

**NATIONAL CAPITAL PRESBYTERY AND
NATIONAL CAPITAL PRESBYTERY, INC.**

COMBINED FINANCIAL REPORT

DECEMBER 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
National Capital Presbytery and
National Capital Presbytery, Inc.
Rockville, Maryland

Opinion

We have audited the combined financial statements of National Capital Presbytery (a not-for-profit organization) and National Capital Presbytery, Inc. (a not-for-profit corporation) (the Organizations), which comprise the combined Statements of Financial Position - Modified Cash Basis as of December 31, 2022 and 2021, and the related combined Statements of Activities - Modified Cash Basis including Functional Expenses and Cash Flows - Modified Cash Basis for the years then ended, and the related notes to the combined financial statements.

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the combined financial position of National Capital Presbytery and National Capital Presbytery, Inc. as of December 31, 2022 and 2021, 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.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with the modified cash basis of accounting; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 combined 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 combined 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 National Capital Presbytery and National Capital Presbytery, Inc.'s internal controls. 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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about National Capital Presbytery and National Capital Presbytery, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Basis of Accounting

We draw attention to Note 2 of the combined financial statements, which describes the basis of accounting. The combined financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other – Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The schedule of secondary and contingent liabilities on page 20 is presented for purposes of additional analysis and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined 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 combined financial statements as a whole.

Anderson, Davis & Associates, CPA

Glen Burnie, Maryland
January 10, 2024

NATIONAL CAPITAL PRESBYTERY AND NATIONAL CAPITAL PRESBYTERY, INC.

Combined Statements of Financial Position - Modified Cash Basis

December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and cash equivalents	\$ 1,688,651	\$ 1,545,451
Investments	15,978,298	18,453,759
Ministry Crisis Fund loans receivable	13,208	23,208
Notes receivable - churches	224,726	258,076
PC USA Grants	14,300	14,300
Grant/Loan	20,000	20,000
Other assets	12,827	12,827
Land	<u>26,341</u>	<u>26,341</u>
 Presbyterian Church property (Note 7 and 8)		
 TOTAL ASSETS	 <u>\$ 17,978,351</u>	 <u>\$ 20,353,962</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Funds held for congregations (Note 9)	<u>\$ 8,065,804</u>	<u>\$ 9,523,969</u>
 TOTAL LIABILITIES	 <u>8,065,804</u>	 <u>9,523,969</u>
 Secondary and contingent liabilities (Note 10)		
NET ASSETS		
Without donor restrictions:		
Operations	2,455,827	2,462,039
Designated	7,084,517	7,939,129
Net investment in fixed assets	<u>26,341</u>	<u>26,341</u>
Total net assets without donor restrictions	9,566,685	10,427,509
 With donor restrictions	<u>345,862</u>	<u>402,484</u>
 TOTAL NET ASSETS	 <u>9,912,547</u>	 <u>10,829,993</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 17,978,351</u>	 <u>\$ 20,353,962</u>

See the Independent Auditor's Report and the Notes to the Combined Financial Statements.

NATIONAL CAPITAL PRESBYTERY AND NATIONAL CAPITAL PRESBYTERY, INC.

Combined Statements of Activities - Modified Cash Basis

For the Years Ended December 31, 2022 and 2021

	2022		Total
	Without Donor Restrictions	With Donor Restrictions	
Revenues, gains and other support			
Per capita - net of General Assembly and Synod payments of \$235,930 and \$272,041	\$ 792,596	\$ -	\$ 792,596
Per capita - prior years	28,948	-	28,948
Unified giving - net of General Assembly and Presbytery Leader Formation payments of \$64,138 and \$72,972	375,142	-	375,142
Other contributions, net of General Assembly and Synod payments of \$220,562 and \$249,370	144,508	253,447	397,955
Investment (loss) gain, net	(352,986)	(7,096)	(360,082)
Property sales and miscellaneous	222	-	222
Net assets released from restrictions:			
Satisfaction of restrictions - program	302,973	(302,973)	-
Total revenues, gains and other support	<u>1,291,403</u>	<u>(56,622)</u>	<u>1,234,781</u>
Expenses and losses			
Program - Mission			
Salaries, benefits, and payroll taxes	178,243	-	178,243
Church development	375,401	-	375,401
Designated missions	60,165	-	60,165
Mission interpretation and coordination	144,349	-	144,349
Restricted missions	275,365	-	275,365
Congregation support	2,000	-	2,000
Resources/Council	48,707	-	48,707
	<u>1,084,230</u>	<u>-</u>	<u>1,084,230</u>
Management and general			
Salaries, benefits, and payroll taxes	627,711	-	627,711
Rent	120,564	-	120,564
Office	166,993	-	166,993
Presbytery operations	37,676	-	37,676
Designated operating	25,976	-	25,976
Professional fees	13,095	-	13,095
Preparation for Ministry/Committee on Ministry	72,105	-	72,105
Presbytery resources	1,000	-	1,000
Maintenance - properties	2,877	-	2,877
	<u>1,067,997</u>	<u>-</u>	<u>1,067,997</u>
Fundraising	-	-	-
Total expenses and losses	<u>2,152,227</u>	<u>-</u>	<u>2,152,227</u>
Non-operating income			
Forgiveness of Paycheck Protection Program loan	-	-	-
Change in net assets	(860,824)	(56,622)	(917,446)
Net assets, beginning of year	<u>10,427,509</u>	<u>402,484</u>	<u>10,829,993</u>
Net assets, end of year	<u>\$ 9,566,685</u>	<u>\$ 345,862</u>	<u>\$ 9,912,547</u>

2021		
Without Donor Restrictions	With Donor Restrictions	Total
\$ 792,682	\$ -	\$ 792,682
16,865	-	16,865
422,876	-	422,876
90,228	179,826	270,054
763,029	30,075	793,104
3,114	-	3,114
<u>192,485</u>	<u>(192,485)</u>	<u>-</u>
<u>2,281,279</u>	<u>17,416</u>	<u>2,298,695</u>
169,524	-	169,524
535,980	-	535,980
86,405	-	86,405
200,430	-	200,430
212,933	-	212,933
1,400	-	1,400
27,500	-	27,500
<u>1,234,172</u>	<u>-</u>	<u>1,234,172</u>
676,840	-	676,840
118,355	-	118,355
104,314	-	104,314
53,018	-	53,018
13,479	-	13,479
12,300	-	12,300
51,094	-	51,094
-	-	-
5,313	-	5,313
<u>1,034,713</u>	<u>-</u>	<u>1,034,713</u>
-	-	-
<u>2,268,885</u>	<u>-</u>	<u>2,268,885</u>
171,358	-	171,358
183,752	17,416	201,168
<u>10,243,757</u>	<u>385,068</u>	<u>10,628,825</u>
<u>\$ 10,427,509</u>	<u>\$ 402,484</u>	<u>\$ 10,829,993</u>

See the Independent Auditor's Report and the Notes to the Combined Financial Statements.

NATIONAL CAPITAL PRESBYTERY AND NATIONAL CAPITAL PRESBYTERY, INC.

Combined Statements of Cash Flows - Modified Cash Basis

For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (917,446)	\$ 201,168
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Forgiveness of Paycheck Protection Program loan	-	(171,358)
Realized gain on sale of investments	(142,989)	(312,551)
Unrealized (gain) loss on investments	832,083	(162,802)
Changes in assets and liabilities:		
Decrease (Increase) in:		
Mission program loans receivable	10,000	(10,000)
Notes receivable - churches	33,350	(91,623)
Other assets	-	400
Increase (decrease) in:		
Funds held for others	-	(99,956)
Funds held for congregations	(1,458,165)	769,398
	<u>(1,643,167)</u>	<u>122,676</u>
Cash Flows From Investing Activities		
Proceeds from sale of investments	3,202,610	3,969,586
Purchases of investments	(1,416,243)	(4,388,203)
	<u>1,786,367</u>	<u>(418,617)</u>
Net cash provided by (used in) investing activities		
Net increase (decrease) in cash and cash equivalents	143,200	(295,941)
Cash and cash equivalents, beginning of year	<u>1,545,451</u>	<u>1,841,392</u>
Cash and cash equivalents, end of year	<u>\$ 1,688,651</u>	<u>\$ 1,545,451</u>
<u>Supplemental Data</u>		
Interest paid	<u>\$ -</u>	<u>\$ -</u>
Income taxes paid	<u>\$ -</u>	<u>\$ -</u>

See the Independent Auditor's Report and the Notes to the Combined Financial Statements.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 1. ORGANIZATION AND PURPOSE

National Capital Presbytery (the Presbytery), an unincorporated ecclesiastical association, is an official judicatory of the Presbyterian Church (U.S.A.) [PC(U.S.A.)]. The Presbytery's main sources of revenue are contributions and per capita receipts from churches.

National Capital Presbytery, Inc. (the Corporation) was incorporated as a non-profit organization in the District of Columbia, principally to hold title to real property and other assets, to guarantee loans, and to engage in other financial matters at the instruction of the National Capital Presbytery. The Corporation's primary sources of revenue are interest and dividends on loans and investments.

All property of National Capital Presbytery and/or National Capital Presbytery, Inc. is held in trust for the use and benefit of the Presbyterian Church (USA). In the event of the dissolution of the Presbytery, ownership of all of its property conveys to the General Assembly of the Presbyterian Church (USA).

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements are presented on a modified cash basis of accounting. Revenue and the related assets are generally recognized when received rather than when earned and expenses are generally recognized when paid rather than when the obligation is incurred. Transactions involving changes in the fair value of investments are recognized in the period in which they occur. However, the Presbytery and Corporation do record the following modifications to the cash basis of accounting:

- Cost of land and equipment is capitalized and equipment is depreciated.
- Investments are carried at fair market value.
- Funds advanced to employees and member churches are carried as assets until repaid.
- Loan payments advanced for churches are carried net of estimated allowance for potential uncollectible advances.
- Amounts received from sale of church properties when the congregation still exists are held as liabilities until repaid to the congregation or the congregation dissolves.

Basis of Presentation

The Organizations follow the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14 — *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. This provision requires the Organizations to classify net assets into two categories according to donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organizations. These net assets may be used at the discretion of the Organizations' management and Board of Directors.

Net assets with donor restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organizations or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Investments

Investments consist of money market accounts, marketable securities, common and preferred stock, mutual funds, corporate bonds, and exchange traded funds. At December 31, 2022 and 2021, the investments are recorded at fair value. Any change in market value, whether realized or unrealized, is recognized in the statement of activities in the period the change occurs. Investment expenses are net with investment income and losses.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Market value risk

The Organizations invests funds in a professionally managed portfolio. Such investments are exposed to market and credit risks. The Organizations' investments may be subject to significant fluctuations in fair value. As a result, the investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

Accounting Estimates

The preparation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingencies, if any, at the date of the financial statements and revenue and expenses during the reporting period. Actual results may differ from these estimates.

Cash and Cash Equivalents

The Presbytery and the Corporation consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The following summarizes the Organizations' cash, as of December 31, 2022, which is not federally insured or is in excess of federally insured limits, none of which is specifically collateralized:

Cash, in excess, in federally chartered bank:	<u>\$ 1,438,501</u>
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Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis and most expense categories are recorded directly, without significant allocation. The expenses that are allocated include salaries, benefits, and payroll taxes which are allocated based on the time and effort of the employees of the Organizations.

Revenue

The principal revenue of the Presbytery is assessment fees and benevolence giving from congregations, and contributions from agencies of the PC (U.S.A.). Grants and contributions restricted to a specific purpose by the donor are recorded as net assets with donor restrictions until expended for that purpose. The principal revenue of the Corporation is interest and dividends and contributions.

Miscellaneous Revenue

At times, miscellaneous revenue consists of sale of church property proceeds or disaffiliation fees.

Secondary and Contingent Liabilities

For secondary and contingent liabilities, the Corporation essentially serves as conduit or a guarantor between various borrowers and lenders. Borrowers are churches within the bounds of the National Capital Presbytery, and the Corporation guarantees and/or acts as a cosigner for these loans in keeping with its stated purpose.

Income Taxes

The Organizations are exempt from income tax under IRC section 501(c)(3), though they are subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. The Organizations have processes presently in place to ensure the maintenance of their tax-exempt status; to identify and report unrelated income; to determine its filing and tax obligations in jurisdictions for which they have nexus; and to identify and evaluate other matters that may be considered tax positions. The Organizations have determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements.

All years in the Organizations' history remain open to examination by federal and state authorities due to management of the Organizations deeming no information return needs to be filed, as church-related organizations are exempt from the reporting requirement.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Ministry Crisis Fund Loans Receivable

Mission Program loans receivable consist of loans to ministers and their families through Ministry Crisis Fund programs. These are non-interest or low-interest bearing loans made to ministers and their families in financial difficulty. At December 31, 2022 and 2021, there was one loan in the amount of \$13,208 and \$23,208, respectively. This loan bears no interest.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organizations assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2 Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3 Unobservable inputs that cannot be corroborated by observable market data.

Subsequent Events

In preparing these financial statements, the Presbytery and Corporation have evaluated events and transactions for potential recognition or disclosure through January 10, 2024, the date that the financial statements were available to be issued.

Note 3. **AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS**

The following reflects the Organizations' financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Amounts not available include amounts set aside for long-term investing in the quasi-endowment that could be drawn upon if the governing board approves that action. However, amounts already appropriated from either the donor-restricted endowment or quasi-endowment for general expenditure within one year of the statement of financial position date have not been subtracted as unavailable.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 3. AVAILABILITY AND LIQUIDITY OF FINANCIAL ASSETS (continued)

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash and cash equivalents	\$ 1,688,651	\$ 1,545,451
Investments	15,978,298	18,453,759
Total financial assets at year-end:	17,666,949	19,999,210
Less amounts not available to be used within one year:		
Contractual or donor-imposed restrictions:		
Funds held for congregations	(8,065,804)	(9,523,969)
Investments held in perpetuity - endowment	(64,645)	(64,645)
Restricted by donor with time or purpose restrictions	(281,217)	(337,839)
Board Designations:		
Quasi-endowment fund, primarily for long-term investing	(7,084,517)	(7,939,129)
Financial assets available to meet cash needs for general expenditure within one year	\$ 2,170,766	\$ 2,133,628

The Organizations' goal is generally to maintain financial assets to meet one year of operating expenses (approximately \$2 million). In addition to financial assets available to meet general expenditures over the next 12 months, the Organizations operate with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

Note 4. INVESTMENTS

Investments are reported at their fair values in the statement of financial position, and changes in fair value are reported as investment return in the statement of activities.

Purchases and sales of securities are reflected on a trade-date basis. Gains and losses on sales of securities are based on average cost and are recorded in the statement of activities in the period in which the securities are sold. Interest and dividends are recorded when earned.

Assets measured at fair value on a recurring basis at December 31, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$ 867,923	\$ 867,923	\$ -	\$ -
Common stock	6,272,439	6,272,439	-	-
Exchange traded funds	341,413	341,413	-	-
Bond funds	3,676,630	3,676,630	-	-
Corporate bonds	3,704,921	-	3,704,921	-
Real estate investment trusts	268,084	268,084	-	-
Preferred securities	846,888	-	846,888	-
	\$ 15,978,298	\$ 11,426,489	\$ 4,551,809	\$ -

Assets measured at fair value on a recurring basis at December 31, 2021 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money markets	\$ 714,582	\$ 714,582	\$ -	\$ -
Common stock	4,842,243	4,842,243	-	-
Exchange traded funds	4,653,648	4,653,648	-	-
Bond funds	2,633,662	2,633,662	-	-
Corporate bonds	4,964,017	-	4,964,017	-
Real estate investment trusts	330,809	330,809	-	-
Government bonds	139,219	139,219	-	-
Preferred securities	175,579	-	175,579	-
	\$ 18,453,759	\$ 13,314,163	\$ 5,139,596	\$ -

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 4. INVESTMENTS (continued)

Net investment income for the years ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividend income	\$ 391,426	\$ 380,308
Realized gain on investments	142,989	312,551
Unrealized (loss) gain on investments	(832,083)	162,802
Investment fees	(62,414)	(62,557)
	<u>\$ (360,082)</u>	<u>\$ 793,104</u>

Note 5. NOTES RECEIVABLE – CHURCHES

During 2014, the Corporation entered into a note receivable with Northminster Presbyterian Church. The original balance of the note was \$255,000 and had a maturity date of May 1, 2024. This is a noninterest bearing note. However, if the note is not repaid by the maturity date, the interest rate will be reevaluated by the NCP Leadership Council. The balance of this note receivable was \$97,750 and \$97,750 at December 31, 2022 and 2021, respectively. Management believes the full amount is collectible, thus no allowance for potentially uncollectible note receivable has been recorded. During the year ended December 31, 2020, the Organizations' Leadership Council agreed to defer the loan payments for twelve months due to the impact of COVID-19. This deferment has been renewed in subsequent years and was still in effect at December 31, 2022.

During 2018, the Corporation entered into a note receivable with Garden Memorial Presbyterian Church. The original balance of the note was \$55,328 and matures in April 2032. This is a noninterest bearing note. However, if the note is not repaid by the maturity date, the interest rate will be reevaluated by the NCP Leadership Council. The balance of this note receivable was \$42,063 and \$42,413 at December 31, 2022 and 2021, respectively. Management believes the full amount is collectible, thus no allowance for potentially uncollectible note receivable has been recorded.

During 2019, the Corporation entered into a note receivable with Ebenezer Presbyterian Church. The original balance of the note was \$50,000 and matures May 31, 2025. This is a noninterest bearing note. However, if the note is not repaid by the maturity date, the interest rate will be reevaluated by the NCP Leadership Council. The balance of this note receivable was \$4,000 and \$7,000 at December 31, 2022 and 2021, respectively. Management believes the full amount is collectible, thus no allowance for potentially uncollectible note receivable has been recorded.

During 2021, the Corporation entered into a note receivable with Wheaton Presbyterian Church. The original balance of the note was \$113,413 and matures September 15, 2025. The balance of this note receivable was \$80,913 and \$110,913 at December 31, 2022 and 2021, respectively. Management believes the full amount is collectible, thus no allowance for potentially uncollectible note receivable has been recorded.

Note 6. LAND

Land and equipment are recorded at cost. The Organizations capitalize fixed asset costs for items greater than \$5,000. Repairs and maintenance, which do not extend the useful life of an asset, are recorded as an expense in the year incurred. Depreciation is provided on the straight-line method over the estimated useful life of the assets. The Organizations use an estimated useful life of 3 - 10 years for vehicles and equipment.

The Corporation holds title to the land and buildings of approximately one-third of the Presbyterian Churches within the bounds of the Presbytery. Under the provisions of the constitution of the Presbyterian Church (U.S.A.), the Corporation retains control of all PC(U.S.A.) church properties within the bounds of the Presbytery in the event of a church failure.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 6. **LAND (continued)**

The Presbytery receives revenue upon the sale of any such property. The value of the properties for which title is held is not reflected in the financial statements, since a congregation is expected to reimburse the Corporation for the costs of acquiring its church property. Thus, the Corporation's cost of purchasing land and buildings is shown as advances or receivables until full reimbursement has been received from the congregation.

At December 31, 2022 and 2021 land was comprised of the following:

	<u>2022</u>	<u>2021</u>
Land – Oxon Hill, MD	\$ <u>26,341</u>	\$ <u>26,341</u>

There was no depreciation expense for the years ended December 31, 2022 and 2021. The land is comprised of an undeveloped lot adjacent to Southminster Presbyterian Church in Oxon Hill, MD.

Note 7. **CEMETERY LAND**

From time to time, the Corporation receives contributions of cemetery plots. Twenty-two cemetery plots were held at December 31, 2022 and 2021. The plots were located in various locations in Virginia and Maryland, and the Corporation will donate a plot to an individual at the request of a church. The plots have minimal value and are not reflected as assets on the statement of financial position.

Note 8. **PROPERTY OWNED BY ORGANIZATION**

National Capital Presbytery, Inc. owns land leased on a long-term basis to Chesterbrook Residences in Falls Church, Virginia.

The Presbytery holds the title of the property formerly held by Community Presbyterian Church. The Organizations are exploring options for the future of the property.

Management has chosen to not record these properties as assets on the Organizations' statement of financial position as they have not been modifications of the cash basis of accounting.

Note 9. **FUNDS HELD FOR CONGREGATIONS**

The net proceeds from the sale of Riverdale Presbyterian Church in University Park, Maryland and Arlington Presbyterian Church in Arlington, Virginia are held in custodial funds for the benefit of the congregations under a policy approved by the Presbytery. These funds of approximately \$8.1 million and \$9.5 million at December 31, 2022 and 2021, respectively, are reflected in Investments assets, Cash, and Funds Held for Congregations and represent all gains and losses activities related to these investments. Any withdrawal from the custodian fund (1) must be initiated and approved by the congregation's Session and (2) must receive the concurrence of the Presbytery Leadership Council.

Note 10. **SECONDARY AND CONTINGENT LIABILITIES**

At December 31, 2022 and 2021, the Corporation was secondarily or contingently liable for \$11,038,575 and \$12,510,678, respectively, in connection with grants and loans, which it has guaranteed or endorsed. For each of these obligations, repayment is primarily the responsibility of the borrower. Following is a summary of these obligations at December 31, 2022 and 2021. See page 20 for the detail of these secondary and contingent liabilities.

	<u>2022</u>	<u>2021</u>
PC(U.S.A.) loans	\$ 7,023,979	\$ 7,497,185
PC(U.S.A.) grants	14,300	14,300
Grant loan – United Church of Christ	20,000	20,000
Commercial loans	3,980,296	4,979,193
	<u>\$ 11,038,575</u>	<u>\$ 12,510,678</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 10. **SECONDARY AND CONTINGENT LIABILITIES (continued)**

PC(U.S.A.) loans represent loans made to churches by the General Assembly. The churches bear responsibility for loan repayment. These loans bear interest from 2.00% to 3.95% with varying repayment terms.

PC(U.S.A.) grants represent monies given to churches by the General Assembly. Repayment of grants is only required if a church is abandoned or dissolved or ceases to be a member of the denomination. Acknowledgement of the grants is requested from the churches annually.

Grant loan from United Church of Christ represents a loan to United Parish of Bowie, which is guaranteed by the Corporation. This loan bears no interest as long as the terms of the promissory note are met. Otherwise, the interest rate becomes 7%.

Commercial loans are loans to churches from commercial banks and mortgage companies which are guaranteed by the Corporation. These loans bear interest from 3.90% to 5.50% and are due at various times through 2028.

Note 11. **DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS**

Management of the Organizations has designated amounts of net assets without donor restrictions, which are set aside for particular programs. The balances are as follows:

	Designated Assets <u>12/31/2021</u>	Additions	Uses	Designated Assets <u>12/31/2022</u>
Mission Programs				
Resource – Educator’s Group	\$ 1,554	\$ -	\$ -	\$ 1,554
Youth Triennium	-	453	-	453
NCP Youth Scholarship	2,392	-	-	2,392
Young Adult Volunteer	33,556	67,914	60,165	41,305
Mission Reserve	150,000	-	-	150,000
Total Mission Programs	<u>187,502</u>	<u>68,367</u>	<u>60,165</u>	<u>195,704</u>
Operations				
Office				
Pass Through account	18,967	71,311	12,311	77,967
NCP Sponsored events	2,456	-	-	2,456
Calm to the Waves	11,470	-	11,470	-
Transitional CDC & Mission Contingency	2,884	2,211	822	4,273
Contingency General Presbyter	1,915	2,475	1,372	3,018
	<u>37,692</u>	<u>75,997</u>	<u>25,975</u>	<u>87,714</u>
COM & CPM				
Ordination – CPM Scholarships	7,085	218	-	7,303
Colleague Groups	97	-	-	97
Pre-Retirement Seminar	19	-	-	19
	<u>7,201</u>	<u>218</u>	<u>-</u>	<u>7,419</u>
Total Operations	<u>44,893</u>	<u>76,215</u>	<u>25,975</u>	<u>95,133</u>
Investments – quasi-endowment	<u>7,706,734</u>	<u>(311,220)</u>	<u>601,834</u>	<u>6,793,680</u>
Total designated net assets without donor restrictions	<u>\$ 7,939,129</u>	<u>\$ (166,638)</u>	<u>\$ 687,974</u>	<u>\$ 7,084,517</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 11. DESIGNATION OF NET ASSETS WITHOUT DONOR RESTRICTIONS (continued)

	Designated Assets 12/31/2020	Additions	Uses	Designated Assets 12/31/2021
Mission Programs				
Resource – Educator’s Group	\$ 1,054	\$ 500	\$ -	\$ 1,554
NCP Youth Scholarship	2,392	-	-	2,392
Young Adult Volunteer	24,062	62,300	52,806	33,556
SDOP - Church Seller Project	17,000	-	17,000	-
Mission Reserve	150,000	-	-	150,000
Total Mission Programs	<u>194,508</u>	<u>62,800</u>	<u>69,806</u>	<u>187,502</u>
Operations				
Office				
Pass Through account	19,296	10,112	10,441	18,967
NCP Sponsored events	2,456	-	-	2,456
Calm to the Waves	-	11,470	-	11,470
Transitional CDC & Mission Contingency	2,616	1,761	1,493	2,884
Contingency General Presbyter	416	1,845	346	1,915
	<u>24,784</u>	<u>25,188</u>	<u>12,280</u>	<u>37,692</u>
COM & CPM				
Ordination – CPM Scholarships	7,085	-	-	7,085
Colleague Groups	497	800	1,200	97
Pre-Retirement Seminar	19	-	-	19
	<u>7,601</u>	<u>800</u>	<u>1,200</u>	<u>7,201</u>
Total Operations	<u>32,385</u>	<u>25,988</u>	<u>13,480</u>	<u>44,893</u>
Investments – quasi-endowment	<u>7,613,592</u>	<u>653,433</u>	<u>560,291</u>	<u>7,706,734</u>
Total designated net assets without donor restrictions	<u><u>\$ 7,840,485</u></u>	<u><u>\$ 742,221</u></u>	<u><u>\$ 643,577</u></u>	<u><u>\$ 7,939,129</u></u>

Note 12. NET ASSETS WITH DONOR RESTRICTIONS

To ensure observance of limitations and restrictions placed on the use of resources available to the Organizations, net assets with donor restrictions of the Organizations are accounted for as follows:

Net assets with donor restrictions include three types of funds: (1) donations given to the Presbytery for a specified purpose, for which principal is to be spent (i.e., are not to be managed as endowments), (2) income funds that hold the dividends, interest and capital gains earned from perpetual endowment funds, and (3) donations given to the Presbytery that must be maintained in perpetuity (i.e., that the fund be managed as a perpetual endowment). The annual spending amount for each endowment is taken out of that endowment's income fund.

Restricted for a Specific Purpose

- **Emma P. Grandin Memorial Fund.** This is a revolving loan fund established to provide short-term capital loans up to \$20,000 to congregations for a period of up to three years.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Restricted for a Specific Purpose (continued)

- **Ministry Crisis Fund.** The Ministry Crisis Fund is a longstanding financial resource which provides emergency assistance to ministers and/or their families when other resources are not sufficient. The fund is operated by Committee on Ministry. Income is primarily from the offering taken at all installation services. Assistance is provided in the form of grants or loans; where a loan is provided, ordinarily a promissory note is required.
- **Commission on Preparation for Ministry Scholarship Fund.** Monies in this fund have been given by individuals and churches for seminary scholarships by direct giving and by the offering taken at ordination services.
- **John R. Bovard Memorial Scholarship Endowment Fund.** The income earned is used to assist students under care as Inquirers or Candidates in preparing for a church vocation.
- **Garden Endowment Fund.** This fund was established to help deserving and less fortunate people start gardens for their own table and canning use and to provide financial assistance to other religious and charitable organizations in starting similar endowment funds.
- **Robert and Marie Moravetz Memorial Endowment Fund.** This fund was established to support NCP programs in creative and experimental ministries. The income from this fund is included in Church Development revenue below.

Restricted in Perpetuity

- **George W. Toland Scholarship Endowment Fund.** This fund is used to assist in the education of a young person studying at a Presbyterian college or presbytery-approved seminary to become a minister.
- **General Scholarship Endowment Fund.** The income from this fund is used to provide scholarships to candidates and inquirers of National Capital Presbytery.

The John R. Bovard, Garden, and Robert and Marie Moravetz endowment funds are not reflected under restricted in perpetuity funds because the principal is invested with and managed by PC(USA).

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were as follows for the year ended December 31, 2022:

	Net Assets With Donor Restrictions 12/31/2021	Revenues, Losses and Contributions	Released From Restrictions	Net Assets With Donor Restrictions 12/31/2022
<u>Restricted for a Specific Purpose:</u>				
<u>Mission Programs</u>				
Church Development				
Church Development	\$ 5,363	\$ 5,974	\$ -	\$ 11,337
NWC - Germantown	2,253	53,500	53,500	2,253
NWC - Earth and Hands	-	48,700	48,700	-
NWC - Riverdale	10,000	20,000	20,000	10,000
NWC - Clarksburg	27,608	96,165	123,773	-
Well Grant [PC(U.S.A.)]	15,300	-	-	15,300
NWC – Impacto	-	10,000	10,000	-
	<u>60,524</u>	<u>234,339</u>	<u>255,973</u>	<u>38,890</u>
MCC				
Cents Ability	4,957	405	-	5,362
Peacemaking Committee	32,647	2,867	27,000	8,514
Disaster Assistance	3,110	-	-	3,110
	<u>40,714</u>	<u>3,272</u>	<u>27,000</u>	<u>16,986</u>
Presbytery Resource and Council				
Pentecost Offerings	5,354	-	-	5,354
Anti-Racism Projects	3,574	-	-	3,574
Dismantling Racism Team	6,500	-	-	6,500
Commissioned Ruling Elder	-	10,000	-	10,000
	<u>15,428</u>	<u>10,000</u>	<u>-</u>	<u>25,428</u>
Total Mission Programs	<u>116,666</u>	<u>247,611</u>	<u>282,973</u>	<u>81,304</u>
<u>Operations</u>				
COM and CPM				
Ministry Crisis Fund	60,750	5,386	20,000	46,136
NCP Youth Ministry	-	450	-	450
	<u>60,750</u>	<u>5,836</u>	<u>20,000</u>	<u>46,586</u>
Other Operating Funds				
Grandin Endowment Fund	130,554	(4,116)	-	126,438
Toland Scholarship Fund	2,380	(327)	-	2,053
Bovard Scholarship Fund	1,459	(46)	-	1,413
Garden Endowment Fund	8,763	(277)	-	8,486
General Scholarships	17,267	(2,330)	-	14,937
	<u>160,423</u>	<u>(7,096)</u>	<u>-</u>	<u>153,327</u>
Total Operations	<u>221,173</u>	<u>(1,260)</u>	<u>20,000</u>	<u>199,913</u>
<u>Restricted in Perpetuity:</u>				
Endowment				
Toland Scholarship Fund	8,000	-	-	8,000
General Scholarship Fund	56,645	-	-	56,645
Total Endowment	<u>64,645</u>	<u>-</u>	<u>-</u>	<u>64,645</u>
Net assets with donor restrictions	<u>\$ 402,484</u>	<u>\$ 246,351</u>	<u>\$ 302,973</u>	<u>\$ 345,862</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 12. NET ASSETS WITH DONOR RESTRICTIONS (continued)

Net assets with donor restrictions were as follows for the year ended December 31, 2021:

	Net Assets With Donor Restrictions 12/31/2020	Revenues, Losses and Contributions	Released From Restrictions	Net Assets With Donor Restrictions 12/31/2021
<u>Restricted for a Specific Purpose:</u>				
<u>Mission Programs</u>				
Church Development				
Church Development	\$ 4,489	\$ 874	\$ -	\$ 5,363
NWC - Germantown	2,253	-	-	2,253
NWC - Brazilian Bible Church	-	45,500	45,500	-
NWC - Earth and Hands	7,500	39,075	46,575	-
NWC - Riverdale	10,000	19,591	19,591	10,000
NWC - Clarksburg	18,943	67,218	58,553	27,608
Well Grant [PC(U.S.A.)]	27,800	-	12,500	15,300
	<u>70,985</u>	<u>172,258</u>	<u>182,719</u>	<u>60,524</u>
MCC				
Cents Ability	4,957	-	-	4,957
Peacemaking Committee	30,706	1,941	-	32,647
Disaster Assistance	3,110	-	-	3,110
	<u>38,773</u>	<u>1,941</u>	<u>-</u>	<u>40,714</u>
Presbytery Resource and Council				
Pentecost Offerings	5,354	-	-	5,354
Anti-Racism Projects	3,574	-	-	3,574
Dismantling Racism Team	11,000	-	4,500	6,500
	<u>19,928</u>	<u>-</u>	<u>4,500</u>	<u>15,428</u>
Total Mission Programs	<u>129,686</u>	<u>174,199</u>	<u>187,219</u>	<u>116,666</u>
<u>Operations</u>				
COM and CPM				
Ministry Crisis Fund	60,389	5,627	5,266	60,750
Other Operating Funds				
Grandin Endowment Fund	113,111	17,443	-	130,554
Toland Scholarship Fund	993	1,387	-	2,380
Bovard Scholarship Fund	1,260	199	-	1,459
Garden Endowment Fund	7,592	1,171	-	8,763
General Scholarships	7,392	9,875	-	17,267
	<u>130,348</u>	<u>30,075</u>	<u>-</u>	<u>160,423</u>
Total Operations	<u>190,737</u>	<u>35,702</u>	<u>5,266</u>	<u>221,173</u>
<u>Restricted in Perpetuity:</u>				
Endowment				
Toland Scholarship Fund	8,000	-	-	8,000
General Scholarship Fund	56,645	-	-	56,645
	<u>64,645</u>	<u>-</u>	<u>-</u>	<u>64,645</u>
Net assets with donor restrictions	<u>\$ 385,068</u>	<u>\$ 209,901</u>	<u>\$ 192,485</u>	<u>\$ 402,484</u>

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 13. PAYCHECK PROTECTION PROGRAM LOAN

During the year ended December 31, 2020, the Organizations obtained approval for a \$171,358 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. This loan was forgiven in full, including all accrued interest, during the year ended December 31, 2021 and is reported as forgiveness of Paycheck Protection Program loan on the Combined Statement of Activities – Modified Cash Basis.

Note 14. LEASES

During 2017, the Organizations leased a new copier which is treated as an operating lease. The loan term is 60 months and requires monthly payments of \$788. During 2018, the Organizations leased a new phone system which is treated as an operating lease. The lease term is 36 months and requires monthly payments of \$327. During 2019, the Organizations entered into an agreement to lease residential property for the YAV program for a period of two years. The lease requires monthly payments of \$2,678. The future lease payments for these leases are combined below with the office space lease payments.

During 2019, the Organizations amended the lease for the Organizations' office space. The amended lease expires on December 31, 2024. Payments of \$9,323 are due each month for the first year, and will increase by 3% each year on the lease anniversary date. The lease contains one option to renew for an additional five years. Total rent expense for 2022 and 2021 was \$120,564 and \$118,355, respectively.

As of December 31, 2022, future required lease payments are:

2023	\$	122,547
2024	\$	126,224

Note 15. RETIREMENT BENEFITS

The Organizations provide retirement benefits for their staff under contributory defined contribution plans administered by the Board of Pensions of the Presbyterian Church (U.S.A.). All eligible employees of the Presbytery and Corporation are entitled to benefits under at least one of these plans. Annual costs are funded by contributions to the respective plans. The total cost under these plans for 2022 and 2021 was \$50,519 and \$50,102, respectively.

Note 16. ENDOWMENT FUNDS

Interpretation of Relevant Law

The Organizations classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts donated to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the Organizations consider 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 organization and the donor-restricted endowment fund
- 3) General endowment 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 Organizations
- 7) The investment policies of the Organizations.

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 16. ENDOWMENT FUNDS (continued)

From time to time, the fair value of assets associate with individual donor-restricted endowment funds may fall below the level that current law or donors require the Organizations to retain for a fund of perpetual duration. The Organization has two donor-restricted endowment funds, which together have an original gift value of \$64,645. At December 31, 2022, the fair value of the funds was \$81,635. At December 31, 2021, the funds had a fair value of \$84,292.

Investment Policies

The basic investment objective is to achieve a total return that will provide sufficient assets to support the missions and purposes of the Organizations. The portfolio will use a combination of asset allocation strategy and security selection to seek to achieve a real return (total return less an inflation factor such as the Consumer Price Index) of at least 7%. Only the following types of investments are allowable within the listed percentage ranges:

<u>Asset Class</u>	<u>Percentage Range</u>
<ul style="list-style-type: none"> • <u>Equity Securities</u> including U.S. and non-U.S. common stocks, depository receipts (including American, European and Global Depository receipts), U.S. dollar denominated foreign securities, open and closed end country funds, and convertible preferred stocks. 	30 - 60%
<ul style="list-style-type: none"> • <u>Fixed Income Securities</u> including investments in treasuries, investment grade corporate securities (rated, at the time of purchase, the equivalent of BBB+ or higher by any two of Standard & Poor's, Moody's or Fitch), asset-backed and mortgage-backed securities with the guarantee of the U.S. government, and preferred stock. 	30 - 60%
<ul style="list-style-type: none"> • <u>Cash and Cash Equivalents</u> including short-term money market funds or money market instruments that would mature in not more than one year, including direct or indirect obligations of the U.S. government, negotiable Certificates of Deposit, in those banks with investment grade credit ratings, and commercial paper with ratings from at least two credit rating agencies, of A-1 by Standard & Poor's, P-1 by Moody's or F-1 by Fitch. 	5 - 30%

Policy for appropriation of endowment expenditures

Each year, the income from the endowment funds is used for its intended purpose.

Endowment net asset composition by Type of Fund as of December 31, 2022:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 81,635	\$ 81,635
Board-designated quasi-endowment	6,793,680	-	6,793,680
Total funds	\$ 6,793,680	\$ 81,635	\$ 6,875,315

Endowment net asset composition by Type of Fund as of December 31, 2021:

	Net Assets without Donor Restrictions	Net Assets with Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 84,292	\$ 84,292
Board-designated quasi-endowment	7,706,734	-	7,706,734
Total funds	\$ 7,706,734	\$ 84,292	\$ 7,791,026

NOTES TO COMBINED FINANCIAL STATEMENTS

Note 16. ENDOWMENT FUNDS (continued)

Changes in Endowment Net Assets for the Year Ended December 31, 2022 and 2021 are as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, December 31, 2020	\$ 7,613,592	\$ 73,030	\$ 7,686,622
Investment income, net	653,433	11,262	664,695
Additions/Contributions	-	-	-
Appropriation of endowment for expenditure	<u>(560,291)</u>	<u>-</u>	<u>(560,291)</u>
Endowment net assets, December 31, 2021	7,706,734	84,292	7,791,026
Investment income, net	(311,220)	(2,657)	(313,877)
Additions/Contributions	-	-	-
Appropriation of endowment for expenditure	<u>(601,834)</u>	<u>-</u>	<u>(601,834)</u>
Endowment net assets, December 31, 2022	<u>\$ 6,793,680</u>	<u>\$ 81,635</u>	<u>\$ 6,875,315</u>

SUPPLEMENTARY INFORMATION

NATIONAL CAPITAL PRESBYTERY AND NATIONAL CAPITAL PRESBYTERY, INC.

Schedule of Secondary and Contingent Liabilities

December 31, 2022

Borrower	Lender	Interest Rate	Maturity Date	Balance
PC(U.S.A.) LOANS				
Darnestown Presbyterian Church	PC(U.S.A.)	3.552%	3/1/41	\$ 1,547,134
Korean	PC(U.S.A.)	3.950%	6/1/34	549,329
Church of the Pilgrims	PC(U.S.A.)	3.570%	6/1/38	509,373
Riverside Presbyterian Church	PC(U.S.A.)	3.500%	4/25/37	353,867
John Calvin	PC(U.S.A.)	3.500%	5/25/34	294,397
Southminster	PC(U.S.A.)	3.360%	1/1/27	195,336
Church of the Redeemer	PC(U.S.A.)	3.610%	1/1/27	194,407
1st Pres. Church of Annandale	PC(U.S.A.)	3.750%	4/25/30	76,274
Faith Presbyterian	PC(U.S.A.)	3.500%	3/25/25	27,413
Fairlington Presbyterian Church	PC(U.S.A.)	2.000%	3/25/42	533,096
Warner Memorial	PC(U.S.A.)	2.500%	7/25/35	86,310
Northeastern	PC(U.S.A.)	2.594%	12/25/25	95,091
Takoma Park	PC(U.S.A.)	3.250%	7/25/40	201,061
Hope Presbyterian Church	PC(U.S.A.)	2.000%	11/25/36	75,380
Claredon Presbyterian Church	PC(U.S.A.)	3.760%	1/1/28	938,402
Burke	PC(U.S.A.)	3.570%	7/1/41	1,347,109
				<u>7,023,979</u>
PC(U.S.A.) GRANTS				
Silver Spring	PC(U.S.A.)	0.000%	No maturity date	10,000
Knox	PC(U.S.A.)	0.000%	No maturity date	4,300
				<u>14,300</u>
GRANT LOAN-UNITED CHURCH OF CHRIST				
United Parish of Bowie	United Church of Christ	7.000%	3/1/82	<u>20,000</u>
COMMERCIAL LOANS				
St. Andrew Presbyterian Church	Bank of Clarke County	4.100%	1/1/42	1,659,378
Ebenezer	First Citizens Bank	3.900%	6/4/36	1,103,744
Kirkwood	United Bank	4.926%	3/5/24	251,357
Clifton Church	Main Street Bank	5.500%	3/14/24	396,122
Christ	First Virginia Comm. Bank	4.000%	7/1/30	351,518
New Hope	PNC Bank	4.990%	10/31/28	218,177
				<u>3,980,296</u>
TOTAL SECONDARY AND CONTINGENT LIABILITIES				<u><u>\$ 11,038,575</u></u>