The Reformed Church in America Church Growth Fund, Inc.

Financial Report

September 30, 2024

The Reformed Church in America Church Growth Fund, Inc.

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Independent Auditor's Report

To the Audit and Risk Management
Committee of the General Synod Council
The Reformed Church in America Church
Growth Fund, Inc.

Opinion

We have audited the financial statements of The Reformed Church in America Church Growth Fund, Inc. (RCACGF), which comprise the statement of financial position as of September 30, 2024, 2023, and 2022 and the related statements of activities and changes in net assets 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 RCACGF as of September 30, 2024, 2023, and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of RCACGF 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.

Emphasis of Matter

As described in Note 2 to the financial statements, RCACGF has changed its method of accounting for credit losses effective October 1, 2023 due to the adoption of Accounting Standards Codification 326, *Financial Instruments - Credit Losses* (ASC 326). RCACGF adopted the new credit loss standard using the modified retrospective method such that prior period amounts are not adjusted and continue to be reported in accordance with previously applicable generally accepted accounting principles. Our opinion is not modified with respect to this matter.

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 RCACGF's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

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To the Audit and Risk Management
Committee of the General Synod Council
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Growth Fund, Inc.

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.

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 RCACGF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about RCACGF'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

December 19, 2024

The Reformed Church in America Church Growth Fund, Inc.

Statement of Financial Position

September 30, 2024, 2023, and 2022

	2024	2023	2022
Assets			
Cash and cash equivalents	$ 6,218,344	$ 6,180,589	$ 9,728,124
Investments (Note 3)	28,410,939	25,081,866	20,618,651
Beneficial interest in known pool of assets - RCA Endowment Fund (Note 3)	795,769	675,105	635,273
Interest receivable on mortgages and loans receivable	129,732	123,700	112,171
Prepaid expenses and other assets	3,183	3,922	7,845
Mortgages and loans receivable - Net (Note 4)	43,897,829	47,327,439	49,485,285
Total assets	**$ 79,455,796**	**$ 79,392,621**	**$ 80,587,349**
Liabilities and Net Assets			
Liabilities			
Interest payable	$ 87,145	$ 90,406	$ 52,829
Accounts payable and accrued expenses	267,256	54,710	279,043
Debt securities payable	24,290,692	28,369,966	31,672,760
Total liabilities	24,645,093	28,515,082	32,004,632
Net Assets			
Without donor restrictions	54,014,934	50,202,434	47,947,444
With donor restrictions (Note 6)	795,769	675,105	635,273
Total net assets	54,810,703	50,877,539	48,582,717
Total liabilities and net assets	**$ 79,455,796**	**$ 79,392,621**	**$ 80,587,349**

See notes to financial statements.

The Reformed Church in America Church Growth Fund, Inc.

Statement of Activities and Changes in Net Assets

Years Ended September 30, 2024, 2023, and 2022

	2024	2023	2022
Changes in Net Assets without Donor Restrictions:			
Operating activities:			
Interest earned on mortgages and loans	$ 2,350,122	$ 2,294,140	$ 2,254,657
Interest and dividends on investments	981,120	716,586	425,876
Total interest and dividends income	3,331,242	3,010,726	2,680,533
Interest expense on debt securities payable	(896,256)	(708,529)	(480,014)
Net interest and dividend income	2,434,986	2,302,197	2,200,519
Other operating income and expenses:			
Fee income	957	400	1,000
Contributions and bequests	50	450,000	500
Investment realized gains (losses)	88,767	(47,074)	47,284
RCA Endowment Fund distributions	37,224	36,376	34,704
Credit loss expense	(246,000)	-	-
	(119,002)	439,702	83,488
Operating expenses	(734,565)	(688,506)	(581,364)
Change in net assets from operations	1,581,419	2,053,393	1,702,643
Non-operating activities:			
Net unrealized gain (loss) on investments	2,469,767	832,753	(2,356,726)
Gain (loss) on Canadian exchange	1,314	2,344	(3,813)
Grants to General Synod Council	(900,000)	(633,500)	(800,000)
Change in net assets from non-operating activities	1,571,081	201,597	(3,160,539)
Change in Net Assets without Donor Restrictions	3,152,500	2,254,990	(1,457,896)
Changes in Net Assets with Donor Restrictions -			
Change in value of funds held in RCA Endowment Fund	120,664	39,832	(121,851)
Total Change in Net Assets	3,273,164	2,294,822	(1,579,747)
Cumulative Effect of Change in Accounting Principle	660,000	-	-
Net Assets - Beginning of year	50,877,539	48,582,717	50,162,464
Net Assets - End of year	**$ 54,810,703**	**$ 50,877,539**	**$ 48,582,717**

See notes to financial statements.

The Reformed Church in America Church Growth Fund, Inc.

Statement of Cash Flows

Years Ended September 30, 2024, 2023, and 2022

	2024	2023	2022
Cash Flows from Operating Activities			
Change in net assets	$ 3,273,164	$ 2,294,822	$ (1,579,747)
Adjustments to reconcile change in net assets to net cash and cash equivalents from operating activities:			
Credit loss expense	246,000	-	-
(Gain) loss on Canadian exchange	(1,314)	(2,344)	3,813
Net unrealized and realized (gain) loss on investments	(2,558,534)	(785,679)	2,309,442
Net unrealized (gain) loss on the RCA Endowment Fund	(120,664)	(39,832)	121,851
Reinvestment of interest in debt securities payable	696,062	541,322	383,110
Changes in operating assets and liabilities that provided (used) cash and cash equivalents:			
Prepaid expenses and other assets	739	3,923	(7,845)
Interest receivable on mortgages and loans receivable	(6,032)	(11,529)	12,795
Interest payable	(3,261)	37,577	(29,122)
Accounts payable and accrued expenses	26,546	(224,333)	234,907
Net cash and cash equivalents provided by operating activities	1,552,706	1,813,927	1,449,204
Cash Flows from Investing Activities			
Purchases of investments	(11,801,707)	(12,970,525)	(11,000,007)
Proceeds from sales and maturities of investments	11,031,168	9,292,990	7,567,623
Mortgages and loans issued	(1,408,272)	(3,025,856)	(1,091,112)
Collections on mortgages and loans	5,439,196	5,186,045	7,118,230
Net cash and cash equivalents provided by (used in) investing activities	3,260,385	(1,517,346)	2,594,734
Cash Flows from Financing Activities			
Debt securities issued	1,949,866	3,760,022	3,993,823
Debt securities redeemed	(6,725,202)	(7,604,138)	(7,583,102)
Net cash and cash equivalents used in financing activities	(4,775,336)	(3,844,116)	(3,589,279)
Net Increase (Decrease) in Cash and Cash Equivalents	37,755	(3,547,535)	454,659
Cash and Cash Equivalents - Beginning of year	6,180,589	9,728,124	9,273,465
Cash and Cash Equivalents - End of year	**$ 6,218,344**	**$ 6,180,589**	**$ 9,728,124**
Supplemental Cash Flow Information - Cash paid for interest on debt securities payable	$ 203,637	$ 137,615	$ 129,521
Significant Noncash Transactions - Debt securities payable (including reinvested interest) reinvested at maturity	$ 11,513,488	$ 7,737,040	$ 11,755,759

See notes to financial statements.

Note 1 - Nature of Organization

The Reformed Church in America Church Growth Fund, Inc. (RCACGF) is an agency of the General Synod of the Reformed Church in America (RCA). The term "agency" is defined in the RCA's Book of Church Order. The General Synod Council (GSC) serves as the executive committee, as the Committee of Reference at meetings of the General Synod, and as the Board of Trustees of the General Synod of the RCA. RCACGF loans money to current or former churches, classes, and other agencies and affiliates of the Reformed Church in America to assist them in the purchase, construction, or improvement of church buildings, parsonages, and other property used in their ministry. RCACGF's main source of revenue is the interest income generated from these loans. A substantial portion of RCACGF's funds available for making loans is derived from the sales of debt securities, referred to as "savings certificates" by RCACGF, issued to investors.

After years of disagreement on sexuality, interpretation of the Scripture, polity and other tensions, the denomination reached a crossroads at General Synod 2021. That General Synod affirmed that the RCA should continue to live in the tension, and created an avenue for churches to leave the denomination with the blessing of the remaining churches. Since General Synod 2021, some churches, including RCACGF borrowers and investors, have chosen to leave the RCA. There remains the possibility that churches could choose to leave the RCA; however, in the years since General Synod 2021 took action, the number of churches pursuing those avenues continues to decrease.

As an agency of the General Synod of the Reformed Church in America, RCACGF is included under the group exemption ruling issued to the General Synod of the Reformed Church in America in January of 1988 by the Department of Treasury, Internal Revenue Service. This ruling establishes that RCACGF 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

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term relate to the determination of the allowance for credit losses and the valuation of investment securities.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents include cash on deposit, money market funds, and interest-bearing deposits with other financial institutions with original maturities of 90 days or less. The cash and cash equivalents, at times, exceed federally insured limits. At September 30, 2024, 2023, and 2022, RCACGF has funds of $6,214,407, $6,147,550, and $9,413,893, respectively, in excess of federally insured limits. RCACGF has not experienced any losses on these accounts.

Note 2 - 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. Unitized equities, which are not readily marketable, are measured at fair value, valued at net asset value per share as the practical expedient. Investments in certificates, with an original maturity greater than three months, are held at cost. Realized and unrealized gains and losses, interest, and dividends are included in the statement of activities and changes in net assets. The various 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 financial statements of RCACGF.

Beneficial Interest in Known Pool of Assets - RCA Endowment Fund

Beneficial interest in known pool of assets is reported at fair value, with gains and losses reported in the statement of activities and changes in net assets. The Reformed Church in America Endowment Fund (the "RCA Endowment Fund") was established to manage the endowment funds of the Reformed Church in America. The RCA Endowment Fund is administered by the GSC.

Interest Receivable

Interest is accrued on mortgages and loans receivable when earned. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in the process of collection. In all cases, loans are placed on nonaccrual or charged off at an earlier date if collection of principal or interest is considered doubtful. All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. Any interest payments received on nonaccrual loans are accounted for as a reduction to the unpaid principal balance of the nonaccrual loan for financial reporting purposes. If a loan is returned to accrual, the interest payments previously received continue to be reported as a reduction of unpaid principal balance until the loan is paid off, at which time the interest payments are recognized as interest income. There were no loans on nonaccrual status at September 30, 2024, 2023, or 2022.

Mortgages and Loans Receivable

Loans are reported at the principal balance outstanding net of charge-offs and an allowance for credit losses.

Allowance for Credit Losses

Effective October 1, 2023, an allowance for credit losses is established for amounts expected to be uncollectible over the contractual life of the loans. RCACGF collectively evaluates mortgages and loans receivable to determine the allowance for credit losses. RCACGF elected not to include accrued interest receivable in the calculation of expected credit losses.

Loans that do not share similar risk characteristics with other loans are evaluated individually. When a borrower is experiencing financial difficulty and repayment of the loan is expected to be dependent on the operation or sale of the collateral, expected credit losses are based on the fair value of the collateral as of the reporting date, and the loan is determined to be collateral dependent.

RCACGF calculates the allowance for credit losses using an expected loss model that considers RCACGF's actual historical loss rates and allowance coverage ratios of peer financial institutions, adjusted for current economic conditions, other qualitative factors associated with credit risk, and reasonable and supportable forecasts. Uncollectible amounts are written off against the allowance for credit losses in the period they are determined to be uncollectible. Recoveries of amounts previously written off are recognized when received. Loans are considered delinquent if the repayments terms are not met.

Note 2 - Significant Accounting Policies (Continued)

Prior to October 1, 2023, the allowance for loan losses was established as losses were estimated to have occurred through a provision for loan losses charged to earnings. Loan losses were charged against the allowance when management believed the uncollectibility of a loan balance was confirmed. Subsequent recoveries, if any, were credited to the allowance.

The allowance for loan losses was evaluated on a regular basis by management and was based upon management's periodic review of the collectibility of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and prevailing economic conditions. This evaluation was inherently subjective, as it required estimates that were susceptible to significant revision as more information became available.

A loan was considered impaired when, based on current information and events, it was probable that RCACGF would be unable to collect the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Loans that experienced insignificant payment delays and payment shortfalls generally were not classified as impaired. Management determined the significance of payment delays and payment shortfalls on a case-by-case basis, taking into consideration all of the circumstances surrounding the loan and the borrower, including length of the delay, the reasons for the delay, the borrower's prior payment record, and the amount of the shortfall in relation to the principal and interest owed. Impairment was measured on a loan-by-loan basis for mortgages and loans receivable by either the present value of expected future cash flows discounted at the loan's effective interest rate, the loan's obtainable market price, or the fair value of the collateral if the loan was collateral dependent. There were no loans considered impaired as of September 30, 2023 and 2022. All loans were evaluated on a collective basis as of September 30, 2023 and 2022.

Classification of Net Assets

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

Net assets without donor restrictions: 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 RCACGF. The RCACGF board has designated, from net assets without donor restrictions, net assets to assist churches located in the state of New York that incur additional loan closing costs in order to obtain court approvals for mortgaging their properties. The amount of board-designated net assets totaled $469,473 and $450,000 at September 30, 2024 and 2023, respectively. There were no board-designated net assets as of September 30, 2022.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Net assets with donor restrictions consist of endowment fund investments to be held in perpetuity and the unappropriated income from which RCACGF is to be paid.

Operating Measures

RCACGF classifies its statement of activities and changes in net assets into operating and nonoperating activities. Operating activities include all income and expenses related to carrying out RCACGF’s mission, including interest earned on mortgage and loans, interest and dividends, and investment realized gains and losses. Nonoperating activities include grants to related organizations (GSC) and net unrealized gains and losses on investments and Canadian exchange.

Note 2 - Significant Accounting Policies (Continued)

Contributions

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Contributions are considered without donor restrictions unless specifically restricted by the donor. For the years ended September 30, 2024, 2023, and 2022, RCACGF did not have any contributions with donor-imposed restrictions.

Contributions made, referred to as grants in Note 9, are recognized as expense at the time of formal approval.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in Note 9. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Salaries and related expenses are allocated on the basis of time and effort. Expenses deemed to be indirect to employee work, such as certain professional services, insurance, and supplies, are considered to be management and general expenses. Costs have been allocated between the various program and support services based on estimates determined by management. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 19, 2024, which is the date the financial statements were available to be issued.

Adoption of New Accounting Pronouncement

As of October 1, 2023, RCACGF adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses (Topic 326); Measurement of Credit Losses on Financial Instruments.* The ASU includes increased disclosures and various changes to the accounting and measurement of financial assets, including RCACGF's mortgages and loans receivable. Under the standard, each financial asset presented on the statement of financial position has a unique allowance for credit losses valuation account that is deducted from the amortized cost basis to present the net carrying value at the amount expected to be collected on the financial asset. The amendments in this ASU also eliminated the probable initial recognition threshold and, instead, reflect an entity's current estimate of all expected credit losses using reasonable and supportable forecasts. The ASU was applied using a modified retrospective transition method to the beginning of the first reporting period in which the guidance is effective. The standard resulted in a cumulative effect of change in accounting principle of a $660,000 increase to net assets, a $700,000 decrease to the allowance for credit losses, and a $40,000 increase to accrued expenses to establish a reserve for unfunded loan commitments on October 1, 2023.

Note 3 - 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 RCACGF 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. RCACGF's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Note 3 - Investments and Fair Value Measurements (Continued)

The following tables present information about RCACGF's assets measured at fair value on a recurring basis at September 30, 2024, 2023, and 2022 and the valuation techniques used by RCACGF 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:				
Fixed income - Corporate bonds	$ -	$ 10,021,908	$ -	$ 10,021,908
Fixed income - Government and municipal bonds	-	10,872,585	-	10,872,585
Corporate stocks	4,835,340	-	-	4,835,340
Exchange-traded funds	249,393	-	-	249,393
Investments measured at net asset value - Unitized equities				2,431,713
Total investments	5,084,733	20,894,493	-	28,410,939
Beneficial interest in known pool of assets - RCA Endowment Fund	-	795,769	-	795,769
Total assets	$ 5,084,733	$ 21,690,262	$ -	$ 29,206,708

	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:				
Fixed income - Corporate bonds	$ -	$ 9,867,800	$ -	$ 9,867,800
Fixed income - Government and municipal bonds	-	9,531,720	-	9,531,720
Corporate stocks	3,707,828	-	-	3,707,828
Exchange-traded funds	49,583	-	-	49,583
Investments measured at net asset value - Unitized equities				1,924,935
Total investments	3,757,411	19,399,520	-	25,081,866
Beneficial interest in known pool of assets - RCA Endowment Fund	-	675,105	-	675,105
Total assets	$ 3,757,411	$ 20,074,625	$ -	$ 25,756,971

Note 3 - Investments and Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at September 30, 2022			
	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, 2022
Assets				
Investments:				
Fixed income - Asset-backed securities	$ -	$ 36,931	$ -	$ 36,931
Fixed income - Corporate bonds	-	8,995,132	-	8,995,132
Fixed income - Government and municipal bonds	-	6,018,060	-	6,018,060
Corporate stocks	3,205,202	-	-	3,205,202
Exchange-traded funds	171,661	-	-	171,661
Investments measured at net asset value - Unitized equities				1,684,738
Investments measured at cost - Investment certificates				506,927
Total investments	3,376,863	15,050,123	-	20,618,651
Beneficial interest in known pool of assets - RCA Endowment Fund	-	635,273	-	635,273
Total assets	$ 3,376,863	$ 15,685,396	$ -	$ 21,253,924

RCACGF owns units in the RCA Endowment Fund, and the holding entity (GSC) owns the underlying assets consisting of publicly traded investments, certificates of deposit, money market funds, U.S. government bonds, international bonds, federal tax-exempt securities, corporate bonds, asset-backed securities, and equities. The beneficial interests have no redemption limitations and, therefore, are recorded as Level 2 in the fair value table. The fair value of fixed-income securities was determined using quoted market prices and other market data for the same or comparable instruments and transactions in establishing the prices.

Investments held at net asset value consist of funds held at a financial institution, whereas RCACGF owns units in a fund and the underlying assets are invested in various securities. These fund investments consist of several underlying international and domestic equity funds. These equity funds may include common stocks, securities convertible into common stocks, American depositary receipts, global depositary receipts, preferred stocks, options, warrants, futures contracts, and interest in private equity or hedge funds. The main purpose of these funds is to hold varying levels of investment types to provide diversification to RCACGF's investment portfolio. As of September 30, 2024, 2023, and 2022, there were no unfunded commitments or redemption restrictions for these investments held at net asset value.

Note 4 - Mortgages and Loans Receivable

Mortgages and loans receivable were composed of secured and unsecured loans receivable. A summary of the balances of loans is as follows:

	2024	2023	2022
Secured loans receivable	$ 44,629,287	$ 48,621,454	$ 50,687,716
Unsecured loans receivable	368,542	405,985	497,569
Total loans	44,997,829	49,027,439	51,185,285
Less allowance for credit losses	1,100,000	1,700,000	1,700,000
Mortgage and loans receivable - net	$ 43,897,829	$ 47,327,439	$ 49,485,285

The RCACGF's activity in the allowance for credit losses for the years ended September 30, 2024, 2023, and 2022 is summarized below:

	2024	2023	2022
Beginning balance	$ 1,700,000	$ 1,700,000	$ 1,700,000
Adoption of accounting pronouncement	(700,000)	-	-
Charge-offs	-	-	-
Recoveries	-	-	-
Credit loss expense	100,000	-	-
Ending balance	$ 1,100,000	$ 1,700,000	$ 1,700,000

Credit Quality Grading

The credit quality of the loan portfolio is monitored using an internal rating system that reflects management's risk assessment based on an analysis of the borrower's current financial information, debt service coverage, collateral coverage, historical payment experience, and other objective factors related to the ministry of the borrower. The internal system assigns a numeric credit risk rating to each borrower, which is categorized by the following definitions:

Pass

Loans not covered by the below definitions are pass loans, which are considered to be in good standing.

Special Mention

Loans classified as special mention, or watch credits, have a potential weakness or weaknesses to which management is paying close attention. If left uncorrected, these potential weaknesses may result in deterioration of the full repayment prospects for the loan or of the institution's credit position at some future date. Loans are also classified as special mention if recent financial information has not been received from a borrower.

Substandard

Loans are classified as substandard if management determines the borrower exhibits well-defined deficiencies in its paying capacity, and, therefore, the institution may sustain some loss if one or more of the well-defined deficiencies are not corrected. No loans were classified as substandard as of September 30, 2024, 2023, or 2022.

Note 4 - Mortgages and Loans Receivable (Continued)

The following table presents the amortized cost basis of mortgages and loans receivable by credit risk grades as of September 30, 2024, 2023, and 2022:

	Pass	Special Mention	Substandard	Ending Balance
September 30, 2024	$ 43,710,656	$ 1,287,173	$ -	$ 44,997,829
September 30, 2023	47,665,603	1,361,836	-	49,027,439
September 30, 2022	47,790,033	3,395,252	-	51,185,285

RCACGF classifies as past due if the loan is more than 30 days past due. There were no past-due loans as of September 30, 2024, 2023, and 2022. There are no loans considered collateral-dependent as of September 30, 2024.

There was one secured loan receivable modified to a borrower experiencing financial difficulty during the year ended September 30, 2024. The loan has an amortized cost basis of $269,069 at September 30, 2024 (0.60 percent of total secured loans receivable) and was modified to grant an interest rate reduction of 0.25 percent and add 24 months to the loan term. The loan is current in payment status as of September 30, 2024. There were no loans that have had a payment default during the period and were modified in the 12 months before default to borrowers experiencing financial difficulty. Prior to the adoption of ASC 326, a modification of a loan constitutes a troubled debt restructuring (TDR) when a borrower is experiencing financial difficulty and the modification constitutes a concession. There were no loans modified in a TDR during the years ended September 2023 or 2022.

Loans outstanding at September 30, 2024, 2023, and 2022, summarized by current interest rate, are as follows:

Interest Rate	2024	2023	2022
3.0%-3.5%	$ -	$ 128,971	$ 312,442
3.6%-4.0%	19,907,006	21,745,193	29,321,400
4.1%-4.5%	2,691,465	4,066,770	12,974,795
4.6%-5.0%	3,281,559	6,988,452	8,035,293
5.1%-5.5%	1,410,525	1,339,499	230,560
5.6%-6.0%	2,392,228	7,890,439	310,795
6.1%-6.5%	3,898,275	5,651,957	-
6.6%-7.0%	5,588,775	703,957	-
7.1%-7.5%	5,827,996	512,201	-
Total	$ 44,997,829	$ 49,027,439	$ 51,185,285

At September 30, 2024, RCACGF had 95 loans, with balances as follows:

Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Less than $50,001	10	$ 315,918	1%
$50,001 - $100,000	17	1,255,704	3%
$100,001 - $250,000	30	4,782,393	11%
$250,001 - $500,000	14	4,685,744	10%
$500,001 - $1,000,000	11	7,791,647	17%
$1,000,001 - $2,000,000	9	13,269,186	29%
$2,000,001 - $5,000,000	4	12,897,237	29%
Total	95	$ 44,997,829	100%

Note 4 - Mortgages and Loans Receivable (Continued)

Although RCACGF has no geographical restrictions within the United States on where loans are made, aggregate loans equal to or in excess of 5 percent of total balances at September 30, 2024 were located in the following states:

State	Principal Outstanding	Percent of Loan Portfolio
Michigan	$ 12,651,423	28%
California	7,558,979	17%
Illinois	5,233,729	12%
New Jersey	3,694,515	8%
Pennsylvania	3,424,599	8%
New York	3,104,596	7%
Iowa	2,512,527	5%
Total	$ 38,180,368	85%

Note 5 - Debt Securities Payable

RCACGF's primary means of financing its activities is by selling savings certificates. These debt securities are unsecured general debt obligations, and each investor will have a claim against the assets of RCACGF equal with other debt securities holders and unsecured creditors. Debt securities are not savings or deposit accounts or other obligations of a bank and are not insured by the federal deposit insurance corporation, any state bank insurance fund, or any other governmental agency.

The average weighted interest rate on savings certificates was 3.52 percent, 3.01 percent, and 1.36 percent at September 30, 2024, 2023, and 2022, respectively. RCACGF was indebted as summarized below:

	2024		2023		2022	
Original Term (Months)	Number	Aggregate Principal Balance	Number	Aggregate Principal Balance	Number	Aggregate Principal Balance
Demand	108	$ 8,344,994	110	$ 8,624,575	121	$ 10,532,482
12	185	8,682,341	86	3,763,222	86	5,836,552
18	19	956,580	71	5,449,003	-	-
24	50	1,512,176	43	917,412	55	1,774,311
30	22	1,076,744	136	5,385,046	161	7,204,459
36	26	907,694	40	1,141,516	90	2,368,200
48	14	512,357	19	537,334	19	497,124
60	87	1,623,475	91	1,747,324	125	2,784,871
120	24	674,331	28	804,534	32	674,761
	535	$ 24,290,692	624	$ 28,369,966	689	$ 31,672,760

Investors have no right to the early redemption of their debt securities prior to their maturity. If an investor requests an early redemption, RCACGF may impose an early redemption fee.

Note 5 - Debt Securities Payable (Continued)

The debt securities mature at various dates through 2034. At September 30, 2024, the scheduled maturities of debt securities are as follows:

Years Ending September 30	Amount
On demand	$ 8,344,994
2025	11,869,495
2026	2,177,400
2027	650,120
2028	617,211
2029	258,426
Thereafter	373,046
Total	$ 24,290,692

RCACGF had 76 investors with aggregate balances of $100,000 or more as of September 30, 2024. The balances of $100,000 or more were distributed as follows:

Aggregate Debt Securities Balances by Investor	Number of Investors	Aggregate Balance	Percentage of Outstanding Debt Securities
$100,000 - $200,000	45	$ 5,919,246	24%
$200,001 - $300,000	17	4,302,037	18%
$300,001 - $500,000	9	3,457,436	14%
Greater than $500,000	5	4,773,941	20%
Total	76	$ 18,452,660	76%

At September 30, 2024, RCACGF's investors were concentrated in five states as follows:

State	Aggregate Balance	Percent of Outstanding Debt Securities
New York	$ 6,638,813	27%
Michigan	6,426,491	26%
New Jersey	3,488,975	15%
Iowa	2,864,475	12%
Illinois	1,666,648	7%
Total	$ 21,085,402	87%

The officers, directors, and executive staff of RCACGF may be investors in RCACGF on the same terms and conditions as other investors. As of September 30, 2024, 2023, and 2022, as a group, they held debt securities aggregating $61,020, $69,365, and $57,933, respectively.

Note 6 - Net Assets with Donor Restrictions

The net assets with donor restrictions represent three endowments that are invested within the RCA Endowment Fund. Per the terms of the endowment agreements, the income earned from these investments is to be used for general purposes. The income is released to net assets without donor restrictions when appropriated for expenditure. The following classifications reflect the nature of restrictions to net assets with donor restrictions for the years ended September 30, 2024, 2023, and 2022:

	2024	2023	2022
Restricted by purpose - Accumulated endowment earnings	$ 634,298	$ 513,634	$ 473,802
Restricted in perpetuity	161,471	161,471	161,471
Total	$ 795,769	$ 675,105	$ 635,273

Note 7 - Line of Credit

Under a line of credit agreement with PNC bank, which was renewed during the year, RCACGF has available borrowings of $5,000,000. Interest is payable monthly at a rate per annum equal to the daily BSBY rate plus 2.00 percent. The line of credit is unsecured. The outstanding principal balance and any accrued interest is due and payable on the expiration date. The line of credit expires on March 31, 2025. RCACGF had no outstanding balance on this line of credit for the years ended September 30, 2024, 2023, and 2022. Prior to the renewal during the year ended September 30, 2022, interest was payable monthly at a rate per annum equal to the daily LIBOR plus 1.75 percent, and RCACGF was required to reduce the outstanding principal balance thereof to zero for a period of at least 60 consecutive days prior to the expiration date.

Note 8 - Employee Benefits

Retirement Plan

All current and full-time employees are eligible for participation in a 403(b) defined contribution retirement plan, which is administered by The Board of Benefits Services of the Reformed Church in America, Inc. (BOBS). RCACGF contributes 11 percent of all eligible employees' salaries to the 403(b) plan. RCACGF's contributions to this plan, included in expenses, were approximately $31,000, $30,000, and $25,000 for the years ended September 30, 2024, 2023, and 2022, respectively.

Medical Benefits

All current and full-time employees are eligible for participation in a health insurance program, which is administered by The Reformed Benefits Association. The employer does not incur any liability for claims made by the employees. The costs incurred for the plan premiums were approximately $52,000, $53,000, and $39,000 for the years ended September 30, 2024, 2023, and 2022, respectively.

Note 9 - Functional Expenses

The following tables present the functional allocation of expenses:

	Year Ended September 30, 2024		
	Program Services	Management and General	Total
Grants to the GSC	$ 900,000	$ -	$ 900,000
Interest on certificates	896,256	-	896,256
Salaries and benefits	209,303	301,728	511,031
Professional fees	19,296	95,345	114,641
Office expenses and other	48,793	29,826	78,619
Travel and staff development	15,619	-	15,619
Meetings and events	-	14,655	14,655
Provision for credit losses	246,000	-	246,000
Total	$ 2,335,267	$ 441,554	$ 2,776,821

	Year Ended September 30, 2023		
	Program Services	Management and General	Total
Grants to the GSC	$ 633,500	$ -	$ 633,500
Interest on certificates	708,529	-	708,529
Salaries and benefits	200,210	307,844	508,054
Professional fees	5,934	80,647	86,581
Office expenses and other	39,038	26,396	65,434
Travel and staff development	16,704	-	16,704
Meetings and events	-	11,733	11,733
Total	$ 1,603,915	$ 426,620	$ 2,030,535

	Year Ended September 30, 2022		
	Program Services	Management and General	Total
Grants to the GSC	$ 800,000	$ -	$ 800,000
Interest on certificates	480,014	-	480,014
Salaries and benefits	209,279	205,185	414,464
Professional fees	12,486	68,977	81,463
Office expenses and other	33,356	26,035	59,391
Travel and staff development	14,807	-	14,807
Meetings and events	-	11,239	11,239
Total	$ 1,549,942	$ 311,436	$ 1,861,378

Note 10 - Related Party Transactions

Although a separate not-for-profit corporation, RCACGF functions as a part of the RCA under the ultimate ecclesiastical supervision of the General Synod through the GSC. There is a close working relationship with the GSC based on RCACGF's primary purpose of making loans to current and former RCA churches and other assemblies, the making of grants to the GSC, and the General Synod's election of RCACGF's board of directors.

As a result, RCACGF's 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 sharing of certain employees included in shared service fees; combined funds in GSC investments and the RCA Endowment Fund, the RCA's management of those assets, and the potential for the GSC to invest in RCACGF's debt securities; the making of grants to the GSC; the sharing of office space, office supplies, computers, and other office resources; and the payment of retirement benefits to BOBS. RCACGF also has debt securities outstanding to agencies, assemblies, and institutions of the RCA and may have debt securities outstanding to GSC employees, officers, and directors or their family members, each on the same terms as debt securities available generally at the time of purchase.

The schedule below summarizes related party assets, liabilities, revenue, and expenses and the amounts attributable to them:

	2024	2023	2022
Assets:			
Beneficial interest in known pool of assets - RCA Endowment Fund	$ 795,769	$ 675,105	$ 635,273
Accounts receivable from the GSC	3,184	-	-
Total	$ 798,953	$ 675,105	$ 635,273
Liabilities:			
GSC investment in debt securities payable	$ 170,121	$ 311,911	$ 861,573
BOBS investment in debt securities payable	216,609	207,556	204,544
Accounts payable to the GSC	-	15,921	249,691
Total	$ 386,730	$ 535,388	$ 1,315,808
Revenue:			
RCA Endowment Fund distributions	$ 37,224	$ 36,376	$ 34,704
Change in value of funds held in RCA Endowment Fund	120,664	39,832	(121,851)
Total	$ 157,888	$ 76,208	$ (87,147)
Expenses:			
Grants to the GSC	$ 900,000	$ 633,500	$ 800,000
Fees paid to the GSC for shared services	116,586	105,731	88,368
Retirement contributions paid to BOBS	30,747	30,494	25,333
Interest on the GSC's investment in debt securities	8,211	11,807	14,052
Interest on BOBS' investment in debt securities	9,053	3,012	9,645
Total	$ 1,064,597	$ 784,544	$ 937,398

Note 11 - Liquidity and Availability of Resources

The following reflects RCACGF's financial assets as of September 30, 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:

	2024	2023	2022
Cash and cash equivalents	$ 6,218,344	$ 6,180,589	$ 9,728,124
Investments	28,410,939	25,081,866	20,618,651
Beneficial interest in known pool of assets - RCA Endowment Fund	795,769	675,105	635,273
Interest receivable on mortgage and loans receivable	129,732	123,700	112,171
Mortgage and loans receivable	44,997,829	49,027,439	51,185,285
Financial assets - At year end	80,552,613	81,088,699	82,279,504
Less those unavailable for general expenditures within one year due to:			
Loans receivable collectible beyond one year	44,241,637	48,124,899	49,568,083
Beneficial interest in known pool of assets - RCA Endowment Fund	795,769	675,105	635,273
Board-designated funds	469,473	450,000	-
RCACGF required liquidity reserves*	2,846,319	3,268,224	3,693,900
Financial assets available to meet cash needs for general expenditures within one year	$ 32,199,415	$ 28,570,471	$ 28,382,248

RCACGF is substantially supported by interest earned on mortgages and loans and investment income for which a substantial portion does not carry restrictions. As part of RCACGF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. For the years ended September 30, 2024, 2023, and 2022, RCACGF has available an unsecured line of credit in the amount of $5 million that could be drawn upon in the event of an unanticipated liquidity need. Additionally, RCACGF does not intend to spend its board-designated funds other than for their designated purpose; however, amounts could be made available if necessary. RCACGF also realizes there could be unanticipated liquidity needs.

*RCACGF's liquidity policy is to maintain, at all times, cash, cash equivalents, and investments that are not loaned to churches in the aggregate amount and that are no less than 10 percent of the aggregate principal balance of the outstanding term savings certificates of RCACGF and no less than 15 percent of the aggregate principal balance of the outstanding demand savings certificates.

Note 12 - Commitments

RCACGF supports the ministry of the denomination and its churches by distributing up to 50 percent of its net operating income to the GSC for use as ministry grants, as designated by RCACGF. Net operating income is defined as income less expenses exclusive of loan loss reserve and all unrealized gains and losses. The 50 percent distribution amount will be subject to review annually by the RCACGF board of directors. Designated ministry grants and amounts will include: (a) up to 25 percent of net operating income to support church multiplication, (b) up to $50,000 annually to support the Next Generation Missional Engagement Fund, and (c) other ministry programs as may be designated by the RCACGF board of directors allowed under the bylaws of RCACGF. The amounts contributed for these designated ministries are subject to change by the board of directors.

At September 30, 2024, 2023, and 2022, RCACGF had outstanding loan commitments estimated at approximately $7,547,000, $2,770,000, and $5,720,000, respectively.

Note 12 - Commitments (Continued)

RCACGF maintains a liability for expected credit losses on unfunded loan commitments. The liability is determined using a methodology similar to that used to determine the allowance for credit losses. On October 1, 2023, RCACGF recorded an adjustment to record a liability for credit losses for unfunded loan commitments of $40,000 with the adoption of ASU No. 2016-13. For the year ended September 30, 2024, RCACGF recorded a credit loss expense for unfunded commitments of $146,000. At September 30, 2024, the liability for credit losses on unfunded commitments included in accounts payable and accrued expenses was $186,000.

Note 13 - Concentrations of Credit Risk

The financial instrument that potentially subjects RCACGF to concentration of credit risk consists primarily of mortgages and loans receivable. Concentrations of credit risk with respect to mortgages and loans receivable are limited to a certain extent by the secured position of RCACGF in most instruments, the number of organizations comprising RCACGF's mortgages receivable base and their dispersion across geographic areas, and RCACGF's policy of limiting the maximum loan amount to any one borrower.

The creditworthiness of each loan applicant is assessed on a case-by-case basis. Currently, 99.18 percent of loans are secured by a first mortgage on the existing facility or real property, but some of them may be secured by a pledge of personal property or by a junior lien. The remaining 0.82 percent are unsecured and are collectible in installments and mature at various dates through 2028. Other credit consideration is represented by the terms of the loan, loan to value ratios, and other credit factors. RCACGF maintains a policy to review all loans monthly to determine past-due or delinquent status based on contractual terms and how recently payments have been received. Typically, RCACGF will not consider a loan for the purpose of constructing a new building until the congregation or other organization has met an equity interest in the property to the satisfaction of RCACGF.

As disclosed in Note 1, RCACGF loans money to current or former churches, classes, and other agencies and affiliates of the Reformed Church in America to assist them in the purchase, construction, or improvement of church buildings, parsonages, and other property used in their ministry or the purchase of land. As of September 30, 2024, 2023, and 2022, RCACGF's mortgages and loans receivable from those organizations are disclosed in Note 4.