The National Benevolent Association of the Christian Church (Disciples of Christ)

Independent Auditor’s Report and Consolidated Financial Statements

December 31, 2023 and 2022

Contents

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Independent Auditor's Report

Board of Trustees
The National Benevolent Association
of the Christian Church (Disciples of Christ)
St. Louis, Missouri

Opinion

We have audited the consolidated financial statements of The National Benevolent Association of the Christian Church (Disciples of Christ) (NBA), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities, functional expenses and cash flow for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of NBA as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the 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; and for 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.

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

Auditor's Responsibility for the Consolidated Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Forvis Mazars, LLP

St. Louis, Missouri
June 11, 2024

The National Benevolent Association of the Christian Church (Disciples of Christ)
Consolidated Statements of Financial Position
December 31, 2023 and 2022
(Dollars in Thousands)

ASSETS

	2023	2022
Cash and cash equivalents	$ 658	$ 823
Bequests and other receivable	118	136
Contributions receivable	17	20
Prepaid expenses	72	99
Deposits	127	352
Other assets	68	53
Property and equipment, net of accumulated depreciation; 2023 - $593, 2022 - $549	112	171
Investments	76,894	70,479
Beneficial interest in perpetual trusts held by related party	751	675
Beneficial interest in perpetual trusts held by third-party	2,502	2,277
Total assets	$ 81,319	$ 75,085

LIABILITIES AND NET ASSETS

	2023	2022
Accounts payable and accrued expenses	$ 348	$ 483
Investments held for affiliated organizations	-	390
Annuity and trust obligations	1,299	1,063
Funds held in trust	2,729	2,666
Note payable to related party	72	123
Other	257	248
Total liabilities	4,705	4,973
Net Assets		
Without donor restrictions	49,007	44,479
With donor restrictions	27,607	25,633
Total net assets	76,614	70,112
Total liabilities and net assets	$ 81,319	$ 75,085

The National Benevolent Association of the Christian Church (Disciples of Christ)
Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022
(Dollars in Thousands)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Fees for services	$ 47	$ -	$ 47
Contributions	427	29	456
Bequests and other planned gift distributions	173	-	173
Investment return, net	7,308	3,130	10,438
Gain (loss) on deferred gift values	69	(128)	(59)
Change in beneficial interest in perpetual trusts	-	330	330
Net assets released from restrictions	1,387	(1,387)	-
Other	20	-	20
Total revenues, gains and other support	9,431	1,974	11,405
Expenses			
Program services	2,559	-	2,559
Management and general	1,468	-	1,468
Fundraising	876	-	876
Total expenses	4,903	-	4,903
Change in Net Assets	4,528	1,974	6,502
Net Assets, Beginning of Year	44,479	25,633	70,112
Net Assets, End of Year	$ 49,007	$ 27,607	$ 76,614

The National Benevolent Association of the Christian Church (Disciples of Christ)
Consolidated Statements of Activities
Years Ended December 31, 2023 and 2022
(Dollars in Thousands) **(Continued)**

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support			
Fees for services	$ 45	$ -	$ 45
Contributions	394	26	420
Bequests and other planned gift distributions	62	-	62
Investment return, net	(8,662)	(3,901)	(12,563)
Gain (loss) on deferred gift values	(221)	(175)	(396)
Change in beneficial interest in perpetual trusts	-	(729)	(729)
Net assets released from restrictions	1,433	(1,433)	-
Other	211	-	211
Total revenues, gains and other support	(6,738)	(6,212)	(12,950)
Expenses			
Program services	2,264	-	2,264
Management and general	1,260	-	1,260
Fundraising	663	-	663
Total expenses	4,187	-	4,187
Change in Net Assets	(10,925)	(6,212)	(17,137)
Net Assets, Beginning of Year	55,404	31,845	87,249
Net Assets, End of Year	$ 44,479	$ 25,633	$ 70,112

The National Benevolent Association of the Christian Church (Disciples of Christ)
Consolidated Statements of Functional Expenses
Years Ended December 31, 2023 and 2022
(Dollars in Thousands)

	2023			
	Program Services	**Management and General**	**Fundraising**	**Total Expenses**
Wages, benefits and program consultants	$ 1,211	$ 865	$ 609	$ 2,685
Staff travel	188	74	100	362
Mission grants	583	-	35	618
Mission events	333	1	2	336
Publication and information events	51	72	86	209
Office, information technology and other	84	161	35	280
Professional services	104	220	6	330
Depreciation and amortization	5	70	3	78
Interest	-	5	-	5
Totals	$ 2,559	$ 1,468	$ 876	$ 4,903

	2022			
	Program Services	**Management and General**	**Fundraising**	**Total Expenses**
Wages, benefits and program consultants	$1,097	$710	$448	$ 2,255
Staff travel	120	64	61	245
Mission grants	642	-	34	676
Mission events	180	-	1	181
Publication and information events	17	61	52	130
Office, information technology and other	73	201	58	332
Professional services	130	159	7	296
Depreciation and amortization	5	59	2	66
Interest	-	6	-	6
Totals	$ 2,264	$ 1,260	$ 663	$ 4,187

The National Benevolent Association of the Christian Church (Disciples of Christ)
Consolidated Statements of Cash Flows
Years Ended December 31, 2023 and 2022
(Dollars in Thousands)

	2023	2022
Operating Activities		
Change in net assets	$ 6,502	$ (17,137)
Items not requiring (providing) cash		
Depreciation and amortization	78	66
Net realized and unrealized (gain) loss on investments	(10,235)	13,276
(Gain) loss on beneficial interest in perpetual trusts	(330)	729
Change in deferred gift values - annuity and trust obligations	59	396
Net loss on assets sold	5	2
Change in investments held for affiliates	(390)	(104)
Changes in		
Bequests and other receivable	18	2
Deposits	225	-
Contributions receivable	3	(8)
Prepaid expenses	27	14
Accounts payable and accrued expenses	(134)	(52)
Other assets and liabilities	(6)	(74)
Net cash used in operating activities	(4,178)	(2,890)
Investing Activities		
Purchase of property and equipment	(26)	(28)
Proceeds from assets sold	2	-
Purchase of investments	(3,467)	(6,375)
Proceeds from disposition of investments	7,687	9,556
Net cash provided by investing activities	4,196	3,153
Financing Activities		
Principal payments on notes payable to related party	(51)	(52)
Payment of annuity obligations	(193)	(219)
Net proceeds from planned giving program	61	257
Net cash used in financing activities	(183)	(14)
Increase (Decrease) in Cash and Cash Equivalents	(165)	249
Cash and Cash Equivalents, Beginning of Year	823	574
Cash and Cash Equivalents, End of Year	$ 658	$ 823
Supplemental Cash Flows Information		
Interest paid	$ 5	$ 6

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

The National Benevolent Association ("NBA") is the social and health services general ministry of the Christian Church (Disciples of Christ) with a central office located in St. Louis, Missouri. NBA is a Missouri not-for-profit corporation. The mission statement of the NBA is:

> *Following God's call, the National Benevolent Association exists to inspire and connect the people and ministries of the Christian Church (Disciples of Christ), to accompany one another in the creation of communities of compassion and care and to advocate for the well-being of humanity.*

The NBA partners with local congregations, regional and general ministries of the Christian Church (Disciples of Christ) ("Church"), and a variety of Disciples-related health and social service providers, *i.e.*, agencies. The NBA equips and collaborates with partner organizations that provide direct care to those in need through affordable housing, spiritual care for the incarcerated, children and family services, programs for adults with intellectual and developmental disabilities, care and advocacy for older adults, and initiatives responding to hunger, to name only a few.

In affiliation with nonprofit agencies and projects, there are times that the NBA enters into Memorandums of Understanding (MOU) with Disciples related health and social service providers in their work. The MOU serves to define and clarify the NBA's affiliation with these organizations. As affiliated partners, the NBA can be publicly listed with each organization. Reciprocally, the NBA will list the agency and/or project with whom they are affiliated. Each MOU details the specifics of the relationship between the NBA and the particular service provider. Individual MOU's may include items such as: funding grants; coaching services; access to NBA's networks of health and social service ministries; marketing and communication assistance in their local community and across the Christian Church (Disciples of Christ).

Principles of Consolidation

The consolidated financial statements include the accounts of NBA and the National Benevolent Foundation, a Missouri nonprofit corporation of which NBA is the sole corporate member. All significant intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

NBA considers all liquid investments with original maturities of three months or less to be cash equivalents. Uninvested cash and cash equivalents included in investment accounts, including endowment accounts, are not considered to be cash and cash equivalents. There were no cash equivalents at December 31, 2023 or December 31, 2022.

At December 31, 2023, NBA's cash accounts exceeded federally insured limits by approximately $38.

Contributions, Bequests and Other Receivables

Gifts of cash, securities, and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as revenue and net assets with donor restrictions. When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as revenue with donor restrictions and then released from restriction.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as revenue and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Unconditional gifts including bequests in liquidation expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional. NBA is the income beneficiary to a number of trusts held by a related party as trustee where the trustee has been granted variance power. As these amounts can be changed at any time by the trustee, no asset has been recorded. Contribution revenue is recognized as amounts are received on an annual basis and was $89 and $81 for 2023 and 2022, respectively.

Investments

NBA measures securities at fair value. These investments include investments held in trust in conjunction with pooled investment trusts, living trusts, unitrusts, annuity trusts and those investments permanently restricted by donors in conjunction with endowment agreements from other investments.

Net Investment Return

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments, less external investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets with donor restrictions and then released from restriction. Other investment return is reflected in the consolidated statements of activities as with or without donor restriction based upon the existence of any donor or legally imposed restrictions.

NBA maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

Irrevocable Split-Interest Agreements

NBA is the trustee of certain irrevocable split-interest agreements, including pooled life income funds, unitrusts and annuity trusts. Under the terms of these instruments, NBA is named as the trustee, current distributions are made to specified individuals and a remainder interest is to be distributed to NBA. Unitrusts are accounted for using the standard method, which pays the donors based on a fixed percentage. NBA is also the issuer of gift annuity agreements under which NBA, in exchange for a transfer of cash or other property, is obligated to pay an annuity to one or two individuals for their remaining lives. NBA recognizes any assets transferred as part of the initial payment at their fair values. Liabilities for the future payments to annuitants are recorded using published actuarial life expectancies and the Applicable Federal Rate at the date of the gift. The difference between the fair value of donated assets and the calculated liability is recognized as contribution revenue in the year the irrevocable gift is made.

Each year, NBA recognizes net gains and losses on deferred gift values based on the investment income and market appreciation (depreciation) of trust assets, distributions to annuitants and releases of remainder trusts or gift annuities. Assets of the pooled life income funds, unitrusts and annuity trusts are held by NBA as the trustee pursuant to the terms of specific trust agreements. Assets transferred to NBA in exchange for a gift annuity become property of NBA and are not held in trust.

Property and Equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization, except for property received by gifts which is recorded at fair value on the date of receipt. Property and equipment are depreciated on a straight-line basis over the useful life of each asset. Leasehold improvements are amortized over the shorter of the lease term or respective estimated useful lives.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Leasehold improvements	3-10 years
Furniture and equipment	3-15 years

Long-Lived Asset Impairment

NBA evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended December 31, 2023 and 2022.

Investments Held for Affiliated Organizations

Investments held for affiliated organizations represent investments held by NBA in a pooled investment account on behalf of affiliated agencies. As of December 31, 2023, there was no balance remaining as the affiliated organizations had transferred the full amount of the investments out of NBA into their own accounts.

Other Liabilities

Other liabilities are comprised of reserves established for self-insurance and other insurance reserves for the benefit of NBA and endowment funds held for the benefit of other entities.

Liability for Annuity and Trust Obligations

Liability for annuity and trust obligations represent the net present value of future payments due under irrevocable agreements written in conjunction with certain deferred gift programs.

Funds Held in Trust

Funds held in trust are comprised primarily of revocable deferred gift deposit agreements and various unitrusts, annuity trusts, gift annuities and pooled fund agreements whose residual beneficiaries are not-for-profit entities other than NBA.

Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for various future potential needs of NBA. Net assets with donor restrictions are subject to donor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Fees for Services

Fees for services are historically comprised largely of revenues from the Xplor program which were $3 in 2023 and $0 in 2022 as this program was put on hiatus since 2020 and resumed activity in 2023. Xplor program revenues are payments received by NBA from hosting churches in amounts that approximate stipends and benefits paid to Xplor residents. The balance of fees for services revenues for the current year are fees charged for services performed by the accounting staff, $44 and $45, in 2023 and 2022, respectively, for services such as outsourced accounting and funds management.

Employee Retention Credit (ERC) Program

On December 27, 2020, President Trump signed into law the *Consolidated Appropriations Act*, which amended rules for the ERC originally created under the CARES Act to encourage companies to retain employees during the pandemic. In addition, on March 11, 2021, President Biden signed into law the *American Rescue Plan Act* (ARPA), which extended the ERC through September 30, 2021. During 2022, NBA evaluated its eligibility for this credit and recognized $202,845 of employee retention payroll tax credits as revenue for the year ended December 31, 2022. This was recorded as other revenue on the consolidated statement of activities for 2022. There was $107,436 of receivable at December 31, 2022 related to the ERC credit. In 2023, the full amount was collected. There is no ERC receivable or related revenue as of December 31, 2023.

Income Taxes

NBA is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law, pursuant to a group exemption letter issued to the Christian Church (Disciples of Christ). However, NBA is subject to federal income tax on any unrelated business taxable income.

Functional Allocation of Expenses

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Certain costs have been allocated among the program, management and general and fundraising categories based on the best estimates of management.

(Dollars in Thousands)

Accounting Standard Adopted During the Year

Effective January 1, 2023, the Organization adopted ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326). *Measurement of Credit Losses on Financial Instruments* related to the impairment of financial instruments. This guidance, commonly referred to as Current Expected Credit Loss ("CECL"), changes impairment recognition to a model that is based on expected losses rather than incurred losses. This measurement of expected credit losses under CECL methodology is applicable to financial assets measured at amortized cost, including accounts receivable. Upon adoption of the guidance on January 1, 2023, there was no impact to net assets.

Note 2. Investments

Investments at December 31, 2023 and 2022, consisted of the following:

	2023	2022
Money market funds	$ 55	$ 67
Stock and stock funds	9	4
Mutual funds		
Balanced funds	1,195	1,251
Fixed income	953	851
Other	784	731
Christian Church Foundation funds within the Joint Investment Trust	73,235	66,800
Annuity growth plan		
Money market funds	21	33
U.S. Treasury securities	45	42
Mutual funds		
Large cap	94	102
Balanced funds	241	307
Fixed income	192	209
Other	70	82
	$ 76,894	$ 70,479

(Dollars in Thousands)

Note 3. Property and Equipment

Property and equipment at December 31, 2023 and 2022, consists of:

	2023	2022
Leasehold improvements	$ 459	$ 464
Furniture and equipment	246	256
	705	720
Less accumulated depreciation and amortization	593	549
	$ 112	$ 171

Note 4. Beneficial Interest in Perpetual Trusts

Trusts Held by Related Party

NBA and the Christian Church Foundation, Inc. (the "Foundation") are related parties that are not financially interrelated organizations. Both organizations are General Ministries of the Christian Church (Disciples of Christ). These ministries address broad areas of work, central administrative functions and specialized study and services to meet responsibilities of the Church in its mission of witness and service to the world. In the absence of donor restrictions, the Foundation has discretionary control over the amounts and timing of its distributions to NBA.

The Foundation has not made contributions to NBA, other than required pass-through contributions due, during the years ended December 31, 2023 and 2022. NBA assets held by the Foundation are recorded at fair value by the Foundation. NBA has recorded a beneficial interest in trust at December 31, 2023 and 2022, of approximately $751 and $675, respectively. The change in value of the beneficial interest in trust is recorded on a separate line within revenues on the consolidated statements of activities.

Trusts Held by Third-Parties

NBA is the beneficiary under a number of perpetual trusts administered by outside parties. Under the terms of the trusts, NBA has the irrevocable right to receive a portion of income earned on trust assets in perpetuity. The estimated value of the expected future cash flows is $2,502 and $2,277, which represents the fair value of NBA's share of trust assets at December 31, 2023 and 2022, respectively. The income received from these trusts for 2023 and 2022 was $118.

Note 5. Annuities and Trusts Payable

NBA receives assets in exchange for charitable gift contracts that provide fixed lifetime payments to the donor or their named beneficiaries. The assets received from the donor are recorded at fair value. NBA has recorded a liability at December 31, 2023 and 2022, of $460 and $482, respectively, which represents the present value of the future annuity obligations. The liability has been determined using discount rates as of the date of the gift, which range from 2% to 11%, and applicable mortality tables.

(Dollars in Thousands)

NBA administers various charitable remainder trusts. A charitable remainder trust provides for the payment of distributions to the grantor or other designated beneficiaries over the trust's term (usually the designated beneficiary's lifetime). At the end of the trust's term, the remaining assets are available for the use of NBA. The portion of the trust attributable to the future interest of NBA is recorded in the consolidated statements of activities as contributions with donor restrictions in the period the trust is established. Assets held in the charitable remainder trusts are recorded at fair value in NBA's consolidated statements of financial position. On an annual basis, NBA revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. NBA has recorded a liability at December 31, 2023 and 2022, of $839 and $581, respectively, which represents the present value of the future obligations to make distributions to the designated beneficiaries.

Note 6. Note Payable to a Related Party

NBA has a note payable agreement with the Board of Church Extension of Disciples of Christ, Inc. At December 31, 2023 and 2022, there was $72 and $123, respectively, outstanding on the note payable. $5 is payable monthly including interest at 4.25% at both December 31, 2023 and 2022. The note expires in March 2025 and secured by a specific investment account on deposit with Christian Church Foundation.

Aggregate annual maturities of note payable at December 31, 2023 are:

2024	$	56
2025		16
	$	72

Note 7. Net Assets

Net Assets Without Donor Restrictions

Net assets without donor restrictions are available for the following purposes or periods:

		2023		2022
Undesignated	$	2,903	$	3,585
Designated by Board for Permanent Fund		41,365		36,795
Designated by Board for Mission Direct Fund		2,500		2,256
Designated by Board for Operating Reserve		2,239		1,843
	$	49,007	$	44,479

(Dollars in Thousands)

Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes or periods:

	2023	2022
Subject to expenditure for a specified purpose		
NBA Ministry Programs	$ 2,275	$ 2,429
Funds held by Christian Church Foundation, Inc.	157	143
Deferred gift agreements	488	632
	2,920	3,204
Funds held in the donor restricted endowment subject to the endowment spending policy for appropriation for general use	22,185	20,152
Not subject to spending policy or appropriation beneficial interest in perpetual trusts	2,502	2,277
	$ 27,607	$ 25,633

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. For the years ended December 31, 2023 and 2022, restricted net assets were released as follows:

	2023	2022
Expiration of time restrictions	$ 11	$ 11
NBA Ministry Programs support	1,376	1,422
	$ 1,387	$ 1,433

Note 8. Pension Plan

The employees of NBA can participate in a contributory pension plan which is administered by the Pension Fund of the Christian Church (Disciples of Christ), Indianapolis, Indiana. This is a multiemployer pension plan which does not accumulate data on an individual employer basis and accordingly, such disclosure is not possible. The pension plan is fully funded by NBA calculated as 14% of the employee’s salary requiring no employee contribution. Employees have the option to direct the 14% either into a defined benefit plan or a defined contribution tax savings plan. Regardless of which plan each employee participates in, the employee may elect to make additional contributions into the defined contribution tax deferred savings plan without a NBA match. Total pension expense for 2023 and 2022 was $261 and $228, respectively.

Note 9. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Insurance

Since 1995, NBA purchased insurance for workers' compensation with between a $250 and $350 deductible per occurrence. At December 31, 2023 and 2022, based on actuarial estimates, NBA has provided an accrual of $4. At December 31, 2023 and 2022, the insurers are holding approximately $127 and $352, respectively, in collateral for these related occurrences, which are included as deposits in the consolidated statements of financial position. Effective March 2005, NBA has workers' compensation insurance with no deductible per occurrence.

Investments

NBA invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying statements of financial position.

Contributions

There are no concentration in donors in 2023 or 2022.

Note 10. Disclosures About Fair Value of Assets

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 Quoted prices in active markets for identical assets

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets; quoted prices in active markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets

Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets

(Dollars in Thousands)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying consolidated statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2023 and 2022:

	2023			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 55	$ 55	$ -	$ -
Stock and stock funds	$ 9	$ 9	$ -	$ -
Mutual funds				
Balanced funds	$ 1,195	$ 1,195	$ -	$ -
Fixed income	$ 953	$ 953	$ -	$ -
Other	$ 784	$ 784	$ -	$ -
Christian Church Foundation funds within the Joint Investment Trust	$ 73,235	$ 249	$ 72,986	$ -
Annuity growth plan				
Money market funds	$ 21	$ 21	$ -	$ -
U.S. Treasury securities	$ 45	$ -	$ 45	$ -
Mutual funds				
Large cap	$ 94	$ 94	$ -	$ -
Balanced funds	$ 241	$ 241	$ -	$ -
Fixed income	$ 192	$ 192	$ -	$ -
Other	$ 70	$ 70	$ -	$ -
Beneficial interest in perpetual trusts				
Held by related party	$ 751	$ -	$ 751	$ -
Held by third-party	$ 2,502	$ -	$ 2,502	$ -

(Dollars in Thousands)

	2022			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds	$ 67	$ 67	$ -	$ -
Equity securities	$ 4	$ 4	$ -	$ -
Mutual funds				
Balanced funds	$ 1,251	$ 1,251	$ -	$ -
Fixed income	$ 851	$ 851	$ -	$ -
Other	$ 731	$ 731	$ -	$ -
Christian Church Foundation funds within the Joint Investment Trust	$ 66,800	$ 249	$ 66,551	$ -
Annuity growth plan				
Money market funds	$ 33	$ 33	$ -	$ -
U.S. Treasury securities	$ 42	$ -	$ 42	$ -
Mutual funds				
Large cap	$ 102	$ 102	$ -	$ -
Balanced funds	$ 307	$ 307	$ -	$ -
Fixed income	$ 209	$ 209	$ -	$ -
Other	$ 82	$ 82	$ -	$ -
Beneficial interest in perpetual trusts				
Held by related party	$ 675	$ -	$ 675	$ -
Held by third-party	$ 2,277	$ -	$ 2,277	$ -

Following is a description of the valuation methodologies and inputs used for instruments measured at fair value on a recurring basis and recognized in the accompanying consolidated statements of financial position, as well as the general classification of such instruments pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the years ended December 31, 2023 and 2022.

Investments

Where quoted market prices are available in an active market, investments are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of investments with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities and cash flows. Such investments are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, investments are classified within Level 3 of the hierarchy. NBA has no Level 3 investments.

A majority of the investments held by NBA for endowment purposes are held at the Christian Church Foundation. NBA holds units within the Total Return Fund which represents their proportionate share of the fund and the underlying investments. The Total Return Fund consists of domestic and international equity securities, fixed income securities, alternative strategies, and real assets.

Beneficial Interest in Perpetual Trusts

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

Note 11. Endowment

NBA's endowment consists of approximately 160 individual funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

NBA's governing body is subject to the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. The governing body of NBA has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, NBA 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. NBA has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, NBA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) Duration and preservation of the fund
2) Purposes of NBA and the fund
3) General economic conditions
4) Possible effect of inflation and deflation
5) Expected total return from investment income and appreciation or depreciation of investments
6) Other resources of NBA
7) Investment policies of NBA

(Dollars in Thousands)

The composition of net assets by type of endowment fund at December 31, 2023 and 2022, was:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 41,365	$ -	$ 41,365
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	14,923	14,923
Accumulated investment gains	-	7,262	7,262
Total endowment funds	$ 41,365	$ 22,185	$ 63,550

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 36,795	$ -	$ 36,795
Donor restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	14,914	14,914
Accumulated investment gains	-	5,238	5,238
Total endowment funds	$ 36,795	$ 20,152	$ 56,947

(Dollars in Thousands)

Changes in endowment net assets for the years ended December 31, 2023 and 2022, were:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 36,795	$ 20,152	$ 56,947
Investment return, net	6,106	2,866	8,972
Contributions	196	9	205
Other transfers	-	61	61
Appropriation of endowment assets for expenditure per spending policy	(1,732)	(903)	(2,635)
Endowment net assets, end of year	$ 41,365	$ 22,185	$ 63,550

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 46,207	$ 24,681	$ 70,888
Investment return, net	(7,688)	(3,472)	(11,160)
Contributions	63	5	68
Other transfers	-	(130)	(130)
Appropriation of endowment assets for expenditure per spending policy	(1,787)	(932)	(2,719)
Endowment net assets, end of year	$ 36,795	$ 20,152	$ 56,947

Investing and Spending Policies

In investing the funds of its endowments assets, NBA has adopted a total return strategy in which investment returns are achieved through both current yield and realized/unrealized capital appreciation and which target a diversified asset allocation that places a greater emphasis on equity based securities to achieve long-term return objectives within prudent risk constraints. To that end, NBA has invested the majority of its endowments in specific funds maintained by the Christian Church Foundation. The predicted long-term return, net of maximum costs and expenses range from 3.6% to 5.9% depending on the fund which assumes a moderate level of investment risk although actual returns in a given year will vary.

In order to provide a predictable stream of funding to programs from its endowment funds while seeking to maintain the purchasing power of the permanent funds, NBA has appropriated for expenditure each year 4.5% of the average fair value of the fund invested in the Board Designated Permanent Fund and the donor restricted endowment funds. Over the long term, NBA believes that these expenditures will allow its endowment funds to grow at an average rate that will exceed the spending rate and maintain the purchasing power of its endowment funds.

(Dollars in Thousands)

Underwater Endowments

At December 31, 2023, funds with original gift values of $28; fair values of $27; and deficiencies of $1, were reported in net assets with donor restrictions. At December 31, 2022, funds with original gift values of $575; fair values of $567; and deficiencies of $8, were reported in net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

Note 12. Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 and 2022, comprise the following:

	2023	2022
Financial assets		
Cash and cash equivalents	$ 658	$ 823
Investments	76,894	70,479
Total financial assets	77,552	71,302
Less investments		
Restricted by donors for endowment	22,185	19,774
Restricted by donor with purpose restrictions	2,920	2,280
Investments held for affiliated organizations	-	390
To support gift annuities and other planned giving instruments	2,591	2,660
To support other trusts	2,146	2,013
Board designated as Permanent Fund	41,365	36,795
Board designated as Mission Direct Fund	2,500	2,256
Financial assets available to meet cash needs for general expenditures within one year	$ 3,845	$ 5,134

The board designated funds deducted from financial assets above are not intended to be spent for general expenditures, however, these amounts could be made available by vote of the Board of Trustees if necessary. The Permanent Fund is subject to a spending rate appropriation of 4.5% as part of the board's annual budget approval and appropriation, however, the Mission Direct fund is not subject to a spending rate appropriation per the Board of Trustee policy for that fund.

The primary source of cash for the NBA's operating expenditures is appropriated spending rate drawn on the NBA's invested funds at the Christian Church Foundation. The organization maintains cash balances adequate to cover upcoming expenditures for an approximate 50-day window. NBA allows the bulk of the remaining funds to be fully invested in pooled funds at the Christian Church Foundation. Cash balances are developed daily, net of known outstanding checks, and compared to cash needs for the next 50 days. Liquidations are then made, monthly if needed, based on this analysis. During the years ended December 31, 2023 and 2022, the level of liquidity and reserves was managed within the policy requirements.

Note 13. Subsequent Events

Subsequent events have been evaluated through June 11, 2024, which is the date the consolidated financial statements were available to be issued.