The Board of Benefits Services of the Reformed Church in America, Inc.

Financial Report

September 30, 2024

The Board of Benefits Services of the Reformed Church in America, Inc.

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Independent Auditor's Report

To the Audit and Risk Management Committee
of the General Synod Council
The Board of Benefits Services of
the Reformed Church in America, Inc.

Opinion

We have audited the financial statements of The Board of Benefits Services of the Reformed Church in America, Inc. (BOBS), which comprise the statement of financial position as of September 30, 2024 and 2023 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of BOBS as of September 30, 2024 and 2023 and the changes in its net assets, functional expenses, and 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 Audits of the Financial Statements* section of our report. We are required to be independent of BOBS and to meet our 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 the financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 audits 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 financial statements.

To the Audit and Risk Management Committee
of the General Synod Council
The Board of Benefits Services of
the Reformed Church in America, Inc.

In performing audits in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the 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 financial statements.
- Obtain an understanding of internal control relevant to the audits 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 BOBS' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BOBS' 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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

January 30, 2025

The Board of Benefits Services of the Reformed Church in America, Inc.

Statement of Financial Position

September 30, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	$ 1,937,794	$ 1,629,898
Investments (Note 4)	1,680,733	1,528,010
Receivables:		
Insurance premiums receivable	2,140	5,126
Other receivable	176,951	167,367
Investments held for long-term purposes (Note 4)	29,017,655	23,947,980
Beneficial interest in a perpetual trust (Note 4)	482,758	401,056
Investments held for RCA Retirement Plan (Notes 4 and 5)	181,751,631	173,857,356
Total assets	**$ 215,049,662**	**$ 201,536,793**
Liabilities and Net Assets		
Liabilities		
Accrued expenses	$ 117,714	$ 113,923
Vested obligations of RCA Retirement Plan	181,751,631	173,857,356
Total liabilities	181,869,345	173,971,279
Net Assets (Note 6)		
Without donor restrictions	31,160,015	25,707,008
With donor restrictions	2,020,302	1,858,506
Total net assets	33,180,317	27,565,514
Total liabilities and net assets	**$ 215,049,662**	**$ 201,536,793**

See notes to financial statements.

The Board of Benefits Services of the Reformed Church in America, Inc.

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Support						
Contributions and grants	$ 44,732	$ 100	$ 44,832	$ 44,177	$ 256,000	$ 300,177
General Synod assessments	29,489	-	29,489	151,098	-	151,098
Investment income - Net	5,749,656	211,131	5,960,787	2,656,713	98,619	2,755,332
Distributions from perpetual trusts	14,921	-	14,921	19,091	-	19,091
Gain in perpetual trusts	-	81,702	81,702	-	28,874	28,874
Administrative fee - Retirement program	440,696	-	440,696	307,766	-	307,766
Insurance premiums	310,269	-	310,269	335,299	-	335,299
Other income	680,931	68,026	748,957	652,267	63,962	716,229
Total revenue, gains, and support	7,270,694	360,959	7,631,653	4,166,411	447,455	4,613,866
Net assets released from restrictions	199,163	(199,163)	-	304,516	(304,516)	-
Total revenue, gains, support, and net assets released from restrictions	7,469,857	161,796	7,631,653	4,470,927	142,939	4,613,866
Expenses						
Program services	1,508,357	-	1,508,357	1,593,906	-	1,593,906
Management and general	508,493	-	508,493	555,780	-	555,780
Total expenses	2,016,850	-	2,016,850	2,149,686	-	2,149,686
Change in Net Assets	5,453,007	161,796	5,614,803	2,321,241	142,939	2,464,180
Net Assets - Beginning of year	25,707,008	1,858,506	27,565,514	23,385,767	1,715,567	25,101,334
Net Assets - End of year	**$ 31,160,015**	**$ 2,020,302**	**$ 33,180,317**	**$ 25,707,008**	**$ 1,858,506**	**$ 27,565,514**

See notes to financial statements.

The Board of Benefits Services of the Reformed Church in America, Inc.

Statement of Functional Expenses

Year Ended September 30, 2024

	Program Services					Support Services	
	Plan Administration	Assistance Programs	Ancillary Insurance	Financial Well-being for Pastoral Leaders	Total	Management and General	Total
Payroll and related expenses	$ 276,595	$ 178,316	$ 29,991	$ 90,466	$ 575,368	$ 152,954	$ 728,322
Travel and staff development	5,321	44,785	-	6,426	56,532	10,709	67,241
Meetings and events	5,087	36,137	-	1,855	43,079	17,963	61,042
Professional services	15,177	3,901	21,459	22,492	63,029	268,790	331,819
Office and occupancy	52,228	8,368	-	4,038	64,634	58,077	122,711
Insurance premiums	-	-	222,526	-	222,526	-	222,526
Grants	-	253,133	-	230,056	483,189	-	483,189
Total functional expenses	**$ 354,408**	**$ 524,640**	**$ 273,976**	**$ 355,333**	**$ 1,508,357**	**$ 508,493**	**$ 2,016,850**

See notes to financial statements.

The Board of Benefits Services of the Reformed Church in America, Inc.

Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services					Support Services	
	Plan Administration	Assistance Programs	Ancillary Insurance	Financial Well-being for Pastoral Leaders	Total	Management and General	Total
Payroll and related expenses	$ 248,080	$ 178,720	$ 48,158	$ 86,774	$ 561,732	$ 184,940	$ 746,672
Travel and staff development	3,872	41,851	-	4,712	50,435	15,842	66,277
Meetings and events	-	31,022	-	762	31,784	17,159	48,943
Professional services	57,923	3,678	3,402	31,955	96,958	280,367	377,325
Office and occupancy	59,168	5,955	-	10,231	75,354	57,472	132,826
Insurance premiums	-	-	237,193	-	237,193	-	237,193
Grants	-	244,337	-	296,113	540,450	-	540,450
Total functional expenses	**$ 369,043**	**$ 505,563**	**$ 288,753**	**$ 430,547**	**$ 1,593,906**	**$ 555,780**	**$ 2,149,686**

See notes to financial statements.

The Board of Benefits Services of the Reformed Church in America, Inc.

Statement of Cash Flows

Years Ended September 30, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	$ 5,614,803	$ 2,464,180
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:		
Net realized and unrealized gains on investments	(5,335,453)	(2,235,474)
Gain from beneficial interest in perpetual trust	(81,702)	(28,874)
Changes in operating assets and liabilities that (used) provided cash and cash equivalents:		
Receivables	(6,598)	7,844
Accrued expenses	3,791	(43,235)
Vested obligation of RCA Retirement Plan	(18,376,571)	(19,461,450)
Net cash and cash equivalents used in operating activities	(18,181,730)	(19,297,009)
Cash Flows from Investing Activities		
Purchases of investments	(5,148,826)	(6,747,126)
Proceeds from sales and maturities of investments	5,261,881	7,043,989
Purchases of retirement plan investments	(6,389,705)	(7,443,160)
Proceeds from sales and maturities of retirement plan investments	24,766,276	26,904,610
Net cash and cash equivalents provided by investing activities	18,489,626	19,758,313
Net Increase in Cash and Cash Equivalents	307,896	461,304
Cash and Cash Equivalents - Beginning of year	1,629,898	1,168,594
Cash and Cash Equivalents - End of year	**$ 1,937,794**	**$ 1,629,898**
Significant Noncash Transactions - Retirement plan unrealized and realized gains, impacting retirement plan investments and obligations	$ (26,270,846)	$ (11,073,371)

See notes to financial statements.

Note 1 - Nature of Business

The Board of Benefits Services of the Reformed Church in America, Inc. was established by the General Synod of the Reformed Church in America (General Synod) and incorporated and approved by Act of the Assembly of the State of New York in April 1923. It had operated continuously as a New York not-for-profit corporation until 2019. In 2019, The Board of Benefits Services of the Reformed Church in America, Inc. (BOBS) was incorporated as a Michigan domestic nonprofit corporation. All operations, assets, liabilities, and contract rights of the New York corporation were transferred to the Michigan corporation, and dissolution of the New York corporation took place in August 2022.

The General Synod Council (GSC) serves as the executive committee of the General Synod, as the committee of reference at meetings of the General Synod, and as the board of trustees of the General Synod. The GSC acts as the agent of the General Synod to enable its participation in God's work in the world and to equip congregations and assemblies for mission and ministry. Financial transactions of the two corporations are presented in separate audited financial statements.

The purposes of this corporation are to manage and administer the retirement and insurance programs required by the Reformed Church in America's Book of Church Order (BCO) Formulary No. 5 and the assistance programs funded by the Reformed Church in America (RCA). BOBS also ensures the availability of appropriate life insurance benefits, long-term disability benefits, and any other programs or services related to the financial and physical well-being of eligible ordained ministers and their dependents and of other employees of agencies, assemblies, and institutions of the Reformed Church in America.

BOBS provides financial assistance to certain retired RCA ordained ministers, missionaries, and surviving spouses in cases of demonstrated need and administers the life and long-term disability insurance plans for eligible members identified in the BCO and plan documents. Additional grants for debt relief, retirement kickstarts, or clergy revitalization are provided for the well-being of eligible ordained ministers and commissioned pastors.

The BCO mandates that RCA-ordained ministers be provided with long-term disability and group life insurance. BOBS administers long-term disability insurances for ordained ministers and commissioned pastors and life insurance for those ministers who are not enrolled in life insurance through the Reformed Benefits Association (RBA). BOBS is one of two members in RBA and has the responsibility to appoint half the voting trustees. The RBA has not been consolidated into these financial statements.

BOBS is an agency of the General Synod (as the term “agency” is defined in the BCO). As such, it is included under the group exemption ruling issued to the GSC in January 1988 by the Department of the Treasury, Internal Revenue Service. That ruling establishes that BOBS is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 except for taxes pertaining to unrelated business income. Accordingly, no provision for income taxes has been made in the financial statements.

Note 2 - Significant Accounting Policies

Basis of Accounting

The financial statements of BOBS have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on deposit and money market funds. The cash and cash equivalents, at times, exceed federally insured limits. At September 30, 2024 and 2023, BOBS' deposits exceeded federally insured limits by $1,949,910 and $1,632,017, respectively. BOBS has not experienced any loss on these accounts.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value. Realized and unrealized gains and losses, interest, and dividends are included in investment income without donor restrictions in the statement of activities and changes in net assets unless the donor or law restricts their use. Investments, investments held for long-term purposes, and investments held for the retirement plan 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 financial statements of BOBS.

Investments Held for Long-term Purposes

Investments held for long-term purposes consist of funds held for endowment and other donor-restricted and non-donor-restricted funds for the mission of BOBS.

Deferred Compensation Arrangements

Investments held for the RCA Retirement Plan, a nonqualified deferred compensation plan, are funds for certain ordained ministers and their beneficiaries and for other employees and beneficiaries of the RCA congregations, classes, regional synods, and other RCA-affiliated agencies and institutions who adopted the RCA Retirement Plan. Employer and church contributions were made to the RCA Retirement Plan until December 31, 2004, when the plan was closed to new contributions. Participants were vested immediately at 100 percent in the RCA Retirement Plan, and assets are segregated at a third-party institution. The assets and vested obligation of the RCA Retirement Plan are shown separately on the statement of financial position. Upon retirement or termination, the following distribution options are available under the RCA Retirement Plan.

1. Systematic Withdrawal Plan: The participant may elect periodic withdrawals based upon his or her choice within the limits of the terms of the RCA Retirement Plan.

2. Annuity: The participant may elect to have BOBS use the participant’s deemed account balance to purchase a single premium commercial annuity from an organization selected by the participant to be payable in a form selected by the participant and approved by the board. An annuity provided through the RCA Retirement Plan associated with the nonqualified deferred plan may be owned by BOBS with specified distributions provided to the participant. BOBS has no future obligation, nor any future benefits, in the purchased annuity contracts after the full premium is paid; therefore, these annuities are not included within these financial statements. Alternatively, a participant may elect to take a fully taxable distribution from the RCA Retirement Plan and purchase an annuity in the participant’s name. The option to purchase annuities in the name of BOBS has been suspended indefinitely.

During the years ended September 30, 2024 and 2023, distributions to participants and beneficiaries were approximately $18,400,000 and $20,000,000, respectively. The RCA Retirement Plan also reallocated participant balances, subject to IRS limitations, to the RCA 403(b) Retirement Program of $6,166,863 and $6,735,639 for the years ended September 30, 2024 and 2023, respectively.

Note 2 - Significant Accounting Policies (Continued)

Beneficial Interest in Perpetual Trust

Beneficial interest in a perpetual trust represents funds held and invested by an unrelated third-party trustee, where BOBS has been named as one of the beneficiaries to receive periodic income distributions derived from the funds on deposit. BOBS has recognized its interest in the trust on the statement of financial position using BOBS' interest in the overall trust and the underlying assets. BOBS has the irrevocable right to receive income earned on the trust assets as long as BOBS continues to carry out and fulfill the purposes of its incorporation; however, under the trust agreement, BOBS will never receive the assets held in the trust.

Classification of Net Assets

Net assets of BOBS are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of BOBS.

Net assets with donor restrictions are 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 BOBS or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Contributions

Unconditional promises to give cash and other assets to BOBS are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities and changes in net assets as net assets released from restrictions.

Contributions made, referred to as grants on the statement of functional expenses, are recognized as expense at the time of formal approval.

Assessments

Assessment revenue is 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 BOBS has received for BOBS' assistance fund. The assessment was calculated at $2.00 per confessing member for the calendar year 2023. Assessment support for BOBS ended on December 31, 2023.

Administrative Fee

An administrative fee is assessed on employer contribution balances of the RCA Retirement Plan and on the RCA 403(b) Retirement Program administered by BOBS. This fee provides funding for the retirement program plan administration.

Functional Allocation of Expenses

The costs of providing the various program services and supporting activities of BOBS have been summarized on a functional basis in the statement of activities and changes in net assets and on the statement of functional expenses. Payroll and related expenses are allocated on an actual basis, where available, and on the basis of time and effort when not available. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount.

Note 2 - Significant Accounting Policies (Continued)

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 30, 2025, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

BOBS' financial assets available within one year of September 30, 2024 and 2023 for general expenditures are as follows:

	2024	2023
Cash and cash equivalents	$ 1,572,078	$ 1,177,173
Receivables	179,091	172,493
Short-term investments	1,680,733	1,528,010
Total	$ 3,431,902	$ 2,877,676

As part of BOBS' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, BOBS invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, BOBS has board-designated endowments totaling $27,717,988 and $22,861,380 at September 30, 2024 and 2023, respectively. Although BOBS does not intend to spend from its board-designated endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary. As described in Note 7, the board-designated endowment has a spending rate of 5.5 percent for the year ended September 30, 2024. The approved spending rate for the year ending September 30, 2025 will be 5.0 percent. Appropriations of approximately $960,000 from the board-designated endowment will be available within the next 12 months.

Note 4 - Investments and Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that BOBS has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. BOBS' assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Note 4 - Investments and Fair Value Measurements (Continued)

The following tables present information about BOBS' assets measured at fair value on a recurring basis at September 30, 2024 and 2023 and the valuation techniques used by BOBS to determine those fair values:

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2024			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2024
Assets				
Investments:				
Corporate bonds	$ -	$ 895,426	$ -	$ 895,426
Exchange-traded funds	-	568,698	-	568,698
Investment measured at cost - Investment certificates				216,609
Total investments	-	1,464,124	-	1,680,733
Investments held for long-term purposes:				
Corporate stocks	16,717,205	-	-	16,717,205
Exchange-traded funds	4,627,753	-	-	4,627,753
Government and municipal bonds	-	5,511,170	-	5,511,170
Corporate bonds	-	2,055,184	-	2,055,184
Investments measured at cost - Cash and cash equivalents	-	-	-	106,343
Total investments held for long-term purposes	21,344,958	7,566,354	-	29,017,655
Beneficial interest in a perpetual trust	-	-	482,758	482,758
Investments held for retirement plan - Mutual funds	181,751,631	-	-	181,751,631
Total assets	$ 203,096,589	$ 9,030,478	$ 482,758	$ 212,932,777

Note 4 - Investments and Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at September 30, 2023
Assets				
Investments:				
Corporate bonds	$ -	$ 911,516	$ -	$ 911,516
Government bonds	-	408,938	-	408,938
Investment measured at cost - Investment certificates	-	-	-	207,556
Total investments	-	1,320,454	-	1,528,010
Investments held for long-term purposes:				
Corporate stocks	13,507,574	-	-	13,507,574
Exchange-traded funds	3,458,673	-	-	3,458,673
Government and municipal bonds	-	4,928,762	-	4,928,762
Corporate bonds	-	1,614,677	-	1,614,677
Investments measured at cost - Money market funds	-	-	-	438,294
Total investments held for long-term purposes	16,966,247	6,543,439	-	23,947,980
Beneficial interest in a perpetual trust	-	-	401,056	401,056
Investments held for retirement plan - Mutual funds	173,857,356	-	-	173,857,356
Total assets	$ 190,823,603	$ 7,863,893	$ 401,056	$ 199,734,402

The fair values of government bonds, municipal bonds, and corporate bonds at September 30, 2024 and 2023 were determined primarily based on Level 2 inputs. BOBS estimates the fair value of these investments using quoted market prices and other market data for the same or comparable instruments and transactions in establishing prices.

The fair value of the beneficial interest was determined based on the underlying investments, held by independent trustees, and BOBS' interest in those assets. BOBS receives periodic distributions of income from the beneficial interest in accordance with the trust documents but is not expected to receive any of the underlying assets.

The beneficial interest had realized and unrealized gains of $81,702 and $28,874 for the years ended September 30, 2024 and 2023, respectively. These are reported in the statement of activities and changes in net assets.

Both observable and unobservable inputs may be used to determine the fair value of positions classified as Level 3 assets. As a result, the unrealized gains and losses for these assets presented in the tables above may include changes in fair value that were attributable to both observable and unobservable inputs.

Note 5 - Investments Held for Retirement Plan

The values of the mutual fund investments held for the RCA Retirement Plan at September 30 were as follows:

	2024	2023
Fidelity 500 Index Fund	$ 4,227,914	$ 3,122,330
Fidelity Balanced K Fund	4,653,034	3,830,928
Fidelity Extended Market Index Fund	1,219,874	989,553
Fidelity Freedom K Income Fund	19,774,332	11,999,082
Fidelity Freedom K 2005 Fund	-	8,254,832
Fidelity Freedom K 2010 Fund	22,335,003	22,604,982
Fidelity Freedom K 2015 Fund	28,254,904	27,128,409
Fidelity Freedom K 2020 Fund	29,796,536	29,564,109
Fidelity Freedom K 2025 Fund	16,654,202	15,930,759
Fidelity Freedom K 2030 Fund	8,634,194	8,466,818
Fidelity Freedom K 2035 Fund	4,114,402	2,906,192
Fidelity Freedom K 2040 Fund	1,980,525	1,874,593
Fidelity Freedom K 2045 Fund	589,790	574,384
Fidelity Freedom K 2050 Fund	158,681	81,316
Fidelity Freedom K 2060 Fund	124,265	-
Fidelity Freedom K 2065 Fund	34,131	-
Fidelity Government Money Market Fund Premium Class	10,268,316	11,759,282
Fidelity Growth Company K Fund	8,338,378	6,146,814
Fidelity International Index Fund	1,328,483	1,035,753
Fidelity International Sustainability Index Fund	262,955	87,323
Fidelity Small Cap Value Fund	823,928	1,185,541
Fidelity Strategic Real Return	606,994	583,939
Fidelity U.S. Bond Index Fund	5,761,673	3,361,651
Janus Henderson Triton Fund Class N	295,515	313,270
MFS International Diversification Fund Class R6	1,892,203	1,708,932
MFS Massachusetts Investors Tr R6	836,924	330,920
PIMCO Total Return ESG Fund Institutional Class	-	2,573,058
PIMCO Income Fund Institutional Class	1,692,916	1,074,965
Parnassus Core Equity IS	2,982,562	3,479,934
Pioneer Balanced ESG Fund Class K	386,019	266,420
Putnam Large Cap Value Fund Class R6	3,722,978	2,621,267
Total	$ 181,751,631	$ 173,857,356

Note 6 - Net Assets

Net assets without donor restrictions consist of the following as of September 30:

	2024	2023
Board-designated net assets for endowment	$ 27,717,988	$ 22,861,380
Undesignated net assets	3,442,027	2,845,628
Total unrestricted net assets	$ 31,160,015	$ 25,707,008

Note 6 - Net Assets (Continued)

Net assets with donor restrictions as of September 30 are available for the following purposes:

	2024	2023
Subject to expenditures for a specified purpose:		
Well-being of pastoral leaders	$ 365,716	$ 452,725
Assistance programs	122,386	122,386
Total subject to expenditures for a specified purpose	488,102	575,111
Subject to BOBS' spending policy and appropriation:		
Assistance programs	211,973	150,936
Other	269,956	163,990
Total subject to BOBS' spending policy and appropriation	481,929	314,926
Not subject to appropriation or expenditure:		
Endowment held in perpetuity	567,513	567,413
Third-party perpetual trusts	482,758	401,056
Total not subject to appropriation or expenditure	1,050,271	968,469
Total	$ 2,020,302	$ 1,858,506

Note 7 - Donor-restricted and Board-designated Endowments

BOBS' endowment fund exists to provide an income source to support the retiree chaplains and assistance programs, initiatives related to multidimensional wellness and well-being, the payment of premiums of available insurances, and to support the operations of BOBS. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

BOBS is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of BOBS had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, BOBS considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. BOBS has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, BOBS considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of BOBS
- The purpose of BOBS and the donor-restricted endowment fund
- The investment policies of BOBS

Endowment Net Asset Composition by Type of Fund as of September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 27,717,988	$ -	$ 27,717,988
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	567,513	567,513
Accumulated investment gains	-	481,929	481,929
Total donor-restricted endowment funds	-	1,049,442	1,049,442
Total	$ 27,717,988	$ 1,049,442	$ 28,767,430

Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 22,861,380	$ 882,339	$ 23,743,719
Investment income - Net	5,557,743	211,131	5,768,874
Contributions	-	100	100
Appropriation of endowment assets for expenditure	(701,135)	(44,128)	(745,263)
Endowment net assets - End of year	$ 27,717,988	$ 1,049,442	$ 28,767,430

Note 7 - Donor-restricted and Board-designated Endowments (Continued)

	Endowment Net Asset Composition by Type of Fund as of September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 22,861,380	$ -	$ 22,861,380
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	567,413	567,413
Accumulated investment gains	-	314,926	314,926
Total	$ 22,861,380	$ 882,339	$ 23,743,719

	Changes in Endowment Net Assets for the Fiscal Year Ended September 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 21,042,268	$ 824,406	$ 21,866,674
Investment income - Net	2,586,044	55,933	2,641,977
Contributions	-	2,000	2,000
Other income	949	-	949
Appropriation of endowment assets for expenditure	(767,881)	-	(767,881)
Endowment net assets - End of year	$ 22,861,380	$ 882,339	$ 23,743,719

Underwater Endowment Funds

From time to time, the fair values of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires BOBS to retain as a fund of perpetual duration. As of September 30, 2024 and 2023, there were no funds with deficiencies.

Return Objectives and Risk Parameters

BOBS has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that focuses on long-term capital appreciation while achieving relatively predictable and modest current income requirements.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, BOBS relies on a total return strategy in which investment returns are achieved through capital appreciation (realized and unrealized). BOBS targets an 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

BOBS appropriates for distribution a percentage of the 20-quarter rolling average of the endowment fund's fair value. The rate established for distributions was 5.5 percent for fiscal year 2024 and 2023. In establishing this policy, BOBS considered the long-term expected return on its endowment. This is consistent with BOBS' 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.

Note 8 - RCA 403(b) Retirement Program

BOBS offers and administers a 403(b) defined contribution plan to all eligible employees. BOBS contributes 11 percent of all eligible employees' salaries to the RCA 403(b) Retirement Program. For the years ended September 30, 2024 and 2023, BOBS contributed $52,295 and $51,528, respectively, to employee accounts.

Note 9 - Related Party Transactions

Although a separate not-for-profit corporation, BOBS is an agency of the General Synod. As a result, BOBS' mission and purpose are unavoidably intertwined with those of the RCA and its agencies, assemblies, and institutions, and there are numerous relationships with these parties. Those relationships include the election by the General Synod of at-large board members; the sharing of certain staff costs including salaries, benefits, and general office costs; and the sharing of office space, office supplies, computers, and other office resources. In many cases, General Synod employees and officers and directors of BOBS, or their respective family members, are participants in the retirement and insurance plans offered by BOBS.

The schedule below summarizes related party assets, income, and expenses and the amounts attributable to them at September 30:

	2024	2023
Assets		
Revenue-sharing agreement receivable from RCA 403(b) Retirement Program	$ 106,497	$ 96,762
Investment in RCA Church Growth Fund certificate	216,609	207,556
Accounts receivable from GSC	3,796	-
Total	$ 326,902	$ 304,318
Liabilities		
Accounts payable to GSC	$ -	$ 3,959
Revenue		
RCA Church Growth Fund certificate income	$ 9,053	$ 3,012
Insurance premiums received from GSC	5,771	5,379
Administrative fee received from the RCA 403(b) Retirement Program	257,416	165,339
Revenue share income received from the RCA 403(b) Retirement Program	414,601	368,901
RBA reimbursements	-	26,250
Total	$ 686,841	$ 568,881
Expenses		
GSC for shared services	$ 175,496	$ 185,527
GSC for endowment administration	52,263	46,201
Assistance retirement benefits paid to the RCA 403(b) Retirement Program	34,792	52,699
Total	$ 262,551	$ 284,427