property and Equipment**

The components of property and equipment, net at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Land	\$ 2,407,347	\$ 2,407,347
Buildings and building improvements	39,660,755	38,475,255
Equipment	14,044,339	14,076,323
Furniture and fixtures	701,012	701,012
Less accumulated depreciation	<u>(45,462,043)</u>	<u>(44,741,812)</u>
Totals	<u>\$ 11,351,410</u>	<u>\$ 10,918,125</u>

**Note 10 - Refundable Advance - Paycheck Protection Program**

PCUSA, A Corporation received a refundable advance of \$8,850,500 during the year ended December 31, 2020 from the Small Business Administration Paycheck Protection Program. Under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act, subject to limitations, as defined, the advance may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the covered period following receipt of the advance. Any amount not forgiven will be payable in 24 monthly installments of principal and interest at 1% and will be unsecured. PCUSA, A Corporation is accounting for the loan proceeds as a conditional contribution in accordance with ASC 958-605. As such, PCUSA, A Corporation maintains the conditions will be substantially met when forgiveness notification is received from its bank.

**Note 11 - Benefits Data**

Substantially all employees of PCUSA, A Corporation participate in the Benefits Plan of the Presbyterian Church (U.S.A.) (the "Benefits Plan") which is administered by the Board of Pensions of the Presbyterian Church (U.S.A.) (the "Board of Pensions"). The Benefits Plan is a comprehensive benefits program, which provides a defined benefit pension plan, a long-term disability plan, a death benefit plan, and a medical plan. The assets of the Benefits Plan are commingled for investment purposes; however, accounting for each plan is separately maintained.

The defined benefit pension plan's total net assets available for benefits, as reported by the Board of Pensions, were \$9,821,618,000 and \$9,005,604,000 at December 31, 2020 and 2019, respectively. The defined benefit pension plan's total Accumulated Plan Benefit Obligations, as reported by the Board of Pensions, were \$7,876,139,000 and \$7,264,779,000 at December 31, 2020 and 2019, respectively. Since the Benefits Plan is a Church Plan under the Internal Revenue Code, PCUSA, A Corporation has no financial interest in the Benefits Plan assets nor does it have any liability for benefits payable, contingent or otherwise, under the Benefits Plan or its components.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 11 - Benefits Data (Continued)**

PCUSA, A Corporation pays the entire cost for employee participation in the defined benefit pension plan, long-term disability plan, death benefit plan and employee-only coverage associated with the medical plan. There is employee cost sharing for employee elected levels of coverage related to spouse and/or dependents. Employees have the option to purchase additional benefits on a voluntary basis such as dental, vision, long-term disability, and life insurance.

PCUSA, A Corporation makes two levels of employer contributions for the lay and term contract benefit eligible employees into the retirement savings plan. The OGA regular lay exempt staff receive employer contributions that adheres to the lay equalization schedule. All PMA/ASG lay staff and OGA lay non-exempt staff receive an employer contribution of 4% of base salary. Contributions to the lay equalization were \$68,834 for 2020 and \$90,768 for 2019; and 403b contributions were \$558,927 for 2020 and \$549,407 for 2019, respectively.

PCUSA, A Corporation's expenses for the plans for the years ended December 31, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Administered by board of pensions		
Pension plan	\$ 3,008,377	\$ 2,809,001
Death and disability plan	290,895	271,881
Major medical plan	<u>5,977,997</u>	<u>5,733,920</u>
	9,277,269	8,814,802
Administered by others		
Retirement savings plan - lay equalization	68,834	90,768
Retirement savings plan - ER 403(b) contribution	<u>558,927</u>	<u>549,407</u>
	<u>627,761</u>	<u>640,175</u>
	<u>\$ 9,905,030</u>	<u>\$ 9,454,977</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 12 - Concentration of Risks**

**Revenue Risk**

One of PCUSA, A Corporation's sources of revenue is contributions from Congregations, Presbyteries, Synods and individuals. The majority of these contributions are transmitted via the Presbyteries that are grouped into 16 Synods comprised of a total of 170 Presbyteries. The following is a summary of the contributions by each of the Synods during the years ended December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Alaska-Northwest	\$ 404,789	\$ 605,781
Covenant	1,517,914	2,199,282
Lakes and Prairies	1,533,326	2,085,333
Lincoln Trails	1,026,691	1,304,818
Living Waters	912,634	1,118,846
Mid-America	501,400	886,253
Mid-Atlantic	2,694,806	3,202,794
Northeast	1,957,697	2,215,815
Pacific	1,447,901	1,663,048
Puerto Rico	22,931	22,287
South Atlantic	1,787,907	2,671,935
Southern California/Hawaii	769,718	937,269
Southwest	525,544	461,310
The Rocky Mountains	458,267	529,570
The Sun	1,444,248	1,888,820
Trinity	<u>2,054,523</u>	<u>2,431,797</u>
	19,060,296	24,224,958
Individuals and other church-related	<u>9,845,688</u>	<u>9,562,474</u>
	<u>\$ 28,905,984</u>	<u>\$ 33,787,432</u>

**Credit Risk**

PCUSA, A Corporation maintains cash and cash equivalents with various financial institutions. At times, such cash and cash equivalents may be in excess of the FDIC insurance level. PCUSA, A Corporation has not experienced any losses in such accounts, and management believes PCUSA, A Corporation is not exposed to any significant credit risks on cash and cash equivalents.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 13 - Fair Value**

United States generally accepted accounting principles ("U.S. GAAP") define and establish a framework for measuring fair value and expand disclosures about fair value measurements. U.S. GAAP emphasizes fair value is a market-based measurement and enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a fair value hierarchy for ranking the quality and reliability of the information used to determine fair values.

The assets and liabilities carried at fair value are classified and disclosed in one of the following three categories:

- Level 1: Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Valuations are obtained as of the measurement date from readily available pricing sources for market transactions involving identical assets or liabilities (market approach).
- Level 2: Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from quoted prices by third party pricing sources for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated. The valuation methodology for Level 2 investments consists of both income and market approaches, as appropriate for the specific investment.
- Level 3: Valuations for assets and liabilities are unobservable and significant. Valuations reflect management's best estimate of what market participants would use in pricing an asset or liability at the measurement date.

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

Treasury bonds, equities and mutual funds are valued at the closing price reported in the active market in which the bonds are traded (Level 1 inputs). Corporate bonds and agency bonds are valued at quoted prices for identical or similar assets in non-active markets since these bonds trade infrequently (Level 2 inputs - market). Mortgage backed securities are valued using matrix pricing, which is a mathematical technique widely used to value debt securities without relying exclusively on quoted prices for the specific securities, but rather by relying on the securities' relationship to other benchmark quoted securities (Level 2 inputs-market).

The fair value of the certificates of deposit, equity investment, and Presbyterian Church (U.S.A.) ILP denominational accounts were recalculated by applying the interest rate to the initial investments, and no discounts for credit quality or liquidity were determined to be applicable (Level 2 inputs).

The investment in the unitized pool is managed by the Foundation. The investment objectives of the fund are to (1) provide a stream of relatively stable and constant earnings in support of annual budgetary needs and (2) preserve and enhance the real (inflation-adjusted) purchasing power of the fund. The Foundation's investment policy is documented in the Statement of Investment Policies and Objectives for the Endowment Fund amended November 14, 2013.

The underlying investments in the unitized pool are held in accordance with specific guidelines set forth by the Foundation and various targets have been established with regard to allowable investments purchased by the unitized pool.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 13 - Fair Value (Continued)**

At December 31, 2020 and 2019, the underlying investments of the unitized pool consist of the following asset classes:

	<u>2020</u>	<u>2019</u>
Stock	56%	58%
Fixed income	16%	16%
Hedge funds	0%	0%
Cash	3%	0%
Real estate	9%	10%
Private equity	<u>16%</u>	<u>16%</u>
	<u>100%</u>	<u>100%</u>

Withdrawals from the unitized pool are available within 90 days with prior written notice. Pursuant to U.S. GAAP, management has considered redemption restrictions to assess classification of the fair value inputs. As a result, unitized pool assets with redemption periods of 90 days or less are considered Level 2 fair value measurements.

The fair value of the beneficial interests in the perpetual trust assets (life income funds and funds held in trust by others) is based on a valuation model that calculates the present value of estimated distributed income. The valuation model incorporates the fair value of investment holdings, which are readily marketable securities valued at quoted prices and incorporates assumptions that market participants would use in estimating future distributed income. PCUSA, A Corporation is able to compare the valuation model inputs and results to widely available published industry data for reasonableness. PCUSA does not have the ability to redeem the investment within 90 days (Level 3 inputs - market).



**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 13 - Fair Value (Continued)**

Assets Measured on a Recurring Basis

2020	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets</b>				
Beneficial interest in pooled investments held by the Foundation	\$ 474,042,976	\$ -	\$ 474,042,976	\$ -
Other investments held by the Foundation				
Shares in new covenant mutual fund	6,904,212	6,904,212	-	-
Other investments				
Cash equivalents	951,922	951,922	-	-
U.S. treasury securities	17,955,955	17,955,955	-	-
U.S. agency securities	8,518,069	-	8,518,069	-
Corporate debt securities	24,188,416	-	24,188,416	-
Mortgage-backed securities	1,215,274	-	1,215,274	-
Equity securities	3,857,630	-	3,857,630	-
PILP Securities	9,532,918	-	9,532,918	-
<b>Total investments</b>	<b>547,167,372</b>	<b>25,812,089</b>	<b>521,355,283</b>	<b>-</b>
<b>Beneficial interest in perpetual trusts</b>	<b>120,975,266</b>	<b>-</b>	<b>-</b>	<b>120,975,266</b>
	<b>\$ 668,142,638</b>	<b>\$ 25,812,089</b>	<b>\$ 521,355,283</b>	<b>\$ 120,975,266</b>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 13 - Fair Value (Continued)**

Assets Measured on a Recurring Basis (Continued)

2019	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Assets</b>				
Beneficial interest in pooled investments held by the Foundation	\$ 440,545,907	\$ -	\$ 440,545,907	\$ -
Other investments held by the Foundation				
Shares in new covenant mutual fund	6,471,336	6,471,336	-	-
Other investments				
Cash equivalents	4,590,313	4,590,313	-	-
U.S. treasury securities	18,213,682	18,213,682	-	-
U.S. agency securities	5,813,009	-	5,813,009	-
Corporate debt securities	25,303,322	-	25,303,322	-
Mortgage-backed securities	3,625,384	-	3,625,384	-
Equity securities	5,369,422	-	5,369,422	-
PILP Securities	9,671,526	-	9,671,526	-
<b>Total investments</b>	<b>519,603,901</b>	<b>29,275,331</b>	<b>490,328,570</b>	<b>-</b>
Beneficial interest in perpetual trusts	71,461,617	-	-	71,461,617
	<u>\$ 591,065,518</u>	<u>\$ 29,275,331</u>	<u>\$ 490,328,570</u>	<u>\$ 71,461,617</u>

The table below presents a reconciliation of gains and losses for all assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended December 31, 2020 and 2019:

	<u>Beneficial interest in perpetual trusts</u>
Balance, January 1, 2019	\$ 63,941,829
Total realized and unrealized gains and losses	<u>7,519,788</u>
Balance, December 31, 2019	71,461,617
Total realized and unrealized gains and losses	6,370,138
Contributions	<u>43,143,511</u>
Balance, December 31, 2020	<u>\$ 120,975,266</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 14 - Functional Classification of Expenses**

The costs of providing the various programs and supporting services have been summarized in the consolidated statements of activities and changes in net assets. Expenses directly attributable to a specific functional area of PCUSA, A Corporation are reported as expenses of those functional areas while indirect costs that benefit multiple functional areas have been allocated among the various functional areas using a variety of cost allocation techniques such as square footage, time and effort, full-time equivalents and accumulated costs. Accordingly certain costs, such as salaries and benefits, travel, meetings, support costs, mission/ministry, and grants, have been allocated among program and supporting services benefited.

Expenses by functional classification for the year ended December 31, 2020 consist of the following:

	Program				Total
	Presbyterian Mission Agency	Office of the General Assembly	Management and general	Fundraising	
Cost of sales	\$ 451,232	\$ -	\$ -	\$ -	\$ 451,232
Salaries and benefits	30,210,638	3,961,383	5,021,568	3,191,676	42,385,265
Travel	369,007	120,547	119,681	68,351	677,586
Meetings	91,707	16,833	234,427	24,930	367,897
Support costs and administration	9,673,498	504,956	-	1,158,419	11,336,873
Depreciation	707,728	172,876	145,321	70,022	1,095,947
Mission/ministry	148,373	1,829,226	1,516,587	655,966	4,150,152
Resource development	245,368	-	-	-	245,368
Grants	16,557,526	1,290	-	-	16,558,816
<b>Total</b>	<b>\$ 58,455,077</b>	<b>\$ 6,607,111</b>	<b>\$ 7,037,584</b>	<b>\$ 5,169,364</b>	<b>\$ 77,269,136</b>
	76%	8%	9%	7%	100%

Expenses by functional classification for the year ended December 31, 2019 consist of the following:

	Program				Total
	Presbyterian Mission Agency	Office of the General Assembly	Management and general	Fundraising	
Cost of sales	\$ 646,343	\$ 6,015	\$ -	\$ 847	\$ 653,204
Salaries and benefits	26,906,805	3,239,230	4,771,005	3,069,428	37,986,468
Travel	1,448,988	337,512	271,406	293,628	2,351,534
Meetings	566,750	44,188	410,023	32,396	1,053,357
Support costs and administration	6,204,234	2,422,631	745,672	1,075,283	10,447,820
Depreciation	687,228	194,226	162,187	66,746	1,110,387
Mission/ministry	5,813,009	2,293,136	1,888,968	647,302	10,642,415
Resource development	329,856	-	-	-	329,856
Grants	14,928,677	-	-	-	14,928,677
<b>Total</b>	<b>\$ 57,531,890</b>	<b>\$ 8,536,938</b>	<b>\$ 8,249,261</b>	<b>\$ 5,185,630</b>	<b>\$ 79,503,718</b>
	72%	11%	10%	7%	100%

The amount of fundraising expenses as a percentage of funds raised was 19% and 16% for the years ended December 31, 2020 and 2019, respectively.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 15 - Commitments and Contingencies**

PCUSA, A Corporation holds and participates in a self-insurance fund ("SI Fund") that exists to provide a source of funds for that portion of certain losses not covered by commercial insurance to cover deductibles on commercial insurance and for certain classes of uninsured losses. Various General Assembly-level agencies and corporations are included in the SI Fund. The largest possible loss to be assumed in any one event or occurrence is \$250,000, with \$1,000,000 as the largest potential aggregate of all claims in a single calendar year.

The minimum balance of the SI Fund shall not fall below \$5,000,000 as a result of claims paid. In the event this happens, an assessment will be made to the insured entities to return the SI Fund to the \$5,000,000 minimum balance. The assessment will be based on each insured entity's 5-year loss ratio. A 1% minimum assessment will be made by the entities that have not experienced any losses in the 5-year period. The balance of the SI Fund reflected as designated net assets by PCUSA, A Corporation was \$8,446,975 and \$7,469,224 at December 31, 2020 and 2019, respectively.

During the ordinary course of business, PCUSA, A Corporation is subject to pending and threatened legal actions. Management of PCUSA, A Corporation does not believe that any of these actions will have a material adverse effect on PCUSA, A Corporation's consolidated financial position or change in net assets.

During 2020, the outbreak of the novel coronavirus disease 2019 ("COVID-19") was declared a United States and global pandemic. PCUSA, A Corporation's operations have generally been impacted by the outbreak of COVID-19. Since the situation surrounding the pandemic is on-going, the duration, nature, and extent of the ultimate direct or indirect impact on PCUSA, A Corporation's financial condition, liquidity, and/or future results of operations cannot be reasonably estimated at this time. As a result of the initial uncertainty surrounding the COVID-19 pandemic, PCUSA, A Corporation applied for, and in April 2020, received a Paycheck Protection Program ("PPP") loan under the Coronavirus Aid, Relief, and Economic Security ("CARES") Act (see Note 10).

**Note 16 - Related Party Transactions**

**Foundation**

The Foundation provides certain investment, custodial, and deferred giving services to PCUSA, A Corporation. The Foundation recoups the cost of those services not covered from the income of its own endowment funds by quarterly charges against the investment pools in which the funds administered by the Foundation are invested. These charges were recovered from the principal and income of these pools. Such costs consist of salary and benefits, outside investment services, and other operating expenses.

The income received by PCUSA, A Corporation from the Foundation is net of administrative fees of outside managers as described previously. PCUSA, A Corporation's investments and unrestricted and restricted endowments owned and held by the Foundation totaled \$349.5 million and \$326.2 million, and investments held by the Foundation totaled \$92.4 million and \$84.5 million on behalf of the General Assembly at December 31, 2020 and December 31, 2019 respectively.

The Foundation's administration, custodial, and investment management fees are assessed monthly based on the prior month end market value against the total fund.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 16 - Related Party Transactions (Continued)**

Board of Pensions

PCUSA, A Corporation serves as a receiving agent for funds designated for the Board of Pensions. PCUSA, A Corporation received \$1,225,712 and \$1,404,699 from congregations for the years ended December 31, 2020 and 2019, of which \$296,496 and \$354,564 was yet to be remitted to the Board of Pensions.

ILP

PCUSA, A Corporation leases office space and provides administrative support to ILP by contract. For the years ended December 31, 2020 and 2019, administrative support charged to PILP was \$237,926 and \$230,996, respectively. Office space charged to ILP was \$68,798 and \$66,969 for 2020 and 2019, respectively.

ILP issued a secured loan to PCUSA, A Corporation for the benefit of the Presbyterian Historical Society during 2015. The balance was \$255,223 and \$284,268 as of December 31, 2020 and 2019. The terms of the agreement call for 120 payments, with an interest rate of 4.25% and a maturity date of April 1, 2028.

PCUSA, A Corporation has a current commitment, effective May 1, 2014, to ILP for five years to invest up to \$5,000,000 in short and intermediate term accounts called denominational account receipts ("DAR"). This commitment was raised to \$10,000,000 in 2019. As of December 31, 2020 and 2019, investments with ILP were \$9,515,573 and \$9,661,215, respectively. At December 31, 2020 and 2019, fixed interest rates ranged from 1.15% to 2.67% and 1.04% to 2.67%, respectively, and the adjustable rate was 1.00% in 2020 and 1.69% 2019.

PPC

PCUSA, A Corporation leases office space to PPC under an operating lease. For the years ended December 31, 2020 and 2019, rental income was \$241,027 and \$277,927, respectively. PPC's lease expired at the end of 2014 and a new lease addendum was signed for 2015-2018. During 2019 the lease was renewed through April 30, 2022. Other related expenses charged to PPC for telephone, postage, and copy services were \$112,092 and \$134,421 in 2020 and 2019, respectively.

PPC pays PCUSA for supplemental warehousing and distribution services. Fees paid by PPC under this agreement in 2020 and 2019 were \$21,537 and \$41,163 for fulfillment fees and \$420,067 and \$515,072 for freight, respectively.

On February 9, 2018 the Presbyterian Mission Agency ("PMA") Board of Directors approved the transfer of Congregational Ministries Publishing ("CMP") of PMA to PPC effective March 1, 2018. PPC absorbed the 11 CMP employees as of March 1, 2018. PCUSA, A Corporation transferred inventory totaling approximately \$9,000 to PPC. No other assets or liabilities were transferred. There are funding agreements in place to help PPC with the transfer for the first three years of the English Language publishing of CMP, and funding amounts will be mutually reviewed and determined every two years by PMA and PPC related to the Spanish and Korean language curriculum of CMP based on the mandate from the General Assembly for support of this publishing and only to the extent funds are available in PCUSA, A Corporation's sole determination. In 2020 and 2019, PPC received approximately \$293,000 and \$288,000 from PCUSA for English Language Support and \$270,000 in both years from PCUSA for foreign language support.

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 16 - Related Party Transactions (Continued)**

Insurance

PCUSA, A Corporation participates in commercial insurance programs, whereby premiums are negotiated and paid by PCUSA, A Corporation on behalf of all General Assembly entities. The Board of Pensions, Foundation, ILP, and PPC reimburse PCUSA, A Corporation for expenses paid on their behalf. Expenses incurred for commercial insurance paid by PCUSA, A Corporation and for which PCUSA, A Corporation has been reimbursed for December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Foundation	\$ 190,258	\$ 137,103
Board of pensions	625,250	501,932
ILP	117,255	98,193
PPC	<u>104,267</u>	<u>99,258</u>
	<u>\$ 1,037,030</u>	<u>\$ 836,486</u>

**Note 17 - Operating Leases**

PCUSA, A Corporation, leases office space within its corporate headquarters to related (see Note 16) and non-related entities. The leases expire in varying terms through 2024. Future minimum lease income to be received under non-cancelable agreements is as follows:

<u>Year ended December 31,</u>	
2021	\$ 804,107
2022	<u>729,271</u>
	<u>\$ 1,533,378</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 18 - Net Assets Without Donor Restrictions**

At times, the PMA Board, COGA, and/or the PCUSA, A Corporation board may make designations or appropriations that result in self-imposed limits on the use of resources without donor restrictions. These board designated net assets are available for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
2019-2020 CLP consolidation	\$ -	\$ 171,340
Scott estate gift	271,045	756,221
Sievers trust	826,334	1,320,173
PPC One website	-	18,822
CMP transition - sales transfer	-	38,957
Duncan trust	1,181,687	1,337,267
Gray trust	1,400,000	1,400,000
Sale of Santa Fe/Plaza Resolana property	1,486,020	2,036,020
2022 Office of General Assembly Support	832,800	-
Resource reserves	303,975	203,367
Creative investment	6,304,922	5,916,787
Activity and interest for PNC investments	297,406	333,532
Cost recovery	5,808	6,017
Student loan fees & National Presbyterian College scholarship	690	3,415
Special events	229,966	234,399
PNC credit cards - rebates	50,858	24,717
Caritas rent at UN	16,788	26,625
Specific property fund	981,841	851,847
Self-insurance fund	8,446,975	7,469,224
Property and equipment fund	11,682,096	11,076,834
Hubbard Press	2,647,406	2,748,572
Oiko CPJ investment	-	6,671
Stony Point unrestricted designated	-	123,438
Stony Point property and equipment fund	2,705,208	2,294,771
Per capita property and equipment fund	247,194	-
Philadelphia unrestricted designated	362,914	1,917,115
Church loans funds (CL505)	1,306,587	1,207,307
Church loans funds (CL506)	11,463,713	13,432,661
Other funds	<u>811,513</u>	<u>1,136,452</u>
 Total net assets without donor restrictions	 <u>\$ 53,863,746</u>	 <u>\$ 56,092,551</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 19 - Net Assets with Donor Restrictions**

PCUSA, A Corporation's net assets with donor restrictions due to time or purpose are restricted for the following purposes or periods at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Church and student loans	\$ 2,253,212	\$ 2,615,238
Jinishian Memorial Program	26,622,672	23,772,962
Educational seminars and publications	27,779,609	25,018,107
Mission work	28,320,637	26,489,081
Presbyterian Disaster Assistance	13,837,786	17,745,014
Evangelism and church growth	18,715,986	16,988,580
Health	19,283,302	17,546,502
Missionary support	19,999,720	16,506,153
Christian education	15,393,821	13,882,055
Peacemaking/justice	3,183,837	3,108,957
Hunger	2,437,238	2,649,965
Beneficial interest in perpetual trusts	1,464,941	1,025,435
Racial Equity and Intercultural	259,273	424,600
Women	388,095	823,265
Historical foundation and OGA	3,272,162	2,224,819
General endowments	49,262,628	40,727,654
Self Development of People	3,334,221	3,804,090
Other	<u>1,220,324</u>	<u>1,081,985</u>
Net assets with donor restrictions due to time or purpose	<u>\$ 237,029,464</u>	<u>\$ 216,434,462</u>



**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 19 - Net Assets with Donor Restrictions (Continued)**

PCUSA, A Corporation's net assets restricted in perpetuity are restricted for the following purposes at December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Church and student loans	\$ 4,062,745	\$ 4,001,434
Jinishian Memorial Program	10,114,335	10,114,335
Educational seminars and publications	22,871,776	22,706,107
Mission work	5,079,036	5,042,246
Evangelism and church growth	7,182,036	7,130,014
Health	13,942,141	13,841,153
Missionary support	43,973,829	43,854,490
Christian education	15,153,306	15,043,545
Peacemaking/justice	92,633	91,962
Hunger	445,490	442,263
Beneficial interest in perpetual trusts	119,510,325	70,436,183
Racial Equity and Intercultural	241,948	240,196
Women	111,346	110,539
Historical foundation and OGA	447,263	536,832
General endowments	98,811,654	98,588,553
Other	<u>1,068,921</u>	<u>1,061,181</u>
Net assets with donor restrictions in perpetuity	<u>\$ 343,108,784</u>	<u>\$ 293,241,033</u>

Net assets released from restrictions during the years ended December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Jinishian Memorial Program	\$ 1,163,587	\$ 1,250,506
Educational seminars and publications	3,066,564	2,494,771
Mission work	7,097,120	5,773,788
Presbyterian Disaster Assistance	7,459,041	7,495,723
Evangelism and church growth	6,839,333	5,564,068
Health	3,234,980	2,631,784
Missionary support	2,158,036	1,755,648
Christian education	5,141,874	4,183,118
Peacemaking/justice	2,230,362	1,814,488
Hunger	1,556,470	1,726,158
Self Development of People	<u>1,165,258</u>	<u>1,077,203</u>
Total net assets released from restrictions	<u>\$ 41,112,625</u>	<u>\$ 35,767,255</u>

**Presbyterian Church (U.S.A.), A Corporation**  
**Notes to Consolidated Financial Statements (Continued)**  
**Years Ended December 31, 2020 and 2019**

**Note 20 - Prior Period Adjustment**

During the year ended December 31, 2020, PCUSA, A Corporation identified a misstatement in the prior year's financial statements. PCUSA, A Corporation determined it was not the beneficiary of two outside trusts for which it had recorded a beneficial interest. The value of these trusts as of January 1, 2019 was \$6,416,462 which decreased beginning net assets with donor restrictions in perpetuity.

The effect on the December 31, 2019 consolidated financial statements as a result of the prior period adjustment is as follows:

	<u>Originally reported</u>	<u>Adjustment</u>	<u>Restated</u>
Net assets with donor restrictions, 1/1/19	\$ 460,353,514	\$ (6,416,462)	\$ 453,937,052
Beneficial interest in perpetual trusts	78,765,754	(7,304,137)	71,461,617
Unrealized gain (loss) on investments, net assets with donor restrictions	53,495,398	(887,675)	52,607,723
Net assets with donor restrictions, 12/31/19	516,979,632	(7,304,137)	509,675,495

**Supplemental Information**

Presbyterian Church (U.S.A.), A Corporation  
 Consolidating Statement of Financial Position  
 December 31, 2020

	General Mission	Presbyterian Center Louisville/property and equipment	Hubbard Plaza	Freshman	Presbyterian Disaster Assistance	Self Development of People	Presbyterian Harbor Program	Strom Point	Specific property	Self-insurance	Student loans	Church loans	OGIA Per Capita	OGA Historical Society	Reclassi- fication	Total
<b>Assets</b>																
Cash and cash equivalents	\$ 5,264,084	\$ -	\$ 5,458	\$ -	\$ -	\$ -	\$ -	\$ 639,730	\$ -	\$ -	\$ -	\$ -	\$ 734,996	\$ 189,115	\$ -	\$ 6,833,383
Beneficial interest in pooled investments held by the Foundation - short-term	51,858,716	3,543,212	-	103,824	-	-	-	-	1,025,271	8,714,767	1,864,224	7,540,289	6,436,930	3,942,323	-	85,029,556
Other investments and accrued income	44,883,554	-	1,539,646	301,126	11,851,137	1,992,477	872,713	-	-	-	-	4,070,407	636,186	52,938	-	66,220,184
Contributions receivable from congregations	2,619,519	-	-	-	-	-	-	-	-	-	-	-	(5,635)	-	-	2,613,884
Receivables from related entities, net	397,713	793,710	98,270	-	32	300	-	-	-	-	703,195	-	1,638,617	140,266	(793,710)	2,978,393
Due from other funds	1,450,536	190,450	546,017	274,142	805,350	1,162	167,221	(43,430)	(267,792)	(349,179)	1,159,604	-	(2,408,218)	(1,526,063)	-	-
Other accounts receivable	682,002	-	-	-	-	-	-	-	-	-	-	-	-	18,340	-	709,342
Inventories, prepaid expenses and other assets	408,977	-	251,074	-	654	-	-	97,131	-	-	-	-	-	-	-	897,093
Property and equipment, net of accumulated depreciation	-	7,154,724	198,188	-	-	-	-	2,885,608	-	-	-	-	-	247,194	865,696	11,351,410
Beneficial interest in pooled investments held by the Foundation - long-term	348,250,394	-	-	36,689,620	-	-	-	-	-	-	4,097,717	-	-	575,689	-	389,013,420
Other investments held by Foundation	6,904,212	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,904,212
Beneficial interest in perpetual trusts	120,975,266	-	-	-	-	-	-	-	-	-	-	-	-	-	-	120,975,266
<b>Total assets</b>	<b>\$ 583,694,973</b>	<b>\$ 11,682,096</b>	<b>\$ 2,638,653</b>	<b>\$ 36,768,712</b>	<b>\$ 12,657,373</b>	<b>\$ 1,993,939</b>	<b>\$ 1,039,934</b>	<b>\$ 3,622,469</b>	<b>\$ 981,841</b>	<b>\$ 8,446,975</b>	<b>\$ 6,315,957</b>	<b>\$ 12,770,300</b>	<b>\$ 7,329,327</b>	<b>\$ 4,258,304</b>	<b>\$ (793,710)</b>	<b>\$ 693,427,143</b>
<b>Liabilities and net assets</b>																
<b>Liabilities</b>																
Accounts payable and accrued expenses	\$ 6,776,204	\$ -	\$ 12,684	\$ -	\$ 165	\$ -	\$ -	\$ 793,710	\$ -	\$ -	\$ -	\$ -	\$ 2,328	\$ -	\$ (793,710)	\$ 6,791,481
Amounts received from congregations and designated for others	370,032	-	-	-	-	-	-	-	-	-	-	-	-	-	-	370,032
Amounts held for missionaries and committed for projects	7,197,857	-	-	77,308	-	177,693	-	34,454	-	-	-	-	-	-	-	7,487,314
Amount due to other agencies	9,085,007	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,085,007
Due to the Foundation church loans	27,326	-	-	-	-	-	-	-	-	-	-	-	255,223	-	-	282,549
Refundable advance - paycheck protection program	8,850,500	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,850,500
Deferred revenue	157,496	-	-	-	-	-	-	-	-	-	-	-	149,080	-	-	306,576
Other	15,180	-	(1,437)	-	-	-	-	-	-	-	-	-	2,648	-	-	16,391
<b>Total liabilities</b>	<b>32,479,702</b>	<b>-</b>	<b>11,247</b>	<b>77,308</b>	<b>165</b>	<b>177,693</b>	<b>-</b>	<b>828,164</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>154,056</b>	<b>255,223</b>	<b>(793,710)</b>	<b>33,189,850</b>
<b>Net assets</b>																
Without donor restrictions																
Undesignated	19,207,222	-	-	-	-	-	-	-	-	-	-	-	6,928,077	-	-	26,235,299
Designated	14,034,443	11,682,096	2,647,406	-	19,025	-	-	2,705,208	981,841	8,446,975	-	12,770,300	213,532	362,914	-	53,863,745
<b>Total net assets without donor restrictions</b>	<b>33,241,665</b>	<b>11,682,096</b>	<b>2,647,406</b>	<b>-</b>	<b>19,025</b>	<b>-</b>	<b>-</b>	<b>2,705,208</b>	<b>981,841</b>	<b>8,446,975</b>	<b>-</b>	<b>12,770,300</b>	<b>7,141,615</b>	<b>362,914</b>	<b>-</b>	<b>80,099,045</b>
With donor restrictions	517,873,606	-	-	36,691,204	12,638,183	1,816,244	1,039,934	89,097	-	-	6,315,957	-	33,656	3,600,167	-	380,138,218
<b>Total net assets</b>	<b>551,215,271</b>	<b>11,682,096</b>	<b>2,647,406</b>	<b>36,691,204</b>	<b>12,657,208</b>	<b>1,816,244</b>	<b>1,039,934</b>	<b>2,794,305</b>	<b>981,841</b>	<b>8,446,975</b>	<b>6,315,957</b>	<b>12,770,300</b>	<b>7,175,271</b>	<b>4,003,081</b>	<b>-</b>	<b>660,237,293</b>
<b>Total liabilities and net assets</b>	<b>\$ 583,694,973</b>	<b>\$ 11,682,096</b>	<b>\$ 2,638,653</b>	<b>\$ 36,768,712</b>	<b>\$ 12,657,373</b>	<b>\$ 1,993,939</b>	<b>\$ 1,039,934</b>	<b>\$ 3,622,469</b>	<b>\$ 981,841</b>	<b>\$ 8,446,975</b>	<b>\$ 6,315,957</b>	<b>\$ 12,770,300</b>	<b>\$ 7,329,327</b>	<b>\$ 4,258,304</b>	<b>\$ (793,710)</b>	<b>\$ 693,427,143</b>

See independent auditor's report.

Presbyterian Church (U.S.A.) Corporation  
 Consolidating Statement of Activities and Changes in Net Assets  
 Year Ended December 31, 2020

	General Mission	Presbyterian Center Louisville property and equipment	Hubbard Pres.	Youth Ministries	Justicia	Presbyterian Disaster Assistance	Self-Development of People	Presbyterian Health Program	Share Fund	Specific property	Self-Insurance	Student Loans	Church Loans	OGA Per Carita	OGA Historical Society	Retirees' claimation	Total
<b>Revenues, gains, and other support</b>																	
Contributions																	
Congregations	\$ 7,053,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,110,968	\$ -	\$ -	\$ 19,164,139
Gifts, bequests and grants	7,111,682	-	-	-	40,680	-	-	-	74,716	-	-	-	-	136,790	219,346	(50,000)	7,533,214
Special giving and special offering	11,885,592	-	-	-	-	4,731,421	827,535	1,585,106	-	-	-	-	-	-	-	-	19,029,654
Total contributions	26,050,445	-	-	-	40,680	4,731,421	827,535	1,585,106	74,716	-	-	-	-	12,247,758	219,346	(50,000)	45,727,007
Investment return and other support																	
Income from endowments held by Foundation	6,465,888	19,284	-	-	582,591	-	-	-	2,610	14,564	111,299	37,050	78,510	97,654	239,379	-	7,648,849
Income on investments	2,615,703	-	33,665	-	5,847	297,499	27,482	19,550	-	-	-	-	79,398	9,919	686	-	3,049,749
Realized net gain (loss)	5,264,772	-	17,312	-	587,963	143,350	21,813	12,904	-	-	-	36,744	82,939	80,998	32,163	-	6,289,954
Unrealized net gain (loss)	73,686,899	162,014	2,921	-	2,666,317	47,464	3,108	(899)	-	71,171	935,106	402,219	455,003	390,570	229,967	-	79,032,880
Changes in value of beneficial interest	999,472	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	999,472
Total investment return	89,032,664	181,298	53,898	-	3,842,718	488,333	52,403	31,555	2,630	85,735	1,046,405	476,013	705,850	588,137	493,195	-	97,080,834
Interest income from loans	-	-	-	-	-	-	-	-	-	-	-	25,379	-	-	-	-	25,379
Hubbard Pres.	-	-	1,005,242	-	-	-	-	-	-	-	-	-	-	-	-	-	1,005,242
Sales of resources	874,190	-	-	-	-	1,058	-	2,610	3,781	-	-	-	-	133,010	15,116	-	1,029,765
Program services	5,837,322	12,300	-	(57)	-	-	-	-	424,041	-	-	-	-	29,137	30,793	(591,372)	5,742,164
Other	2,099,321	957,070	17,418	172,719	698,499	(625,137)	52,531	(151,685)	2,624,850	44,299	(32,151)	(792,895)	(2,575,518)	397,850	(60,210)	(3,054,816)	(227,935)
Total revenues, gains and other support	123,893,942	1,150,668	1,076,558	172,662	4,581,837	4,395,675	932,469	1,467,586	3,130,018	129,994	1,014,234	(291,503)	(1,869,668)	1,395,892	698,281	(3,696,188)	150,342,436
<b>Expenses</b>																	
Cost of sales	308,761	-	121,909	-	-	15,141	(4)	5,825	-	-	-	-	-	(391)	-	-	451,232
Salaries and benefits	70,279,595	-	731,097	164,238	175,388	1,288,717	436,190	647,189	1,867,608	-	-	-	-	6,257,002	530,050	-	42,385,265
Travel	399,963	-	2,293	3,255	10,982	44,084	21,128	7,906	12,084	-	-	-	-	215,093	193	-	677,586
Meetings	167,353	-	-	-	-	1,985	22,557	2,686	336	-	-	-	-	172,812	164	-	367,897
Support costs and administrative	9,742,115	-	233,957	2,017	4,520	60,704	15,383	13,086	703,566	-	36,503	9,213	-	374,377	141,432	-	11,336,873
Depreciation	-	545,806	88,477	-	-	-	-	-	166,319	-	-	-	-	188,961	106,784	-	1,095,947
Mission ministry	2,420,256	-	-	3,152	1,375,365	437,197	76,744	9,109	92,916	-	-	-	-	3,405,516	26,085	(3,496,188)	4,150,152
Revenue development	131,804	-	-	-	-	107,463	259	-	5,822	-	-	-	-	-	-	-	245,368
Grants	8,449,721	-	-	-	-	8,469,430	712,070	914,201	22,102	-	-	-	-	1,140	150	-	16,558,816
Total expenses	51,859,590	545,806	1,177,724	172,662	1,566,714	8,424,725	1,294,068	1,595,815	2,864,931	-	36,503	9,213	-	10,615,110	812,892	(3,696,188)	77,259,136
Change in net assets	72,034,352	605,262	(101,166)	-	3,015,143	(3,829,051)	(351,599)	(128,229)	265,087	129,994	977,731	(300,716)	(1,869,668)	2,780,782	(114,622)	-	73,113,320
Beginning net assets	479,180,919	11,076,834	2,748,572	-	33,676,261	16,486,239	2,167,843	1,168,163	3,529,218	851,847	7,859,224	6,616,673	14,639,964	4,394,489	4,117,703	-	587,123,973
Net (deficit) surplus	72,034,352	605,262	(101,166)	-	3,015,143	(3,829,051)	(351,599)	(128,229)	265,087	129,994	977,731	(300,716)	(1,869,668)	2,780,782	(114,622)	-	73,113,320
Ending net assets	\$ 551,215,271	\$ 11,682,096	\$ 2,647,406	\$ -	\$ 36,691,404	\$ 12,657,288	\$ 1,816,244	\$ 1,039,914	\$ 2,794,305	\$ 981,841	\$ 8,446,975	\$ 6,315,957	\$ 12,770,300	\$ 7,175,271	\$ 4,003,081	\$ -	\$ 660,237,293

See independent auditor's report.