

Presbyterian Church (U.S.A.), A Corporation
Consolidated Financial Statements
Years Ended December 31, 2019 and 2018

Presbyterian Church (U.S.A.), A Corporation
Table of Contents
Years Ended December 31, 2019 and 2018

	<u>Page</u>
Independent Auditor's Report	1 - 2
Consolidated Financial Statements	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities and Changes in Net Assets	4 - 5
Consolidated Statements of Cash Flows.....	6
Notes to Consolidated Financial Statements.....	7 - 31
Supplemental Information	
Consolidating Statement of Financial Position.....	32
Consolidating Statement of Activities and Changes in Net Assets.....	33



Independent Auditor's Report

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

Report on the 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, 2019 and 2018, 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 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, 2019 and 2018, 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 Matter

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, 2019, 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 CPAs & Advisors LLP

Cincinnati, Ohio
April 21, 2020

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statements of Financial Position
December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents	\$ 2,056,863	\$ 4,036,115
Beneficial interest in pooled investments held by the Foundation - short-term	77,726,046	67,185,411
Other investments and accrued income	72,586,658	66,931,964
Contributions receivable from congregations	2,704,389	3,196,253
Receivables from related entities, net	3,772,249	3,944,975
Due from the Foundation - FMS	195,330	820,971
Other accounts receivable	658,943	1,237,539
Inventories, prepaid expenses and other assets	990,171	1,364,119
Property and equipment, net of accumulated depreciation	10,918,125	10,477,332
Property available for sale	-	387,471
Beneficial interest in pooled investments held by the Foundation - long-term	362,819,861	317,823,116
Other investments held by the Foundation	6,471,336	4,962,842
Beneficial interest in perpetual trusts	78,765,754	70,358,291
	<u>\$ 619,665,725</u>	<u>\$ 552,726,399</u>
Liabilities and net assets		
Liabilities		
Accounts payable and accrued expenses	\$ 7,494,043	\$ 6,855,616
Amounts received from congregations and designated for others	434,896	570,004
Amounts held for missionaries and committed for projects	7,633,097	7,095,563
Amount due to other agencies	8,986,582	7,952,109
Due to the Foundation - church loans	284,269	312,108
Deferred revenue	392,849	456,535
Other	11,879	406,781
	<u>25,237,615</u>	<u>23,648,716</u>
Net assets		
Without donor restrictions		
Undesignated - General Mission	17,310,756	11,197,591
Undesignated - OGA per capita	4,045,171	4,608,225
Board designated	56,092,551	52,918,353
	<u>77,448,478</u>	<u>68,724,169</u>
With donor restrictions		
	<u>516,979,632</u>	<u>460,353,514</u>
	<u>594,428,110</u>	<u>529,077,683</u>
	<u>\$ 619,665,725</u>	<u>\$ 552,726,399</u>

See accompanying notes.

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statements of Activities and Changes in Net Assets
Year Ended December 31, 2019 with Comparative Totals for the Year Ended December 31, 2018

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
Revenues, gains and other support				
Contributions				
Congregations	\$ 17,389,948	\$ 3,324,468	\$ 20,714,416	\$ 19,999,968
Gifts, bequests and grants	4,457,850	3,869,772	8,327,622	5,179,688
Special giving and special offering	-	24,025,427	24,025,427	25,459,633
Total contributions	21,847,798	31,219,667	53,067,465	50,639,289
Investment return				
Income from endowment funds held by the Foundation	4,014,868	5,474,972	9,489,840	7,082,993
Income from other investments	3,118,305	605,385	3,723,690	3,953,602
Realized gains on investments, net	2,729,360	681,213	3,410,573	9,162,909
Unrealized gain (loss) on investments, net	6,203,359	53,495,398	59,698,757	(40,465,213)
Change in value of beneficial interest in life income trusts	-	391,406	391,406	(317,238)
Total investment return	16,065,892	60,648,374	76,714,266	(20,582,947)
Interest income from loans	-	27,576	27,576	37,932
The Hubbard Press	1,198,323	-	1,198,323	1,248,976
Sales of resources	1,333,949	6,174	1,340,123	1,710,680
Program services	8,850,413	745,806	9,596,219	8,105,245
Other	3,164,397	(254,224)	2,910,173	937,654
Total other income	52,460,772	92,393,373	144,854,145	42,096,829
Net assets released from restrictions	35,767,255	(35,767,255)	-	-
Total revenue, gains and other support	88,228,027	56,626,118	144,854,145	42,096,829
Expenses				
Executive Director's Office	650,395	-	650,395	1,536,965
Communications Ministry	2,574,888	-	2,574,888	971,327
Mission Engagement and Support	574,997	-	574,997	16,677
Theology, Formation and Evangelism	10,963,897	-	10,963,897	7,588,316
Compassion, Peace and Justice	16,403,301	-	16,403,301	16,157,868
World Mission	18,509,527	-	18,509,527	19,928,872
Racial Equity and Women's Intercultural Ministries	6,221,247	-	6,221,247	6,462,986
Administrative Services Group	3,141,573	-	3,141,573	3,138,182
Office of the General Assembly	13,793,449	-	13,793,449	14,918,927
Presbyterian Historical Society	733,671	-	733,671	771,973
Santa Fe - Plaza Resolana (Ghost Ranch)	30,980	-	30,980	(98,305)
Conference center - Stony Point	2,793,030	-	2,793,030	2,924,377
Church and student loans	-	-	-	1,809
The Hubbard Press	956,042	-	956,042	927,703
Shared expenses	150,792	-	150,792	29,500
Depreciation	1,110,387	-	1,110,387	1,390,550
Other	895,542	-	895,542	974,907
Total expenses	79,503,718	-	79,503,718	77,642,634
Change in net assets	8,724,309	56,626,118	65,350,427	(35,545,805)
Net assets at beginning of year	68,724,169	460,353,514	529,077,683	564,623,488
Net assets at end of year	\$ 77,448,478	\$ 516,979,632	\$ 594,428,110	\$ 529,077,683

See accompanying notes.

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statements of Activities and Changes in Net Assets (Continued)
Year Ended December 31, 2018

	2018		
	Without donor restrictions	With donor restrictions	Total
Revenues, gains and other support			
Contributions			
Congregations	\$ 16,551,554	\$ 3,448,414	\$ 19,999,968
Gifts, bequests and grants	1,256,966	3,922,722	5,179,688
Special giving and special offering	-	25,459,633	25,459,633
Total contributions	17,808,520	32,830,769	50,639,289
Investment return			
Income from endowment funds held by the Foundation	2,985,672	4,097,321	7,082,993
Income from other investments	3,464,252	489,350	3,953,602
Realized gains on investments, net	3,296,211	5,866,698	9,162,909
Unrealized gain (loss) on investments, net	(2,115,293)	(38,349,920)	(40,465,213)
Change in value of beneficial interest in life income trusts	-	(317,238)	(317,238)
Total investment return	7,630,842	(28,213,789)	(20,582,947)
Interest income from loans	10,230	27,702	37,932
The Hubbard Press	1,248,976	-	1,248,976
Sales of resources	1,707,488	3,192	1,710,680
Program services	5,435,532	2,669,713	8,105,245
Other	1,154,382	(216,728)	937,654
Total other income	34,995,970	7,100,859	42,096,829
Net assets released from restrictions	38,813,526	(38,813,526)	-
Total revenue, gains and other support	73,809,496	(31,712,667)	42,096,829
Expenses			
Executive Director's Office	1,536,965	-	1,536,965
Communications Ministry	971,327	-	971,327
Mission Engagement and Support	16,677	-	16,677
Theology, Formation and Evangelism	7,588,316	-	7,588,316
Compassion, Peace and Justice	16,157,868	-	16,157,868
World Mission	19,928,872	-	19,928,872
Racial Equity and Women's Intercultural Ministries	6,462,986	-	6,462,986
Administrative Services Group	3,138,182	-	3,138,182
Office of the General Assembly	14,918,927	-	14,918,927
Presbyterian Historical Society	771,973	-	771,973
Santa Fe - Plaza Resolana (Ghost Ranch)	(98,305)	-	(98,305)
Conference center - Stony Point	2,924,377	-	2,924,377
Church and student loans	1,809	-	1,809
The Hubbard Press	927,703	-	927,703
Shared expenses	29,500	-	29,500
Depreciation	1,390,550	-	1,390,550
Other	974,907	-	974,907
Total expenses	77,642,634	-	77,642,634
Change in net assets	(3,833,138)	(31,712,667)	(35,545,805)
Net assets at beginning of year	72,557,307	492,066,181	564,623,488
Net assets at end of year	\$ 68,724,169	\$ 460,353,514	\$ 529,077,683

See accompanying notes.

Presbyterian Church (U.S.A.), A Corporation
Consolidated Statements of Cash Flows
Years Ended December 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 65,350,427	\$(35,545,805)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	1,110,387	1,390,550
Contributions and revolving loan fund investment earnings restricted for long-term investment	(936,081)	(31,266)
Realized and unrealized (gain) loss on investments, net	(63,109,330)	31,302,304
Change in beneficial interests in life income funds	(391,406)	317,238
(Gain) loss on disposal of property and equipment	(2,831,149)	29,323
Changes in operating assets and liabilities:		
Receivables from congregations	491,864	327,202
Due to/from Foundation	597,802	3,100,927
Other accounts receivable	578,596	(639,575)
Inventories, prepaid expenses and other assets	373,948	(342,377)
Accounts payable and accrued expenses	638,427	308,752
Amounts received from congregations and other liabilities	7,524	101,643
Amounts due to other agencies	1,034,473	2,398,500
Deferred revenue	(63,686)	90,274
Net cash provided by operating activities	<u>2,851,796</u>	<u>2,807,690</u>
Cash flows from investing activities		
Purchases of investments	(70,576,305)	(77,846,950)
Sales of investments	62,861,672	62,657,276
Payments received on church loans	-	473,965
Net repayments of receivables from related entities, mortgages and loans	172,726	476,231
Acquisition of property and equipment, net	(1,552,785)	(1,410,889)
Proceeds from sale of property	3,220,225	-
Maturities of beneficial interests in life income funds	<u>107,338</u>	<u>719,049</u>
Net cash used in investing activities	<u>(5,767,129)</u>	<u>(14,931,318)</u>
Cash flows from financing activities		
Contributions and revolving loan fund investment earnings restricted for long-term investment	<u>936,081</u>	<u>31,266</u>
Cash provided by financing activities	<u>936,081</u>	<u>31,266</u>
Decrease in cash and cash equivalents	(1,979,252)	(12,092,362)
Cash and cash equivalents at beginning of year	<u>4,036,115</u>	<u>16,128,477</u>
Cash and cash equivalents at end of year	<u>\$ 2,056,863</u>	<u>\$ 4,036,115</u>
Supplemental disclosure of cash flow information		
Donated stock	\$ 102,805	\$ 104,907

See accompanying notes.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements
Years Ended December 31, 2019 and 2018

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 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. 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.); 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.

Effective January 1, 2019, PCUSA adopted Accounting Standards Update 2014-09, *Revenue from Contracts with Customers (Topic 606)* ("Topic 606"). The standard was adopted using the modified retrospective method. Topic 606 creates a single framework for recognizing revenue from contracts with customers that fall within its scope and supersedes nearly all existing GAAP for revenue recognition guidance. The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. PCUSA noted no financial impact on the consolidated financial statements as a result of the amended guidance.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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

1. Basis of Presentation (Continued): PCUSA generates the majority of its revenue from contributions and investment income which are outside the scope of Topic 606. 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. The payment for conference center services can be at the time of reservation as a deposit, at check out, or upon payment of invoices.

Effective January 1, 2019, PCUSA adopted ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in 1) evaluating whether transactions should be accounted for as contributions (non-reciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and 2) determining whether a contribution is conditional. This standard was adopted as it relates to contributions received for the calendar year ending December 31, 2019 and will apply to contributions made for the year ending December 31, 2020.

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 Board. If the reserve falls below the minimum reserve requirement, further action could be taken by the 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 COGA, or the Presbyterian Mission Agency 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 consist primarily of endowment funds, revolving loan funds, life income plans, and outside trusts.
2. 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.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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

3. 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.

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, 2019 and 2018. 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.

4. Contributions from Congregations: Contributions from congregations include amounts in-transit at year-end.
5. 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.
6. 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.
7. Inventories: Inventories represent books, periodicals, and curriculum produced by PCUSA, A Corporation for distribution. These items are stated at average cost.
8. 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, 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.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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

8. Property and Equipment (Continued): 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, 2019 and 2018.
9. Property Available for Sale: At December 31, 2018, property in Santa Fe, New Mexico was classified as available for sale. This property was sold during the year ended December 31, 2019. There was no property available for sale as of December 31, 2019.
10. Deferred Revenue: PCUSA, A Corporation holds special events each year. Monies received to support future special events are recorded as deferred revenue.
11. 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.
12. 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.
13. 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, 2019 and 2018, 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, 2019 and 2018. PCUSA, A Corporation is no longer subject to examination by taxing authorities for the years before December 31, 2015.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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

14. New Accounting Pronouncements: In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the income statement. This standard will be effective for the calendar year ending December 31, 2021.

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 ASU 2016-02 and ASU 2016-13 and their related impact on PCUSA's consolidated financial statements.

15. Subsequent Events: Management has performed an analysis of the activities and transactions subsequent to December 31, 2019 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended December 31, 2019. 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. See Note 20.
16. Reclassifications: Certain reclassifications have been made to the 2018 consolidated financial statements to conform to the 2010 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, 2019 and 2018

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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 2,056,863	\$ 4,036,115
Beneficial interest in pooled investments held by the Foundation - short-term	77,726,046	67,185,411
Other investments and accrued income	72,586,658	66,931,964
Contributions receivable from congregations	2,704,389	3,196,253
Receivables from related entities, net	3,772,249	3,944,975
Due from Foundation	195,330	820,971
Other accounts receivable	658,943	1,237,539
Beneficial interest in pooled investments held by the Foundation - long-term	362,819,861	317,823,116
Other investment held by the Foundation	6,471,336	4,962,842
Beneficial interest in perpetual trusts	<u>78,765,754</u>	<u>70,358,291</u>
 Total financial assets	 607,757,429	 540,497,477
 Less amounts not available to be used within one year		
Restricted by donors for use in future periods	216,434,462	168,174,086
Less net assets with purpose restrictions to be met in less than one year	(60,070,405)	(58,597,216)
Restricted by donors in perpetuity - endowments	222,804,850	224,393,286
Restricted by donors in perpetuity - outside trusts	74,993,756	66,977,699
Restricted by donors in perpetuity - other	2,746,564	808,443
Amounts unavailable to management without board's approval board designated funds	<u>56,092,551</u>	<u>52,918,353</u>
 Financial assets available to meet general expenditures within one year	 <u>\$ 94,755,651</u>	 <u>\$ 85,822,826</u>

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, 2019 and 2018

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, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Beneficial interest in pooled investments		
Held by the Foundation		
Short-term	\$ 77,726,046	\$ 67,185,411
Long-term	<u>362,819,861</u>	<u>317,823,116</u>
Total beneficial interest in pooled investments held by the Foundation	440,545,907	385,008,527
Other investments held by the Foundation		
Shares in new covenant mutual fund	6,471,336	4,962,842
Other investments		
Cash equivalents	4,590,313	1,604,227
U.S. treasury securities	18,213,682	17,769,005
U.S. agency securities	5,813,009	3,041,646
Corporate debt securities	25,303,322	28,608,851
Mortgage-backed securities	3,625,384	2,653,474
Equity securities	5,369,422	5,195,487
Presbyterian investment and loan program denominational account receipts	<u>9,671,526</u>	<u>8,059,274</u>
Total other investments	<u>72,586,658</u>	<u>66,931,964</u>
Total investments	<u>\$519,603,901</u>	<u>\$456,903,333</u>

The Foundation's investment portfolio as of December 31, 2019 and 2018 comprised the following types of investments:

	<u>2019</u>	<u>2018</u>
Preferred and common stock	58%	54%
Fixed income	16%	19%
Hedge funds	0%	2%
Real estate	10%	9%
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, 2019 and 2018

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 fair value adjustments of \$8,016,056 and (\$7,551,000) during the years ended December 31, 2019 and 2018, 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 4.4% (based on the December 31, 2018 market value) and 4.1% (based on the December 31, 2017 market value) in 2019 and 2018, 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 external advisors and 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, 2019 and 2018

Note 6 - Endowment Composition (Continued)

Investment Policies (Continued)

The Trustees' role is one of setting and reviewing policy and retaining, monitoring, and evaluating advisors and 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 real total annualized return of at least 5%. 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>2019</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	\$ 224,919,850
Accumulated investment gains	<u>166,002,992</u>
Total endowment net assets	390,922,842
Net assets other than endowment	<u>126,056,790</u>
Total net assets	<u>\$ 516,979,632</u>
 <u>2018</u>	
Donor-restricted endowment funds	
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 224,393,286
Accumulated investment gains	<u>137,809,638</u>
Total endowment net assets	362,202,924
Net assets other than endowment	<u>98,150,590</u>
Total net assets	<u>\$ 460,353,514</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 6 - Endowment Composition (Continued)

Changes in endowment net assets for the years ended December 31, 2019 and 2018:

	<u>With donor restrictions</u>
Beginning balance, January 1, 2019	\$ 362,202,924
Investment return	25,001,187
Contributions	7,112,283
Appropriation of endowment	<u>(3,393,552)</u>
Ending balance, December 31, 2019	<u>\$ 390,922,842</u>
Beginning balance, January 1, 2018	\$ 386,875,704
Investment return	(31,246,053)
Contributions	11,777,479
Appropriation of endowment	<u>(5,204,206)</u>
Ending balance, December 31, 2018	<u>\$ 362,202,924</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.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 6 - Endowment Composition (Continued)

- 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.
- 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, 2019 and 2018, fund with deficiencies of \$12,296,725 and \$7,960,521, respectively, were reported in net assets with donor restrictions.

	<u>2019</u>	<u>2018</u>
Fair value of underwater endowment funds	\$ 46,434,867	\$ 48,692,475
Original endowment gift amount	<u>58,731,592</u>	<u>56,652,996</u>
Deficiencies of underwater endowment funds	<u>\$ (12,296,725)</u>	<u>\$ (7,960,521)</u>

Note 7 - Mortgages and Loans on Churches and Manses

During the year ended December 31, 2018, mortgages and loan on churches and manses in the amount of \$473,730 were transferred to ILP working directly with the Foundation on the administration of Church Loan Program.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 8 - Receivables from Related Entities

A summary of the activity relating to receivables from related entities, which includes unsecured student loans of approximately \$626,000 and \$663,000, during the years ended December 31, 2019 and 2018, is as follows:

	<u>2019</u>	<u>2018</u>
Receivables at January 1	\$ 3,944,975	\$ 5,012,015
Assessments and other	24,947,315	24,419,139
Collections of assessments and other	(23,768,579)	(24,044,131)
New loans	443,023	205,840
Loan repayments	(190,624)	(104,910)
Charge-offs	<u>(1,218,594)</u>	<u>(1,162,391)</u>
Receivables at December 31	4,157,516	4,325,562
Less allowance for loan loss	<u>(385,267)</u>	<u>(380,587)</u>
Net receivables at December 31	<u>\$ 3,772,249</u>	<u>\$ 3,944,975</u>

Note 9 - 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, 2019 and 2018 were \$11,685 and \$12,073, respectively, and the related allocated allowances for loan losses at December 31, 2019 and 2018 were \$11,101 and \$11,469, respectively, resulting in no additional provision for loans in December 31, 2019 and 2018. There was no interest received by PCUSA, A Corporation, on the impaired loans during 2019. The total average impaired loan balances was \$11,879 and \$14,099 at December 31, 2019 and 2018, respectively.

Note 10 - Property and Equipment

The components of property and equipment, net at December 31, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Land	\$ 2,407,347	\$ 2,407,347
Buildings and building improvements	38,475,255	37,672,305
Equipment	14,076,323	13,806,350
Furniture and fixtures	701,012	481,294
Less accumulated depreciation	<u>(44,741,812)</u>	<u>(43,889,964)</u>
Totals	<u>\$ 10,918,125</u>	<u>\$ 10,477,332</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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 \$9,005,604,000 and \$7,959,463,000 at December 31, 2019 and 2018, respectively. The defined benefit pension plan's total Accumulated Plan Benefit Obligations, as reported by the Board of Pensions, were \$7,264,779,000 and \$6,337,308,000 at December 31, 2019 and 2018, 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.

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, regular 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 \$90,768 for 2019 and \$76,041 for 2018; and 403b contributions were \$549,407 for 2019 and \$529,361 for 2018, respectively.

PCUSA, A Corporation's expenses for the plans for the years ended December 31, 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Administered by board of pensions		
Pension plan	\$ 2,809,001	\$ 2,692,396
Death and disability plan	271,881	258,774
Major medical plan	<u>5,733,920</u>	<u>5,561,253</u>
	8,814,802	8,512,423
Administered by others		
Retirement savings plan - lay equalization	90,768	76,041
Retirement savings plan - ER 403(b) contribution	<u>549,407</u>	<u>529,361</u>
	<u>640,175</u>	<u>605,402</u>
	<u>\$ 9,454,977</u>	<u>\$ 9,117,825</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 12 - Concentration of Risks

Revenue Risk

PCUSA, A Corporation's primary source 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Alaska-Northwest	\$ 605,781	\$ 592,505
Covenant	2,199,282	2,103,250
Lakes and Prairies	2,085,333	2,090,176
Lincoln Trails	1,304,818	1,437,270
Living Waters	1,118,846	1,300,352
Mid-America	886,253	783,106
Mid-Atlantic	3,202,794	3,837,813
Northeast	2,215,815	2,659,584
Pacific	1,663,048	1,749,713
Puerto Rico	22,287	21,994
South Atlantic	2,671,935	2,741,890
Southern California/Hawaii	937,269	890,029
Southwest	461,310	428,652
The Rocky Mountains	529,570	570,562
The Sun	1,888,820	2,041,596
Trinity	<u>2,431,797</u>	<u>2,918,944</u>
	24,224,958	26,167,436
Individuals and other church-related	<u>9,562,474</u>	<u>10,792,714</u>
	<u>\$33,787,432</u>	<u>\$36,960,150</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.

Note 13 - Fair Value

United States generally accepted accounting principles (GAAP) define and establish a framework for measuring fair value and expand disclosures about fair value measurements. 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.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 13 - Fair Value (Continued)

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.

At December 31, 2019 and 2018, the underlying investments of the unitized pool consist of the following asset classes:

	<u>2019</u>	<u>2018</u>
Stock	58%	54%
Fixed income	16%	19%
Hedge funds	0%	2%
Real estate	10%	9%
Private equity	16%	16%
	<u>100%</u>	<u>100%</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 13 - Fair Value (Continued)

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).

Assets and Liabilities Measured on a Recurring Basis

2019	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
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	-
Total investments	519,603,901	29,275,331	490,328,570	-
Beneficial interest in perpetual trusts	78,765,754	-	-	78,765,754
	<u>\$ 598,369,655</u>	<u>\$ 29,275,331</u>	<u>\$ 490,328,570</u>	<u>\$ 78,765,754</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 13 - Fair Value (Continued)

2018	Total	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets				
Beneficial interest in pooled investments held by the Foundation	\$ 385,008,527	\$ -	\$ 385,008,527	\$ -
Other investments held by the Foundation				
Shares in new covenant mutual fund	4,962,842	4,962,842	-	-
Other investments				
Cash equivalents	1,604,227	1,604,227	-	-
U.S. treasury securities	17,769,005	17,769,005	-	-
U.S. agency securities	3,041,646	-	3,041,646	-
Corporate debt securities	28,608,851	-	28,608,851	-
Mortgage-backed securities	2,653,474	-	2,653,474	-
Equity securities	5,195,487	-	5,195,487	-
PILP Securities	8,059,274	-	8,059,274	-
Total investments	456,903,333	24,336,074	432,567,259	-
Beneficial interest in perpetual trusts	70,358,291	-	-	70,358,291
	<u>\$ 527,261,624</u>	<u>\$ 24,336,074</u>	<u>\$ 432,567,259</u>	<u>\$ 70,358,291</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, 2019 and 2018:

	Beneficial interest in perpetual trusts
Balance, January 1, 2018	\$ 78,226,530
Total realized and unrealized gains and losses	(7,551,000)
Settlements	<u>(317,239)</u>
Balance, December 31, 2018	70,358,291
Total realized and unrealized gains and losses	8,016,057
Additions (settlements)	<u>391,406</u>
Balance, December 31, 2019	<u>\$ 78,765,754</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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 amount 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 have been allocated among program and supporting services benefited.

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	772,183	338,204	-	-	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	14,923,677	-	-	5,000	14,928,677
Total	\$ 57,611,845	\$ 8,680,916	\$ 8,087,074	\$ 5,123,884	\$ 79,503,718
	73%	11%	10%	6%	100%

Expenses by functional classification for the year ended December 31, 2018 consist of the following:

	Program				Total
	Presbyterian Mission Agency	Office of the General Assembly	Management and General	Fundraising	
Cost of sales	\$ 742,208	\$ 7,143	\$ -	\$ 3,459	\$ 752,810
Salaries and benefits	26,642,822	2,839,862	5,116,052	3,037,457	37,636,193
Travel	1,326,440	416,969	1,453,099	267,993	3,464,501
Meetings	559,340	55,952	659,395	3,947	1,278,634
Support costs and administration	4,789,639	1,452,815	489,938	963,995	7,696,387
Depreciation	1,213,562	176,987	-	-	1,390,549
Mission/ministry	4,350,426	3,610,195	1,679,703	610,571	10,250,895
Resource development	336,184	-	-	-	336,184
Grants	14,830,698	-	783	5,000	14,836,481
Total	\$ 54,791,319	\$ 8,559,923	\$ 9,398,970	\$ 4,892,422	\$ 77,642,634
	71%	11%	12%	6%	100%

The amount of fundraising expenses as a percentage of funds raised was 16% and 12% for the years ended December 31, 2019 and 2018, respectively.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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 \$7,469,224 and \$6,241,149 at December 31, 2019 and 2018, 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.

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 \$326.2 million and \$285.6 million and investments held by the Foundation totaled \$84.5 million and \$73.1 million on behalf of the General Assembly at December 31, 2019 and December 31, 2018 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.

Board of National Missions

There are certain church loan funds whereby the fiduciary ownership belongs to the Board of National Missions, a constituent corporation of the Foundation. Until October 1, 2018 PCUSA, A Corporation acted as the disbursing agent for those funds under a limited power of attorney from the Foundation, and ILP administered the Church Loan Program under an operating agreement with PCUSA, A Corporation. Accordingly, these funds were not reflected in the consolidated financial statements but were administered by PCUSA, A Corporation until October 1, 2018 when the administration of church loans was transferred back to the Foundation, which in turn authorized ILP to be the disbursing agent under a limited power of attorney. On the same date, PCUSA, A Corporation transferred the operation of the Church Loan Program to ILP.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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 \$1,404,699 and \$1,275,663 from congregations for the years ended December 31, 2019 and 2018, of which \$354,564 and \$406,704 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, 2019 and 2018, administrative support charged to PILP was \$230,996 and \$178,148, respectively. Office space charged to ILP was \$66,969 and \$65,350 for 2019 and 2018, respectively.

On June 29, 2000, PCUSA, A Corporation entered into an operating agreement with ILP under which ILP will provide administrative services (e.g., origination and loan servicing) for PCUSA, A Corporation's Church Loan Program at cost in an effort to streamline the coordination process between PCUSA, A Corporation's Church Loan Program and ILP's loan program. PCUSA, A Corporation reimbursed ILP \$0 in 2019 and \$598,688 in 2018 for the actual costs of such services (prior to administration of the Church Loan Program being transferred to the Foundation.)

PCUSA, A Corporation and ILP have issued joint loans through participation agreements. For the years ended December 31, 2019 and 2018, total loans outstanding were \$0 and \$30,172,213 respectively, under these participation agreements. All of these participation loans are now with the Foundation.

ILP issued a secured loan to PCUSA, A Corporation for the benefit of the Presbyterian Historical Society during 2015. The balance was \$284,268 and \$312,107 as of December 31, 2019 and 2018. 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, 2019 and 2018, investments with ILP were \$9,661,215 and \$8,059,274, respectively. At December 31, 2019 and 2018, fixed interest rates ranged from 1.04% to 2.67% and 0.75% to 2.32%, respectively, and the adjustable rate ranged from 1.69% in 2019 and 1.69% to 1.98% in 2018.

PPC

PCUSA, A Corporation leases office space to PPC under an operating lease. For the years ended December 31, 2019 and 2018, rental income was \$277,927 and \$213,833, 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 \$134,421 and \$104,170 in 2019 and 2018, respectively.

PPC pays PCUSA for supplemental warehousing and distribution services. Fees paid by PPC under this agreement in 2019 and 2018 were \$41,163 and \$40,082 for fulfillment fees and \$515,072 and \$472,807 for freight, respectively.

PPC publishes various pamphlets, magazines, and books for PCUSA, A Corporation during the year on a project-by-project basis. Expenses related to this type of work in 2019 and 2018 were \$0 and \$10,389, respectively. PPC also pays PCUSA, A Corporation for advertising space in various church publications. Advertising expense under such arrangements was \$0 and \$3,998 in 2019 and 2018, respectively.

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 16 - Related Party Transactions (Continued)

PPC (Continued)

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 2019 and 2018, PPC received approximately \$288,000 and \$280,000 from PCUSA for English Language Support and \$270,000 for both years from PCUSA for foreign language support.

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, 2019 and 2018 are as follows:

	<u>2019</u>	<u>2018</u>
Foundation	\$ 137,103	\$ 133,249
Board of pensions	501,932	514,514
ILP	98,193	72,217
PPC	<u>99,258</u>	<u>87,034</u>
	<u>\$ 836,486</u>	<u>\$ 807,014</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 2022. Future minimum lease income to be received under non-cancelable agreements is as follows:

<u>Year Ended December 31,</u>	
2020	\$ 884,832
2021	646,026
2022	<u>600,237</u>
	<u>\$ 2,131,095</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 18 - Net Assets Without Donor Restrictions

At times, the PMA Board 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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
2019-2020 CLP consolidation	\$ 171,340	\$ 342,678
Scott estate gift	756,221	824,477
Sievers trust	1,320,173	657,639
PPC One website	18,822	18,822
CMP transition - sales transfer	38,957	38,957
Duncan trust	1,337,267	-
Gray trust	1,400,000	-
Sale of Santa Fe/Plaza Resolana property	2,036,020	-
Resource reserves	203,367	295,953
Creative investment	5,916,787	4,591,674
Activity and interest for PNC investments	333,532	38,998
Cost recovery	6,017	3,740,148
Student in fees & National Presbyterian College scholarship	3,415	5,358
Special events	234,399	229,759
PNC credit cards - rebates	24,717	7,645
Caritas rent at UN	26,625	40,847
Specific property fund	851,847	745,139
Self-insurance fund	7,469,224	6,241,149
Property and equipment fund	11,076,834	10,482,560
Hubbard Press	2,748,572	2,617,633
Oiko CPJ investment	6,671	6,671
Oiko SDOP investment	-	462,196
Oiko CPJ investment	-	450,000
Santa Fe/Plaza property and equipment fund	-	87,471
Stony Point unrestricted designated	123,438	679,472
Stony Point property and equipment fund	2,294,771	1,422,394
Per capita property and equipment fund	-	5,599
Philadelphia unrestricted designated	1,636,099	1,423,535
Philadelphia plant fund	281,016	414,025
Church loans funds (CL505)	1,207,307	1,105,795
Church loans funds (CL506)	13,432,661	15,201,572
Other funds	1,136,452	740,187
	<u>\$ 56,092,551</u>	<u>\$ 52,918,353</u>
Total net assets without donor restrictions	<u>\$ 56,092,551</u>	<u>\$ 52,918,353</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Church and student loans	\$ 2,615,238	\$ 2,341,187
Jinishian memorial program	23,772,962	19,888,141
Educational seminars and publications	25,018,107	19,426,726
Mission work	26,489,081	22,468,219
Presbyterian disaster assistance	17,745,014	19,167,845
Evangelism and church growth	16,988,580	13,738,367
Health	17,546,502	14,310,401
Missionary support	16,506,153	9,988,769
Christian education	13,882,055	10,807,623
Peacemaking/justice	3,108,957	2,549,928
Hunger	2,649,965	1,541,432
Beneficial interest in perpetual trusts	1,025,435	946,974
Racial equity and intercultural	424,600	231,068
Women	823,265	589,788
Historical foundation	2,224,819	1,493,541
General endowments	40,727,654	25,216,320
Self development of people	3,804,090	2,620,628
Other	<u>1,081,985</u>	<u>847,129</u>
Net assets with donor restrictions due to time or purpose	<u>\$ 216,434,462</u>	<u>\$ 168,174,086</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

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, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Church and student loans	\$ 4,001,434	\$ 4,376,160
Jinishian memorial program	10,114,335	10,114,335
Educational seminars and publications	22,706,107	23,092,451
Mission work	5,042,246	5,128,040
Evangelism and church growth	7,130,014	7,251,331
Health	13,841,153	14,076,660
Missionary support	43,854,490	44,132,792
Christian education	15,043,545	15,299,510
Peacemaking/justice	91,962	93,527
Hunger	442,263	449,788
Beneficial interest in perpetual trusts	77,740,320	69,411,319
Racial equity and intercultural	240,196	244,283
Women	110,539	112,420
Historical foundation	536,832	784,629
General endowments	98,588,553	96,532,947
Other	<u>1,061,181</u>	<u>1,079,236</u>
Net assets with donor restrictions in perpetuity	<u>\$ 300,545,170</u>	<u>\$ 292,179,428</u>

Net assets released from restrictions during the years ended December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Jinishian memorial program	\$ 1,250,506	\$ 1,249,363
Educational seminars and publications	2,494,771	2,767,426
Mission work	5,773,788	6,404,808
Presbyterian disaster assistance	7,495,723	8,237,153
Evangelism and church growth	5,564,068	6,172,169
Health	2,631,784	2,919,414
Missionary support	1,755,648	1,947,524
Christian education	4,183,118	4,640,294
Peacemaking/justice	1,814,488	2,012,795
Hunger	1,726,158	1,521,046
Self development of people	<u>1,077,203</u>	<u>941,534</u>
Total net assets released from restrictions	<u>\$ 35,767,255</u>	<u>\$ 38,813,526</u>

Presbyterian Church (U.S.A.), A Corporation
Notes to Consolidated Financial Statements (Continued)
Years Ended December 31, 2019 and 2018

Note 20 - Subsequent Event

In March 2020, the World Health Organization declared the global novel coronavirus disease 2019 (COVID-19) outbreak a pandemic. Further, the United States Centers for Disease Control and Prevention confirmed the spread of the disease throughout the United States. As of the date the financial statements were available to be issued, PCUSA's operations have not been significantly impacted by the COVID-19 outbreak. However, it is likely PCUSA's operations will be adversely affected as a result of COVID-19, but the impact is not known at this point as the scale and severity of the outbreak, and resulting economic impact, is still largely unknown.

In April 2020, PCUSA, A Corporation has applied for a Paycheck Protection Program loan under the CARES Act of approximately \$8,800,000. This loan bears interest at approximately 1%, is due in 24 months and is unsecured. Under the CARES Act, subject to limitations, as defined, this loan may be partially or fully forgiven, depending on specified actual payroll and other qualified costs for the 8 week period following receipt of loan proceeds.

Supplemental Information

Presbyterian Church (U.S.A.), A Corporation
Consolidating Statement of Financial Position
December 31, 2019

	General Mission	Presbyterian Center Louisville/property and equipment	Hubbard Press	Youth triennium	Jinishian	Presbyterian Disaster Assistance	Self Development of People	Presbyterian Hunger Program	Santa Fe/Plaza Resolana	Stony Point	Specific property	Self insurance	Student loans	Church loans	OGA Per Capita	OGA Historical Society	Reclass/ elimination	Total
Assets																		
Cash and cash equivalents	\$ 618,520	\$ -	\$ 2,544	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 534,404	\$ -	\$ -	\$ -	\$ -	\$ 638,223	\$ 263,172	\$ -	\$ 2,056,863
Beneficial interest in pooled investments held by the Foundation - short-term	46,112,801	1,434,944	-	-	103,403	-	-	-	-	-	939,536	8,283,362	1,788,369	9,516,067	6,283,951	3,263,613	-	77,726,046
Other investments and accrued income	46,477,445	-	1,524,220	-	201,813	16,203,120	2,312,179	978,387	-	-	-	-	-	4,212,396	623,261	53,837	-	72,586,658
Contributions receivable from congregations	2,690,149	-	-	-	-	-	-	-	-	14,240	-	-	-	-	-	-	-	2,704,389
Receivables from related entities, net	380,420	764,576	117,033	-	-	33	-	(3)	-	59,244	-	-	796,562	-	1,488,538	145,214	20,632	3,772,249
Due from other funds	937,185	1,926,971	642,111	-	(119,064)	279,036	151,958	149,410	-	-	(87,689)	(814,138)	289,101	911,505	(3,706,114)	(539,640)	(20,632)	-
Due from the Foundation FMS	195,330	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	195,330
Due from the Foundation church loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other accounts receivable	621,164	-	-	-	-	-	-	-	-	-	-	-	-	-	8,611	29,168	-	658,943
Inventories, prepaid expenses and other assets	464,585	-	231,703	-	-	4,115	4,594	40,369	-	90,833	-	-	-	-	153,972	-	-	990,171
Property and equipment, net of accumulated depreciation	-	6,950,343	246,435	-	-	-	-	-	-	2,487,296	-	-	-	-	302,371	931,680	-	10,918,125
Beneficial interest in pooled investments held by the Foundation - long-term	324,972,797	-	-	-	33,567,417	-	-	-	-	-	-	-	3,742,641	-	266,449	270,557	-	362,819,861
Other investments held by Foundation	6,471,336	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,471,336
Beneficial interest in perpetual trusts	78,765,754	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78,765,754
Total assets	\$ 508,707,486	\$ 11,076,834	\$ 2,764,046	\$ -	\$ 33,753,569	\$ 16,486,304	\$ 2,468,731	\$ 1,168,163	\$ -	\$ 3,186,017	\$ 851,847	\$ 7,469,224	\$ 6,616,673	\$ 14,639,968	\$ 6,059,262	\$ 4,417,601	\$ -	\$ 619,665,725
Liabilities and net assets																		
Liabilities																		
Accounts payable and accrued expenses	\$ 5,389,300	\$ -	\$ 15,474	\$ -	\$ -	\$ 45	\$ 250	\$ -	\$ -	\$ 528,465	\$ -	\$ -	\$ -	\$ -	\$ 1,560,509	\$ -	\$ -	\$ 7,494,043
Amounts received from congregations and designated for others	434,896	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	434,896
Amounts held for missionaries and committed for project	7,114,166	-	-	-	77,308	-	300,638	-	-	125,356	-	-	-	-	-	15,629	-	7,633,097
Amount due to other agencies	8,986,582	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,986,582
Due to the Foundation church loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	284,269	-	284,269
Deferred revenue	277,849	-	-	-	-	-	-	-	-	-	-	-	-	-	115,000	-	-	392,849
Other	19,637	-	-	-	-	-	-	-	-	2,978	-	-	-	-	(10,736)	-	-	11,879
Total liabilities	22,222,430	-	15,474	-	77,308	45	300,888	-	-	656,799	-	-	-	-	1,664,773	299,898	-	25,237,615
Net assets																		
Without donor restrictions																		
Undesignated	17,310,756	-	-	-	-	-	-	-	-	-	-	-	-	-	4,045,171	-	-	21,355,927
Designated	14,971,491	11,076,834	2,748,572	-	-	-	-	-	-	2,418,209	851,847	7,469,224	-	14,639,968	(709)	1,917,115	-	56,092,551
Total net assets without donor restrictions	32,282,247	11,076,834	2,748,572	-	-	-	-	-	-	2,418,209	851,847	7,469,224	-	14,639,968	4,044,462	1,917,115	-	77,448,478
With donor restrictions																		
	454,202,809	-	-	-	33,676,261	16,486,259	2,167,843	1,168,163	-	111,009	-	-	6,616,673	-	350,027	2,200,588	-	516,979,632
Total net assets	486,485,056	11,076,834	2,748,572	-	33,676,261	16,486,259	2,167,843	1,168,163	-	2,529,218	851,847	7,469,224	6,616,673	14,639,968	4,394,489	4,117,703	-	594,428,110
Total liabilities and net assets	\$ 508,707,486	\$ 11,076,834	\$ 2,764,046	\$ -	\$ 33,753,569	\$ 16,486,304	\$ 2,468,731	\$ 1,168,163	\$ -	\$ 3,186,017	\$ 851,847	\$ 7,469,224	\$ 6,616,673	\$ 14,639,968	\$ 6,059,262	\$ 4,417,601	\$ -	\$ 619,665,725

See independent auditor's report.

Presbyterian Church (U.S.A.), A Corporation
Consolidating Statement of Activities and Changes in Net Assets
Year Ended December 31, 2019

	General Mission	Presbyterian Center Louisville/property and equipment	Hubbard Press	Youth triennium	Jinishian	Presbyterian Disaster Assistance	Self Development of People	Presbyterian Hunger Program	Santa Fe/Plaza Resolana	Stony Point	Specific property	Self insurance	Student loans	Church loans	OGA Per Capita	OGA Historical Society	Reclass/elimination	Total
Revenues, gains, and other support																		
Contributions																		
Congregations	\$ 8,160,448	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,553,968	\$ -	\$ -	\$ 20,714,416
Gifts, bequests and grants	7,644,487	-	-	-	31,850	-	-	-	-	247,529	-	-	-	-	-	453,756	(50,000)	8,327,622
Special giving and special offering	14,079,683	-	-	-	-	6,353,162	1,437,992	2,154,590	-	-	-	-	-	-	-	-	-	24,025,427
Total contributions	29,884,618	-	-	-	31,850	6,353,162	1,437,992	2,154,590	-	247,529	-	-	-	-	12,553,968	453,756	(50,000)	53,067,465
Investment return and other support																		
Income from endowments held by Foundation	7,988,326	22,633	-	-	681,779	-	-	-	-	10,927	17,748	130,656	69,440	163,358	137,797	267,176	-	9,489,840
Income on investments	3,114,215	-	36,381	-	4,815	399,759	54,375	30,917	-	-	-	-	-	71,557	10,934	737	-	3,723,690
Realized net gain (loss)	2,944,102	-	5,460	-	342,705	55,382	7,175	4,367	-	-	-	-	21,484	5,657	19,395	4,846	-	3,410,573
Unrealized net gain (loss)	51,351,566	195,226	20,227	-	4,517,219	222,489	21,326	8,962	-	-	86,304	1,126,799	552,615	639,029	537,307	419,688	-	59,698,757
Changes in value of beneficial interest	391,406	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	391,406
Total investment return	65,789,615	217,859	62,068	-	5,546,518	677,630	82,876	44,246	-	10,927	104,052	1,257,455	643,539	879,601	705,433	692,447	-	76,714,266
Interest income from loans																		
Hubbard Press	-	-	1,198,323	-	-	-	-	-	-	-	-	-	27,576	-	-	-	-	27,576
Sales of resources	979,653	-	-	-	-	2,982	-	3,192	-	46,378	-	-	-	-	272,762	35,156	-	1,340,123
Program services	5,980,348	10,700	-	2,116,489	13,500	-	-	-	-	2,604,957	-	-	(639,602)	-	96,877	34,202	(621,252)	9,596,219
Other	7,584,636	922,492	21,017	(292,755)	(667,576)	(1,328,710)	(77,548)	(210,322)	(56,491)	452,213	2,656	(23,826)	(132,186)	(2,547,001)	43,181	(4,607)	(775,000)	2,910,173
Total revenues, gains and other support	110,218,870	1,151,051	1,281,408	1,823,734	4,924,292	5,705,064	1,443,320	1,991,706	(56,491)	3,362,004	106,708	1,233,629	(100,673)	(1,667,400)	13,672,221	1,210,954	(1,446,252)	144,854,145
Expenses																		
Cost of sales	478,102	-	162,449	-	-	1,534	56	5,048	-	-	-	-	-	-	6,015	-	-	653,204
Salaries and benefits	27,396,391	-	645,096	37,980	166,429	1,212,423	409,548	622,409	-	1,646,990	-	-	-	-	5,393,647	455,555	-	37,986,468
Travel	1,454,510	-	1,688	-	19,405	260,503	48,905	51,920	-	8,760	-	-	-	-	501,160	4,683	-	2,351,534
Meetings	459,120	-	-	-	3,288	28,845	94,923	12,251	-	886	-	-	-	-	452,288	1,756	-	1,053,357
Support costs and administration	5,455,206	-	260,107	357	4,746	68,969	11,597	14,123	30,980	915,954	-	5,554	-	-	3,449,386	230,841	-	10,447,820
Depreciation	-	556,777	81,107	-	-	-	-	-	-	134,299	-	-	-	-	205,195	133,009	-	1,110,387
Mission/ministry	4,102,435	-	23	1,677,883	1,054,890	742,726	2,902	9,418	-	337,396	-	-	-	-	4,128,795	32,199	(1,446,252)	10,642,415
Resource development	183,220	-	-	-	1,749	138,184	-	6,703	-	-	-	-	-	-	-	-	-	329,856
Grants	8,265,066	-	-	107,514	-	5,042,539	509,271	1,004,287	-	-	-	-	-	-	-	-	-	14,928,677
Total expenses	47,794,050	556,777	1,150,470	1,823,734	1,250,507	7,495,723	1,077,202	1,726,159	30,980	3,044,285	-	5,554	-	-	14,136,486	858,043	(1,446,252)	79,503,718
Change in net assets	62,424,820	594,274	130,938	-	3,673,785	(1,790,659)	366,118	265,547	(87,471)	317,719	106,708	1,228,075	(100,673)	(1,667,400)	(464,265)	352,911	-	65,350,427
Beginning net assets	424,060,236	10,482,560	2,617,634	-	30,002,476	18,276,918	1,801,725	902,616	87,471	2,211,499	745,139	6,241,149	6,717,346	16,307,368	4,858,754	3,764,792	-	529,077,683
Net (deficit)/surplus	62,424,820	594,274	130,938	-	3,673,785	(1,790,659)	366,118	265,547	(87,471)	317,719	106,708	1,228,075	(100,673)	(1,667,400)	(464,265)	352,911	-	65,350,427
Ending net assets	\$ 486,485,056	\$ 11,076,834	\$ 2,748,572	\$ -	\$ 33,676,261	\$ 16,486,259	\$ 2,167,843	\$ 1,168,163	\$ -	\$ 2,529,218	\$ 851,847	\$ 7,469,224	\$ 6,616,673	\$ 14,639,968	\$ 4,394,489	\$ 4,117,703	\$ -	\$ 594,428,110

See independent auditor's report.