



GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA

Consolidated Financial Statements  
With Independent Auditors' Report

September 30, 2021 and 2020

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

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## INDEPENDENT AUDITORS' REPORT

The Audit Subcommittee of the  
General Synod Council  
General Synod Council of the  
Reformed Church in America  
Grand Rapids, Michigan

We have audited the accompanying consolidated financial statements of the General Synod Council of the Reformed Church in America which comprise the consolidated statements of financial position as of September 30, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

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

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

### *Auditors' Responsibility*

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

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

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of General Synod Council of the Reformed Church in America as of September 30, 2021 and 2020, and the changes in their consolidated net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

Grand Rapids, Michigan  
January 25, 2022

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statements of Financial Position**

	September 30,	
	2021	2020
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 3,223,097	\$ 2,492,206
Investments	17,683,700	15,246,671
Prepaid expenses and other assets	437,331	386,894
Investments held under split-interest agreements	1,334,820	1,180,049
Property, plant, and equipment—net	3,549,830	3,877,017
Investments held for long-term purposes	22,789,612	20,468,968
Beneficial interest in third-party perpetual trusts	2,157,654	3,529,021
	<u>\$ 51,176,044</u>	<u>\$ 47,180,826</u>
<b>Total Assets</b>	<u>\$ 51,176,044</u>	<u>\$ 47,180,826</u>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 113,786	\$ 137,753
Other liabilities	543,444	843,784
Capital lease obligation	28,023	50,584
Liabilities held under split-interest agreements	1,109,820	955,049
Amounts held for others in investments held for long-term purposes	4,477,148	4,033,991
<b>Total liabilities</b>	<u>6,272,221</u>	<u>6,021,161</u>
<b>Net Assets:</b>		
Without donor restrictions	19,738,013	17,561,686
With donor restrictions:		
Restricted by purpose or time	14,792,841	12,300,405
Restricted in perpetuity	10,372,969	11,297,574
	<u>25,165,810</u>	<u>23,597,979</u>
<b>Total Net Assets</b>	<u>44,903,823</u>	<u>41,159,665</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 51,176,044</u>	<u>\$ 47,180,826</u>

See notes to consolidated financial statements

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statement of Activities**

	Year Ended September 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND PUBLIC SUPPORT:</b>			
Contributions and grants	\$ 5,844,704	\$ 4,487,214	\$ 10,331,918
Assessments	5,916,752	-	5,916,752
Investment income	407,928	2,514,426	2,922,354
Other income	241,083	5,690	246,773
Services provided to related entities	257,792	-	257,792
Gain on third-party perpetual trust	-	659,248	659,248
Total Revenue and Public Support	12,668,259	7,666,578	20,334,837
<b>RECLASSIFICATIONS:</b>			
Satisfaction of program restrictions	6,098,747	(6,098,747)	-
Total Revenue, Public Support, and Net Assets Released from Restrictions	18,767,006	1,567,831	20,334,837
<b>EXPENSES:</b>			
Program services	14,372,509	-	14,372,509
Management and general	1,927,298	-	1,927,298
Advancement and fundraising	290,872	-	290,872
Total Expenses	16,590,679	-	16,590,679
Total Change in Net Assets	2,176,327	1,567,831	3,744,158
Net Assets, Beginning of Year	17,561,686	23,597,979	41,159,665
Net Assets, End of Year	\$ 19,738,013	\$ 25,165,810	\$ 44,903,823

See notes to consolidated financial statements

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statement of Activities**

	Year Ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND PUBLIC SUPPORT:</b>			
Contributions and grants	\$ 5,234,293	\$ 5,548,752	\$ 10,783,045
Assessments	5,410,187	-	5,410,187
Investment income	608,500	1,672,697	2,281,197
Other income	830,757	184,911	1,015,668
Services provided to related entities	374,767	-	374,767
Gain on third-party perpetual trust	-	269,374	269,374
Total Revenue and Public Support	<u>12,458,504</u>	<u>7,675,734</u>	<u>20,134,238</u>
<b>RECLASSIFICATIONS:</b>			
Satisfaction of program restrictions	<u>5,083,932</u>	<u>(5,083,932)</u>	<u>-</u>
Total Revenue, Public Support, and Net Assets Released from Restrictions	<u>17,542,436</u>	<u>2,591,802</u>	<u>20,134,238</u>
<b>EXPENSES:</b>			
Program services	14,496,309	-	14,496,309
Management and general	2,025,660	-	2,025,660
Advancement and fundraising	649,273	-	649,273
Total Expenses	<u>17,171,242</u>	<u>-</u>	<u>17,171,242</u>
Total Change in Net Assets	371,194	2,591,802	2,962,996
Net Assets, Beginning of Year	<u>17,190,492</u>	<u>21,006,177</u>	<u>38,196,669</u>
Net Assets, End of Year	<u>\$ 17,561,686</u>	<u>\$ 23,597,979</u>	<u>\$ 41,159,665</u>

See notes to consolidated financial statements

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statement of Functional Expenses**

Year Ended September 30, 2021

	Program Services				Supporting Activities			
	Church Multiplication	Global Mission	Transformed and Transforming	Work of the General Synod	Total	Management and General	Advancement and Fundraising	Total
Payroll and related expenses	\$ 386,159	\$ 3,710,181	\$ 1,740,500	\$ 1,184,188	\$ 7,021,028	\$ 1,396,449	\$ 237,161	\$ 8,654,638
Grants	436,221	2,638,535	531,133	2,043,739	5,649,628	-	-	5,649,628
Office and occupancy	32,813	353,016	191,959	421,385	999,173	262,610	37,079	1,298,862
Meetings and events	3,647	9,727	30,636	29,796	73,806	6,396	39	80,241
Professional services	30,487	1,631	103,563	41,539	177,220	187,177	-	364,397
Travel and staff development	2,296	117,191	52,037	30,756	202,280	6,442	10,728	219,450
Depreciation	20,838	68,636	88,462	71,438	249,374	68,224	5,865	323,463
<b>Total Expenses</b>	<b>\$ 912,461</b>	<b>\$ 6,898,917</b>	<b>\$ 2,738,290</b>	<b>\$ 3,822,841</b>	<b>\$ 14,372,509</b>	<b>\$ 1,927,298</b>	<b>\$ 290,872</b>	<b>\$ 16,590,679</b>

See notes to consolidated financial statements

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statement of Functional Expenses**

Year Ended September 30, 2020

	Program Services					Supporting Activities		
	Church Multiplication	Global Mission	Transformed and Transforming	Work of the General Synod	Total	Management and General	Advancement and Fundraising	Total
Payroll and related expenses	\$ 508,138	\$ 3,820,172	\$ 2,180,473	\$ 1,746,574	\$ 8,255,357	\$ 1,514,584	\$ 542,493	\$ 10,312,434
Grants	525,483	2,285,339	479,998	243,914	3,534,734	-	-	3,534,734
Office and occupancy	26,544	327,322	173,767	436,861	964,494	189,440	59,002	1,212,936
Meetings and events	93,235	384,453	227,260	187,118	892,066	42,435	240	934,741
Professional services	33,241	89,871	50,905	96,927	270,944	195,684	975	467,603
Travel and staff development	20,148	153,610	102,969	58,036	334,763	16,798	27,365	378,926
Depreciation	19,638	65,736	82,975	75,602	243,951	66,719	19,198	329,868
<b>Total Expenses</b>	<b>\$ 1,226,427</b>	<b>\$ 7,126,503</b>	<b>\$ 3,298,347</b>	<b>\$ 2,845,032</b>	<b>\$ 14,496,309</b>	<b>\$ 2,025,660</b>	<b>\$ 649,273</b>	<b>\$ 17,171,242</b>

See notes to consolidated financial statements



**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Consolidated Statements of Cash Flows**

	Year Ended September 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 3,744,158	\$ 2,962,996
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	323,463	329,868
Net realized and unrealized gain on investments	(2,721,067)	(1,775,932)
Noncash transfer of assets to third party	2,030,615	22,728
Gain on sale of property, plant and equipment	(1,526)	-
Contributions restricted for long term purposes	(3,100)	(4,900)
Change in value of split-interest agreements	252,089	102,775
Change in value of beneficial interest in third-party perpetual trusts	(659,248)	(269,374)
Noncash revenue recognition of loan forgiveness	-	(1,347,600)
Changes in:		
Prepaid expenses and other assets	(50,437)	180,713
Accounts payable	(23,967)	(254,666)
Other liabilities	(300,340)	(225,301)
Refundable advances	-	(94,933)
Net Cash Provided (Used) by Operating Activities	2,590,640	(373,626)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of investments	(11,110,118)	(10,354,282)
Proceeds from sale of investments	8,918,741	10,542,813
Proceeds from sale of property, plant, and equipment	5,250	-
Net change in amounts held for others in RCA Endowment Fund	443,157	199,064
Net Cash Provided (Used) by Investing Activities	(1,742,970)	387,595
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Principal payments on capital lease	(22,561)	(20,832)
Payments for annuitants	(97,318)	(191,447)
Proceeds from contributions restricted for long-term purposes	3,100	4,900
Proceeds from Paycheck Protection Program loan	-	1,347,600
Net Cash Provided (Used) by Financing Activities	(116,779)	1,140,221
Change in Cash and Cash Equivalents	730,891	1,154,190
Cash and Cash Equivalents, Beginning of Year	2,492,206	1,338,016
Cash and Cash Equivalents, End of Year	\$ 3,223,097	\$ 2,492,206
<b>SUPPLEMENTAL DISCLOSURES:</b>		
Noncash financing transaction of loan forgiveness recognized as revenue	\$ -	\$ 1,347,600

See notes to consolidated financial statements

# GENERAL SYNOD COUNCIL OF THE REFORMED CHURCH IN AMERICA

## Notes to Consolidated Financial Statements

September 30, 2021 and 2020

1. NATURE OF THE ORGANIZATION:

The General Synod Council (GSC) serves as the Executive Committee of the General Synod of the Reformed Church in America (RCA), as the Committee of Reference at meetings of the General Synod, and as the Board of Trustees of the General Synod. The General Synod Council acts as the agent of the General Synod of the Reformed Church in America to enable its participation in God's work in the world and to equip congregations and assemblies for mission and ministry.

The accompanying consolidated financial statements include all administrative offices and program offices of the RCA. These consolidated financial statements do not include the accounts of all organizations of the RCA, such as the Board of Benefits Services of the Reformed Church in America, Inc. (BOBS), The Reformed Church in America Church Growth Fund, Inc. (RCACGF), congregations, schools, cemeteries, homes, seminaries, or any other RCA affiliated associations, except insofar as financial transactions have taken place between them and the GSC (e.g., staff service charges, payments of benefits, and investments held for related organizations). Each is an operating entity distinct from the GSC, maintains separate accounts, carries on its own services and programs, and reports annually to its respective constituency.

The GSC is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

**BASIS OF ACCOUNTING**

The consolidated financial statements of the General Synod Council of The Reformed Church in America have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

**PRINCIPLES OF CONSOLIDATION**

The GSC owns 89 percent of the net assets of the Michigan Condo Association at September 30, 2021 and 2020. As a majority owner, all assets and liabilities are recognized on the consolidated statements of financial position and income is recognized on the consolidated statements of activities. The amount owned by others is shown on the consolidated statements of financial position as a part of net assets without donor restrictions as of September 30, 2021 and 2020.

# GENERAL SYNOD COUNCIL OF THE REFORMED CHURCH IN AMERICA

## Notes to Consolidated Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRINCIPLES OF CONSOLIDATION, continued

Changes in consolidated net assets without donor restrictions attributable to the controlling financial interest of the GSC and the non-controlling interest are:

	Total	Controlling Interest	Noncontrolling Interest
Balance at October 1, 2019	\$ 3,105,042	\$ 3,105,042	\$ -
Reclassifications	383,769	-	383,769
Decrease in net assets without donor restrictions	(146,676)	(130,542)	(16,134)
Balance at September 30, 2020	3,342,135	2,974,500	367,635
Decrease in net assets without donor restrictions	(127,532)	(113,503)	(14,029)
Balance at September 30, 2021	\$ 3,214,603	\$ 2,860,997	\$ 353,606

#### USE OF ESTIMATES

The preparation of the 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 amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from their estimates.

#### CASH AND CASH EQUIVALENTS

The GSC considers cash on deposit, cash on hand, and certificates of deposit with original maturities of three months or less when purchased, and money market funds to be cash equivalents. These cash and cash equivalent accounts, at times, exceed federally insured limits. The GSC has not experienced any loss on these accounts and does not believe that it is exposed to any significant risk. At September 30, 2021 and 2020, the GSC exceeded federally insured limits by \$3,427,206 and \$2,639,403, respectively.

#### PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses consist of expenses paid in advance of being incurred. Other assets mainly consists of miscellaneous receivables.

# GENERAL SYNOD COUNCIL OF THE REFORMED CHURCH IN AMERICA

## Notes to Consolidated Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, investment certificates (with an original maturity greater than 3 months) are held at cost, investments in unitized equities are held at net asset value, with interest, dividends, and realized and unrealized gains and losses included in the consolidated statements of activities. The various investments in stocks, securities, mutual funds, and other investments are exposed to a variety of uncertainties, including interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is possible that changes in the values of these investments could occur in the near term. Such changes could materially affect the amounts reported in the consolidated financial statements of the GSC.

#### INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments held for long-term purposes are reported at fair value, with interest, dividends and net realized and unrealized gains and losses included in investment income without donor restrictions in the consolidated statements of activities unless donor or law restricts their use. These investments benefit the GSC programs and RCA related organizations, including churches, colleges and RCACGF.

#### PROPERTY, PLANT, AND EQUIPMENT

Land, buildings, and equipment are stated at cost, or, if donated, at the estimated fair value at the date of donation. Depreciation is recorded using the straight-line method at various rates calculated to allocate the cost of the respective items over their estimated useful lives. Plant and equipment purchases over \$5,000 are capitalized. Plant and equipment purchases less than \$5,000 are expensed as incurred.

Estimated useful lives are:

Buildings	5 – 40 years
Building improvements	5 – 30 years
Leasehold improvements	5 – 10 years
Furniture and equipment	3 – 15 years

#### LIABILITIES HELD UNDER SPLIT-INTEREST AGREEMENTS

The GSC has established gift annuity plans and charitable remainder trusts whereby donors may contribute assets to the GSC in exchange for the right to receive distributions during their lifetimes. These agreements are irrevocable and designate the GSC or other organizations to receive the residuum of the assets at the grantor's death. The majority of agreements do not list the GSC as the beneficiary, but rather a reformed church in New York. Upon maturity of the agreement, the GSC remits the fair value of the funds to the church. During the life of the agreement, the GSC monitors the present value of future annuity payments compared to the market value of the funds to other beneficiaries and records a liability for the greater of the present value or market value.

# GENERAL SYNOD COUNCIL OF THE REFORMED CHURCH IN AMERICA

## Notes to Consolidated Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CLASSES OF NET ASSETS

*Net assets without donor restrictions* include all resources which are not subject to donor-imposed restrictions of a more specific nature than those which only obligate the organization to utilize funds in furtherance of its mission.

*Net assets with donor restrictions- Restricted by purpose or time* carry specific, donor-imposed restrictions on the expenditure or other use of contributed funds. Restrictions may expire either because of the passage of time or because certain actions are taken by the organization which fulfill the restrictions. Expirations of net assets with donor restrictions- restricted by purpose or time (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

*Net assets with donor restrictions- Restricted in perpetuity* are those that are subject to donor-imposed restrictions which will never lapse, thus requiring that the funds be held in perpetuity. Generally, the donors of these funds permit the GSC to use all or part of the income earned on related investments and the net capital appreciation thereon for general or specific purposes.

#### DONOR ADVISED FUNDS

Charitable fund agreements allow donors to make outright charitable contributions to this fund which is used to provide charitable donations (grants) to qualified charitable organizations whose purposes, programs and practices are consistent with the Christian character of the GSC. The funds are under the complete control of the GSC, but donors are allowed to make recommendations as to their distribution. These types of gift agreements are commonly referred to as donor advised funds and are reported as contributions without donor restrictions and designated net assets.

#### REVENUE, EXPENSES, AND CONTRIBUTIONS

Revenues are reported as increases in net assets without donor restrictions when earned, unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions when incurred. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions when incurred unless their use is restricted by explicit donor stipulation or law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Contributions received with donor-imposed restrictions are reported as revenue in the net assets with donor restrictions class. Contributions of property, plant and equipment without donor-imposed restrictions concerning their use are reported as revenue in the net asset without donor restrictions class.

# GENERAL SYNOD COUNCIL OF THE REFORMED CHURCH IN AMERICA

## Notes to Consolidated Financial Statements

September 30, 2021 and 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### REVENUE, EXPENSES, AND CONTRIBUTIONS, continued

Assessment revenues are received from RCA classes based upon the number of confessing members in the classes. Assessment revenue is reported at the amount that reflects the consideration to which GSC expects to be entitled in exchange for providing membership to its classes. The assessment was calculated at \$52.01 and \$54.30 per confessing member for the calendar years ended 2021 and 2020, respectively. Revenue is recognized as performance obligations are satisfied, which is ratably over the membership term. Generally, the GSC bills the classes quarterly. A portion of these assessments is passed on to RCA theological institutions and BOBS. Due to the COVID-19 pandemic and the postponement of General Synod 2020, the GSC discounted the assessments due in the third and fourth quarters of the fiscal year by 30 percent during the year ended September 30, 2020. No such discounts on assessments took place during the year ended September 30, 2021.

#### FUNCTIONAL ALLOCATION

The costs of providing the various program services and supporting activities of the GSC have been summarized on a functional basis in the consolidated statements of activities and statements of functional expenses. Certain costs not directly attributable to specific program services or functions have been allocated to program services and supporting activities. Management allocates costs based on square footage and full time equivalents attributed to the function. The GSC incurred no joint costs during the years ended September 30, 2021, and 2020.

#### RECENTLY ADOPTED ACCOUNTING STANDARDS

In 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-08, which updates the *Not-for-Profit Entities* topic of the FASB Accounting Standards Codification (ASC). This ASU clarifies the scope and accounting guidance for contributions made. The GSC adopted the contributions made provisions of this new standard during the year ended September 30, 2021, and has implemented the guidance on a modified retrospective approach, meaning, changes are only applied to the portion of expense that has not yet been recognized before the adoption of this ASU and there is no impact to beginning net assets as of September 30, 2021 and 2020.

In 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement (topic 820): Changes to the Disclosure Requirements for Fair Value Measurement*. GSC adopted the provisions of this new standard during the year ended September 30, 2021. Adoption of this new standard had no effect on change in net assets or net assets in total for the years ending September 30, 2021 and 2020.

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Notes to Consolidated Financial Statements**

September 30, 2021 and 2020

3. LIQUIDITY AND AVAILABILITY OF RESOURCES:

The following table reflects the GSC's financial assets as of September 30, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. Financial assets available to meet cash needs for general expenditures are:

	September 30,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 3,223,097	\$ 2,492,206
Investments	17,683,700	15,246,671
Receivables-net	213,820	114,404
Investments held under split-interest agreements	1,334,820	1,180,049
Investments held for long-term purposes	22,789,612	20,468,968
Beneficial interest in third-party perpetual funds	2,157,654	3,529,021
Financial assets, at year end	47,402,703	43,031,319
Less those unavailable for general expenditures within one year, due to:		
Investments held under split-interest agreements	(1,334,820)	(1,180,049)
Investments held for long-term purposes	(22,789,612)	(20,468,968)
Beneficial interest in third-party perpetual funds	(2,157,654)	(3,085,359)
Restricted by donors with purpose or time restrictions, net of appropriations	(5,460,114)	(4,687,928)
	(31,742,200)	(29,422,304)
Financial assets available to meet cash needs for general expenditures within one year	\$ 15,660,503	\$ 13,609,015

As part of the GSC's liquidity management, the GSC has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. There are board designated funds within the investments held for long-term purposes, totaling \$1,364,422 and \$1,210,285 at September 30, 2021 and 2020, respectively, that with board approval, the board designated funds could be made available for general expenditures within the next twelve months.

**GENERAL SYNOD COUNCIL OF  
THE REFORMED CHURCH IN AMERICA**

**Notes to Consolidated Financial Statements**

September 30, 2021 and 2020

4. INVESTMENTS AND INVESTMENTS HELD FOR LONG-TERM PURPOSES:

Investments include the following:

	September 30,	
	2021	2020
Investments:		
Investments held at cost:		
Investment certificates	\$ 847,521	\$ 527,171
Investments held at fair value:		
Fixed income	15,484,158	14,719,500
Equity securities	1,352,021	-
	<u>\$ 17,683,700</u>	<u>\$ 15,246,671</u>
Investments held for long-term purposes:		
Investments held at cost:		
Cash and money market funds	\$ 80,016	\$ 1,598
Investments held at fair value:		
Fixed income	4,557,287	4,044,913
Equity securities	18,152,309	16,422,457
	<u>\$ 22,789,612</u>	<u>\$ 20,468,968</u>
Investments held under split-interest agreements:		
Investments held at cost:		
Cash and money market funds	\$ 4,999	\$ 7,463
Investments held at net asset value:		
Unitized fixed income	237,775	152,944
Unitized equities	1,092,046	1,019,642
	<u>\$ 1,334,820</u>	<u>\$ 1,180,049</u>

Investments held at net asset value consist of funds held at a financial institution whereas the GSC owns units in a fund and the underlying assets are invested in various securities. The main purpose of these funds are to hold varying levels of investment types, including various equities and fixed income bonds to hold assets under split-interest agreements. The fair value of the investments has been estimated using the net asset value per share of the investments. As of September 30, 2021 and 2020, there were no unfunded commitments or redemption restrictions for these investments held at net asset value.



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5. FAIR VALUE MEASUREMENTS:

The following table presents 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 September 30, 2021 and 2020, respectively:

	Fair Value	Level 1	Level 2	Level 3
As of September 30, 2021:				
Investments:				
Fixed income	\$ 15,484,158	\$ -	\$ 15,484,158	\$ -
Equity securities	1,352,021	1,352,021	-	-
	<u>16,836,179</u>	<u>1,352,021</u>	<u>15,484,158</u>	<u>-</u>
Investments held for long-term purposes:				
Fixed income	4,557,287	-	4,557,287	-
Equity securities	18,152,309	18,152,309	-	-
	<u>22,709,596</u>	<u>18,152,309</u>	<u>4,557,287</u>	<u>-</u>
Beneficial interest in third-party perpetual trusts	<u>2,157,654</u>	<u>-</u>	<u>-</u>	<u>2,157,654</u>
	<u><u>\$ 41,703,429</u></u>	<u><u>\$ 19,504,330</u></u>	<u><u>\$ 20,041,445</u></u>	<u><u>\$ 2,157,654</u></u>

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5. FAIR VALUE MEASUREMENTS, continued:

	Fair Value	Level 1	Level 2	Level 3
As of September 30, 2020:				
Investments:				
Fixed income	\$ 14,719,500	\$ -	\$ 14,719,500	\$ -
Investments held for long-term purposes:				
Fixed income	4,044,913	-	4,044,913	-
Equity securities	16,422,457	16,422,457	-	-
	20,467,370	16,422,457	4,044,913	-
Beneficial interest in third-party perpetual trusts	3,529,021	-	-	3,529,021
	\$ 38,715,891	\$ 16,422,457	\$ 18,764,413	\$ 3,529,021

Fixed income investments consist of U.S. government bonds, federal tax-exempt securities, and corporate bonds. Equity securities consist of stocks and exchange-traded funds.

Following is a description of the valuation methodologies 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.

**Level 1 Fair Value Measurements**

*Equity Securities*—The fair value of these financial instruments is based on quoted market prices or dealer quotes.

**Level 2 Fair Value Measurements**

*Fixed income*—The fair value of these financial instruments is based on yields currently available on comparable securities of issuers with similar credit ratings.

**Level 3 Fair Value Measurements**— inputs consist of valuation methodologies with one or more unobservable inputs and have the lowest priority.

*Beneficial interest in third-party perpetual trusts*—The fair value of beneficial interest in perpetual trusts is determined by using the GSC's percentage interest in the trust and the fair value of the trust as determined by the trustee.

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6. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment consists of the following:

	September 30,	
	2021	2020
Land	\$ 471,780	\$ 471,780
Buildings	7,761,256	7,761,256
Building improvements	494,595	494,595
Furniture and equipment	873,659	885,369
Leasehold improvements	508,105	517,415
	10,109,395	10,130,415
Accumulated depreciation	(6,559,565)	(6,253,398)
	\$ 3,549,830	\$ 3,877,017

7. NET ASSETS WITHOUT DONOR RESTRICTIONS:

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

	September 30,	
	2021	2020
Undesignated	\$ 14,470,155	\$ 11,997,506
Investment in property, plant, and equipment	3,549,830	3,877,017
Non-controlling interest in Michigan Condo Association	353,606	367,635
Board designated for:		
Donor advised funds	-	13,117
Investments held for long-term purposes	1,364,422	1,210,285
Ministerial Formation Certification Agency	-	96,126
	\$ 19,738,013	\$ 17,561,686

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8. NET ASSETS WITH DONOR RESTRICTIONS- WITH PURPOSE OR TIME RESTRICTIONS:

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

	September 30,	
	2021	2020
GSC ministry programs	\$ 14,108,636	\$ 11,442,792
Advancement and LEAN	536,671	747,343
Work of the General Synod	147,534	110,270
	<u>\$ 14,792,841</u>	<u>\$ 12,300,405</u>

9. NET ASSETS WITH DONOR RESTRICTIONS- RESTRICTED IN PERPETUITY:

Net assets with donor restrictions- restricted in perpetuity consist of the following:

	September 30,	
	2021	2020
GSC ministry programs	\$ 7,565,315	\$ 7,562,215
Advancement	650,000	650,000
Third-party perpetual trusts restricted for GSC ministry programs	2,157,654	3,085,359
	<u>\$ 10,372,969</u>	<u>\$ 11,297,574</u>

The GSC ministry programs represent restrictions that coincide with GSC's vision for ministry; church planting, and mission. Included within GSC ministry programs are donor restricted endowment funds, in which the corpus is held as net assets with donor restrictions- restricted in perpetuity and accumulated earnings that have not yet been appropriated are held as net assets with donor restrictions- restricted by purpose or time. Interest on the donor restricted funds are to be used for a variety of purposes, including missionary support, various RCA programs, and general and administrative support of GSC.

10. ENDOWMENT FUNDS:

The GSC follows the *Reporting Endowment Funds* topic of the FASB ASC. This topic provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization and enhanced disclosure information to enable users of consolidated financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds.

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10. ENDOWMENT FUNDS, continued:

The GSC's endowment consists of approximately 140 individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the board to function as endowments. As required by accounting principles generally accepted in the United States, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The GSC's management has interpreted the full provisions of UPMIFA, requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary for the fiscal years ending September 30, 2021 and 2020. As a result of this interpretation, the GSC classifies as net assets with donor restrictions- restricted in perpetuity the original value of gifts donated to the endowment held in perpetuity at the time it is established and the original value of subsequent gifts made to the endowment fund.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions- restricted in perpetuity is classified as net assets with donor restrictions- restricted by purpose or time until those amounts are appropriated for expenditure by the GSC in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the GSC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the GSC and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the GSC
7. The investment policies of the GSC
8. In appropriate situations (i.e. underwater) to curtail or eliminate spending

The tables in this footnote do not include other net assets with donor restrictions- restricted in perpetuity that are held by a third-party and are not invested in the endowment fund.

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10. ENDOWMENT FUNDS, continued:

Endowment net asset composition by type of fund as of September 30, 2021, consists of:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 8,732,727	\$ 8,215,315	\$16,948,042
Board designated endowment funds	1,364,422	-	-	1,364,422
	<u>\$ 1,364,422</u>	<u>\$ 8,732,727</u>	<u>\$ 8,215,315</u>	<u>\$18,312,464</u>

Changes in endowment net assets for the year ended September 30, 2021, are:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, October 1, 2020	\$ 1,210,285	\$ 7,012,477	\$ 8,212,215	\$ 16,434,977
Investment income	237,774	2,366,761	-	2,604,535
Contributions	40,968	-	3,100	44,068
Transfers	200,000	-	-	200,000
Appropriation for expenditure	(324,605)	(646,511)	-	(971,116)
	<u>154,137</u>	<u>1,720,250</u>	<u>3,100</u>	<u>1,877,487</u>
Endowment net assets, September 30, 2021	<u>\$ 1,364,422</u>	<u>\$ 8,732,727</u>	<u>\$ 8,215,315</u>	<u>\$ 18,312,464</u>

Endowment net asset composition by type of fund as of September 30, 2020, consists of:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Donor-restricted endowment funds	\$ -	\$ 7,012,477	\$ 8,212,215	\$15,224,692
Board designated endowment funds	1,210,285	-	-	1,210,285
	<u>\$ 1,210,285</u>	<u>\$ 7,012,477</u>	<u>\$ 8,212,215</u>	<u>\$16,434,977</u>

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10. ENDOWMENT FUNDS, continued:

Changes in endowment net assets for the year ended September 30, 2020, are:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Earnings	Original Gift	
Endowment net assets, October 1, 2019	\$ 1,113,446	\$ 5,949,934	\$ 8,207,315	\$ 15,270,695
Investment income	158,725	1,534,135	-	1,692,860
Contributions	-	100	4,900	5,000
Appropriation for expenditure	(61,886)	(471,692)	-	(533,578)
	96,839	1,062,543	4,900	1,164,282
Endowment net assets, September 30, 2020	\$ 1,210,285	\$ 7,012,477	\$ 8,212,215	\$ 16,434,977

Amounts classified as net assets with donor restrictions accumulated gains (losses) are as follows:

	September 30,	
	2021	2020
Term endowment funds, including related accumulated gains	\$ 571,603	\$ 543,936
Accumulated gains	8,161,124	6,468,541
	\$ 8,732,727	\$ 7,012,477

### FUNDS WITH DEFICIENCIES

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the GSC to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in net assets with donor restrictions. There were no deficiencies of this nature reported in net assets with donor restrictions as of September 30, 2021 and 2020.

### RETURN OBJECTIVES AND RISK PARAMETERS

The GSC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the GSC must hold in perpetuity or for a donor-specified period as well as board-designated funds. This policy includes performance guidelines, which are intended to provide quantifiable benchmarks to measure and evaluate portfolio risk and return. The methodology for determining portfolio performance is a time-weighted, total return basis. A blended measurement of 70% of the S&P 500 Stock Composite Index with dividends and 30% Bank of America MLC/G 1-10 Year Index is used as the benchmark index.

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### 10. ENDOWMENT FUNDS, continued:

#### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the GSC relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The GSC targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

#### SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The GSC appropriates for distribution a percentage of the 20 quarter rolling average of the endowment fund's fair value. The rate established for distribution was 5.0 percent for fiscal years 2021 and 2020. In establishing this policy, the GSC considered the long-term expected return on its endowment. This is consistent with the GSC's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. Due to economic uncertainties from the COVID-19 pandemic, the GSC elected to not distribute the full 5.0 percent allowed in fiscal year 2020. The GSC distributed 4.0 percent in fiscal year 2020.

### 11. RETIREMENT PLAN:

The GSC offers a 403(b) defined contribution plan to all eligible employees, which is administered by BOBS. The GSC contributes eleven percent of all eligible employees' salaries to the 403(b) plan. For the years ended September 30, 2021 and 2020, the GSC contributed approximately \$691,000 and \$807,000, respectively, to employee accounts.

### 12. COMMITMENTS:

The GSC makes conditional grant commitments in advancement of its mission to fund church development projects through Church Multiplication programs. During fiscal years 2021 and 2020, the GSC made new conditional commitments totaling \$393,833 and \$618,500, respectively. Approximately \$411,000 and \$687,000 of conditional commitments are outstanding at September 30, 2021 and 2020, respectively.

### 13. LEASE OBLIGATIONS:

The GSC has various leases of office space and copier equipment. Lease expense for the years ending September 30, 2021 and 2020, was \$178,407 and \$193,398, respectively. The expected future lease payments are as follows:

<u>Year Ending September 30,</u>	
2022	\$ 147,802
2023	107,004
2024	90,277
2025	39,656
	<u>\$ 384,739</u>



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**14. RELATED PARTY TRANSACTIONS:**

The GSC is related to certain organizations within the RCA under the ecclesiastical supervision of the General Synod through the GSC. There is a close working relationship among the GSC and these related organizations.

As a result, the GSC's mission and purpose are unavoidably intertwined with those of the related agencies and there are numerous relationships with these parties. Those relationships include the sharing of certain employees included in shared service fees; combined funds in the GSC investments, the GSC's management of those assets, and the potential for the GSC to invest in RCACGF's debt securities; RCACGF grants made to the GSC; the sharing of office space, office supplies, computers, and other office resources; and the payment of retirement benefits to BOBS.

The following schedule summarizes related party assets, liabilities, revenues and expenses:

	September 30,	
	2021	2020
<b>Assets:</b>		
Investment in RCACGF certificates	\$ 847,521	\$ 527,171
Accounts receivable from BOBS	13,303	8,341
Accounts receivable from RCACGF	27,652	57,400
	<u>\$ 888,476</u>	<u>\$ 592,912</u>
<b>Liabilities:</b>		
Amounts held for others in investments held for long-term purposes:		
RCACGF	\$ 757,124	\$ 678,560
Other RCA affiliated organizations	3,720,024	3,355,431
	<u>\$ 4,477,148</u>	<u>\$ 4,033,991</u>
<b>Revenue:</b>		
RCACGF for shared services	\$ 84,665	\$ 154,397
BOBS for shared services	173,127	220,370
BOBS for endowment administration	47,256	20,722
Interest earned on RCACGF certificates	20,349	18,310
Grants from RCACGF	780,000	791,000
	<u>\$ 1,105,397</u>	<u>\$ 1,204,799</u>

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14. RELATED PARTY TRANSACTIONS, continued:

The following schedule summarizes related party assets, liabilities, revenues and expenses, continued:

	September 30,	
	2021	2020
Expenses:		
Retirement benefits paid to BOBS	\$ 691,306	\$ 806,595
Health care benefits paid to BOBS	8,374	7,195
Grants to BOBS	-	156,048
Grant to RCACGF	-	50,449
Distributions from investments held for long-term purposes:		
RCACGF	29,508	13,938
Other RCA affiliated organizations	169,909	200,803
Investment earnings on investments held for long term purposes:		
RCACGF	78,564	55,231
Other RCA affiliated organizations	564,010	358,573
	\$ 1,541,671	\$ 1,648,832

15. PAYCHECK PROTECTION PROGRAM LOAN:

The GSC obtained a Paycheck Protection Program loan administered by the Small Business Administration (SBA) under the U.S. Coronavirus Aid, Relief, and Economic Security (CARES) Act. This unsecured note, dated April 16, 2020, was in the amount of \$1,347,600 with a fixed interest rate of 1%. During the year ended September 30, 2020, the GSC recognized the full amount as a contribution in accordance with ASU 2018-08. During the year ended September 30, 2021, the GSC received certification of loan forgiveness from the SBA for the full amount.

16. RISKS AND UNCERTAINTIES:

**COVID-19**

In March of 2020, the World Health Organization declared the outbreak of the coronavirus (COVID-19) as a pandemic which continues to spread throughout the United States. COVID-19 has caused a severe negative impact on the world economy and has contributed to significant declines and volatility in financial markets. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the consolidated financial position and results of the GSC for future periods. Management is carefully monitoring the situation and evaluating its options as circumstances evolve.

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### 16. RISKS AND UNCERTAINTIES, continued:

#### VISION 2020

There are differences within the RCA regarding theology and ministry practices. As a way to address these issues and the disagreement surrounding them within the denomination, General Synod of June 2018 appointed a vision team to identify possible scenarios, strategies, and consequences for the following three future options for the RCA: (a) staying together, (b) radical reconstituting and reorganization of the denomination, or (c) grace-filled separation of the denomination. The vision group presented an interim report to General Synod of June 2019, with the intent to present a final report to the General Synod in June 2020. Due to the COVID-19 pandemic, the 2020 General Synod is not scheduled to be held until October 2021. The vision team released its final report, however due to this postponement, no action has been taken relating to the report. Depending on RCA churches view of the report and General Synod's ultimate action on it, there remains the possibility that some churches may leave the RCA. This could result in decreased assessment revenue and contributions to the GSC.

### 17. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 25, 2022, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

The General Synod met in October 2021. At this meeting, General Synod voted to form a team that is tasked to develop a restructuring plan for the denomination "with a view to optimizing the RCA's sustained spiritual and organizational health". General Synod also adopted new regulations that provide for mutually generous separation when churches leave the RCA over the next five years.