



**Home Mission Council of the Eastern  
Regional Conference of the Churches of  
God, General Conference**

**Financial Statements**

December 31, 2022, 2021, 2020, 2019, and 2018



**Home Mission Council of the Eastern Regional Conference of the  
Churches of God, General Conference**

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## Independent Auditor's Report

To the Board of Trustees  
Home Mission Council of the Eastern Regional  
Conference of the Churches of God,  
General Conference  
Wormleysburg, Pennsylvania

### Opinion

We have audited the financial statements of Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference (the Home Mission Council), which comprise the statement of financial position as of December 31, 2022, 2021, 2020, 2019, and 2018, and the related statements of activities, 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 the Home Mission Council as of December 31, 2022, 2021, 2020, 2019, and 2018, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 the Home Mission Council's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

## **Auditor's Responsibilities for the Audit 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 an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Home Mission Council'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 the Home Mission Council's ability to continue as a going concern for a reasonable period of time.

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

RKL LLP

May 31, 2023  
Mechanicsburg, Pennsylvania

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Statement of Financial Position

|   | <u>2022</u>         | <u>2021</u>         | <u>December 31,<br/>2020</u> | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|------------------------------|---------------------|---------------------|
| <b>Assets</b>                           |                     |                     |                              |                     |                     |
| Cash and cash equivalents               | \$ 3,767,758        | \$ 798,163          | \$ 770,030                   | \$ 1,027,355        | \$ 909,147          |
| Investments                             | 1,503,485           | 1,573,838           | 1,926,115                    | 1,235,324           | 929,487             |
| Mortgages and notes receivable          | 1,618,739           | 5,390,963           | 5,549,979                    | 5,380,826           | 5,672,191           |
| Accrued interest receivable             | 3,049               | 94,838              | 49,919                       | 16,116              | 45,102              |
| Prepaid expenses                        | -                   | 504                 | -                            | -                   | -                   |
| <b>Total Assets</b>                     | <b>\$ 6,893,031</b> | <b>\$ 7,858,306</b> | <b>\$ 8,296,043</b>          | <b>\$ 7,659,621</b> | <b>\$ 7,555,927</b> |
| <b>Liabilities and Net Assets</b>       |                     |                     |                              |                     |                     |
| <b>Liabilities</b>                      |                     |                     |                              |                     |                     |
| Certificates of investment              | \$ 5,734,278        | \$ 6,452,856        | \$ 6,909,679                 | \$ 6,390,607        | \$ 6,467,731        |
| Accounts payable                        | 2,313               | 1,587               | 1,671                        | 1,536               | 1,412               |
| Accrued expenses                        | 1,884               | 943                 | 1,130                        | 880                 | 1,149               |
| Accrued interest payable                | 12,647              | 10,877              | 16,740                       | 19,719              | 19,267              |
| Annuities payable                       | 674                 | 677                 | 680                          | 682                 | 682                 |
| <b>Total Liabilities</b>                | <b>5,751,796</b>    | <b>6,466,940</b>    | <b>6,929,900</b>             | <b>6,413,424</b>    | <b>6,490,241</b>    |
| <b>Net Assets</b>                       |                     |                     |                              |                     |                     |
| Without donor restrictions              | 1,141,235           | 1,391,366           | 1,366,143                    | 1,246,197           | 1,065,686           |
| <b>Total Liabilities and Net Assets</b> | <b>\$ 6,893,031</b> | <b>\$ 7,858,306</b> | <b>\$ 8,296,043</b>          | <b>\$ 7,659,621</b> | <b>\$ 7,555,927</b> |

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Statement of Activities

|   | Years Ended December 31, |                     |                     |                     |                     |
|---|--------------------------|---------------------|---------------------|---------------------|---------------------|
|   | 2022                     | 2021                | 2020                | 2019                | 2018                |
| <b>Revenues and Gains</b>                               |                          |                     |                     |                     |                     |
| Interest on mortgages and notes receivable              | \$ 186,677               | \$ 270,007          | \$ 271,049          | \$ 265,750          | \$ 286,764          |
| Investment income                                       | 81,321                   | 50,621              | 154,613             | 50,239              | 49,756              |
| Change in actuarial value of annuity                    | 3                        | 2                   | 2                   | -                   | 5                   |
| Other revenue   | 141                      | 23                  | -                   | 4,231               | -                   |
| <b>Total Revenues and Gains</b>                         | <b>268,142</b>           | <b>320,653</b>      | <b>425,664</b>      | <b>320,220</b>      | <b>336,525</b>      |
| <b>Operating Expenses</b>                               |                          |                     |                     |                     |                     |
| Interest expense  | 175,124                  | 192,352             | 199,271             | 180,434             | 169,001             |
| Registration expenses                                   | 2,000                    | 2,000               | 2,000               | 1,750               | 1,750               |
| Administrative and other expenses                       | 55,964                   | 46,191              | 52,578              | 44,640              | 67,776              |
| <b>Total Operating Expenses</b>                         | <b>233,088</b>           | <b>240,543</b>      | <b>253,849</b>      | <b>226,824</b>      | <b>238,527</b>      |
| <b>Gain from Operations</b>                             | <b>35,054</b>            | <b>80,110</b>       | <b>171,815</b>      | <b>93,396</b>       | <b>97,998</b>       |
| <b>Other Nonoperating Gain (Loss)</b>                   |                          |                     |                     |                     |                     |
| Unrealized gain (loss) on other than trading securities | (285,185)                | (54,887)            | (51,869)            | 87,115              | (59,226)            |
| <b>Change in Net Assets without Donor Restrictions</b>  | <b>(250,131)</b>         | <b>25,223</b>       | <b>119,946</b>      | <b>180,511</b>      | <b>38,772</b>       |
| <b>Net Assets at Beginning of Year</b>                  | <b>1,391,366</b>         | <b>1,366,143</b>    | <b>1,246,197</b>    | <b>1,065,686</b>    | <b>1,026,914</b>    |
| <b>Net Assets at End of Year</b>                        | <b>\$ 1,141,235</b>      | <b>\$ 1,391,366</b> | <b>\$ 1,366,143</b> | <b>\$ 1,246,197</b> | <b>\$ 1,065,686</b> |

**Home Mission Council of the Eastern Regional Conference of the  
Churches of God, General Conference**

Statement of Functional Expenses

Year Ended December 31, 2022 with Comparative Totals for 2021, 2020, 2019, and 2018

|                                 | Program<br>Services | Supporting<br>Service         | Totals            |                   |                   |                   |                   |
|---------------------------------|---------------------|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                 |                     | General and<br>Administrative | 2022              | 2021              | 2020              | 2019              | 2018              |
| Legal and professional          | \$ -                | \$ 38,807                     | \$ 38,807         | \$ 32,608         | \$ 33,700         | \$ 34,315         | \$ 39,686         |
| Occupancy                       | -                   | 147                           | 147               | 66                | 208               | 72                | 96                |
| Information technology          | -                   | 642                           | 642               | 296               | 5,550             | 21                | 314               |
| Registration expenses           | -                   | 2,000                         | 2,000             | 2,000             | 2,000             | 1,750             | 1,750             |
| Interest                        | 175,124             | -                             | 175,124           | 192,352           | 199,271           | 180,434           | 169,001           |
| Trustee fees                    | 15,790              | -                             | 15,790            | 12,714            | 12,541            | 9,704             | 27,346            |
| Other                           | 423                 | 155                           | 578               | 507               | 579               | 528               | 334               |
| <b>Total Operating Expenses</b> | <b>\$ 191,337</b>   | <b>\$ 41,751</b>              | <b>\$ 233,088</b> | <b>\$ 240,543</b> | <b>\$ 253,849</b> | <b>\$ 226,824</b> | <b>\$ 238,527</b> |
| <b>2021 Totals</b>              | <b>\$ 205,414</b>   | <b>\$ 35,129</b>              | <b>\$ 240,543</b> |                   |                   |                   |                   |
| <b>2020 Totals</b>              | <b>\$ 212,141</b>   | <b>\$ 41,708</b>              | <b>\$ 253,849</b> |                   |                   |                   |                   |
| <b>2019 Totals</b>              | <b>\$ 190,447</b>   | <b>\$ 36,377</b>              | <b>\$ 226,824</b> |                   |                   |                   |                   |
| <b>2018 Totals</b>              | <b>\$ 196,610</b>   | <b>\$ 41,917</b>              | <b>\$ 238,527</b> |                   |                   |                   |                   |

**Home Mission Council of the Eastern Regional Conference of the  
Churches of God, General Conference**

Statement of Cash Flows

|   | Years Ended December 31, |                  |                  |                 |                 |
|---|--------------------------|------------------|------------------|-----------------|-----------------|
|   | 2022                     | 2021             | 2020             | 2019            | 2018            |
| <b>Cash Flows from Operating Activities</b>   |                          |                  |                  |                 |                 |
| Change in net assets  | \$ (250,131)             | \$ 25,223        | \$ 119,946       | \$ 180,511      | \$ 38,772       |
| Adjustments to reconcile change in net assets to<br>net cash provided by operating activities |                          |                  |                  |                 |                 |
| Unrealized (gain) loss on investments   | 285,185                  | 54,887           | 51,869           | (87,115)        | 59,226          |
| (Increase) decrease in assets   |                          |                  |                  |                 |                 |
| Accrued interest receivable   | 91,789                   | (44,919)         | (33,803)         | 28,986          | (38,430)        |
| Prepaid expenses  | 504                      | (504)            | -                | -               | -               |
| Increase (decrease) in liabilities  |                          |                  |                  |                 |                 |
| Accounts payable  | 726                      | (84)             | 135              | 124             | 1,412           |
| Accrued expenses  | 941                      | (187)            | 250              | (269)           | 1,149           |
| Accrued interest payable  | 1,770                    | (5,863)          | (2,979)          | 452             | 2,247           |
| Annuities payable   | (3)                      | (3)              | (2)              | -               | (5)             |
| <b>Net Cash Provided by Operating Activities</b>  | <b>130,781</b>           | <b>28,550</b>    | <b>135,416</b>   | <b>122,689</b>  | <b>64,371</b>   |
| <b>Cash Flows from Investing Activities</b>   |                          |                  |                  |                 |                 |
| Net (purchases) sales of investments  | (214,832)                | 297,390          | (742,660)        | (218,722)       | (22,307)        |
| Issuance of mortgages and notes receivable  | (40,652)                 | (169,000)        | (430,983)        | (102,065)       | (382,000)       |
| Proceeds from collections of mortgages and notes<br>receivable                                | 3,812,877                | 328,016          | 261,830          | 393,430         | 366,071         |
| <b>Net Cash Provided by (Used in)<br/>Investing Activities</b>                                | <b>3,557,393</b>         | <b>456,406</b>   | <b>(911,813)</b> | <b>72,643</b>   | <b>(38,236)</b> |
| <b>Cash Flows from Financing Activities</b>   |                          |                  |                  |                 |                 |
| Redemptions of certificates of investment   | (1,621,629)              | (484,288)        | (252,465)        | (579,448)       | (296,448)       |
| Proceeds from issuance of new certificates of<br>investment                                   | 844,018                  | 45,925           | 724,778          | 456,466         | 275,387         |
| Increase (decrease) in accumulated interest on certificates<br>of investment                  | 59,032                   | (18,460)         | 46,759           | 45,858          | 100,232         |
| <b>Net Cash Provided by (Used in)<br/>Financing Activities</b>                                | <b>(718,579)</b>         | <b>(456,823)</b> | <b>519,072</b>   | <b>(77,124)</b> | <b>79,171</b>   |

See accompanying notes.



**Home Mission Council of the Eastern Regional Conference of the  
Churches of God, General Conference**

Statement of Cash Flows (continued)

|   | Years Ended December 31,          |                                 |                                 |                                   |                                 |
|---|-----------------------------------|---------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|   | <u>2022</u>                       | <u>2021</u>                     | <u>2020</u>                     | <u>2019</u>                       | <u>2018</u>                     |
| <b>Net Increase (Decrease) in Cash and<br/>Cash Equivalents</b> | <b>\$ 2,969,595</b>               | <b>\$ 28,133</b>                | <b>\$ (257,325)</b>             | <b>\$ 118,208</b>                 | <b>\$ 105,306</b>               |
| <b>Cash and Cash Equivalents at Beginning of Year</b>           | <b><u>798,163</u></b>             | <b><u>770,030</u></b>           | <b><u>1,027,355</u></b>         | <b><u>909,147</u></b>             | <b><u>803,841</u></b>           |
| <b>Cash and Cash Equivalents at End of Year</b>                 | <b><u><u>\$ 3,767,758</u></u></b> | <b><u><u>\$ 798,163</u></u></b> | <b><u><u>\$ 770,030</u></u></b> | <b><u><u>\$ 1,027,355</u></u></b> | <b><u><u>\$ 909,147</u></u></b> |

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

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## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### **Note 1 - Nature of Business**

The Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference (the Home Mission Council) is a Pennsylvania nonprofit corporation. The basic purpose of the Home Mission Council is to assist the Eastern Regional Conference of the Churches of God, General Conference in missionary and evangelistic work by loaning funds to existing church congregations and new mission groups for the acquisition, construction, and improvement of churches and church related activities.

### **Note 2 - Summary of Significant Accounting Policies**

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

#### **Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

#### **Basis of Presentation**

The Home Mission Council follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958, *Not-for-Profit Entities - Presentation of Financial Statements*. Under ASC Topic 958, the Home Mission Council is required to report information regarding its financial position and activities according to two classes of assets: net assets without donor restrictions and net assets with donor restrictions. Net assets are classified as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions.

Net assets with donor restrictions - Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Home Mission Council had no net assets with donor restrictions at December 31, 2022, 2021, 2020, 2019, and 2018.

#### **Use of Estimates**

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

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## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 2 - Summary of Significant Accounting Policies (continued)

#### Mortgages and Notes Receivable

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. Interest on loans is recognized over the term of the loan and is calculated using the simple interest method on principal amounts outstanding. The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that the collectability of the principal is unlikely. The allowance is an amount that management believes will be adequate to absorb possible losses on existing loans that may become uncollectible, which is adjusted monthly based on evaluations of the collectability of loans and prior loan loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the loan portfolio, overall portfolio quality, review of specific problem loans, and current economic conditions that may affect the borrowers' ability to pay. Accrual of interest is discontinued on a loan when management believes, after considering economics, business conditions, and collection efforts that the borrowers' financial condition is such that collection of interest is doubtful. There was no allowance for loan losses at December 31, 2022, 2021, 2020, 2019, and 2018.

#### Investments

The Home Mission Council follows FASB ASC 958-320-05, *Accounting for Certain Investments Held by Not-for-Profit Organizations*, in accounting for its investments. Under FASB ASC 958-320-05, investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Investments are maintained at a local bank, which acts as a trustee for the Home Mission Council. See further information at Notes 4 and 13.

#### Revenue Recognition

The sources of revenue for the Home Mission Council is interest income from mortgages and notes receivables and investments. Revenue is recognized as earned based on contractual terms, or as transactions occur. The following is further detail of the various types of revenue the Home Mission Council earns and when it is recognized:

Interest Income - Interest income is recognized on an accrual basis according to mortgage and note agreements, or other such written contracts.

#### Functional Allocation of Expenses

The cost of providing the various programs and other activities are summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using reasonable and applicable basis that may include estimated usage.

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 3 - Liquidity and Availability

The Home Mission Council manages its liquidity by managing its working capital.

Financial assets available for general expenditure at December 31, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

|   | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Cash and cash equivalents                           | \$ 3,767,758        | \$ 798,163          | \$ 770,030          | \$ 1,027,355        | \$ 909,147          |
| Investments   | 1,503,485           | 1,573,838           | 1,926,115           | 1,235,324           | 929,487             |
| Mortgages and notes<br>receivables, current portion | 182,985             | 341,293             | 343,585             | 278,307             | 260,832             |
| Accrued interest receivable                         | <u>3,049</u>        | <u>94,838</u>       | <u>49,919</u>       | <u>16,116</u>       | <u>45,102</u>       |
|   | <u>\$ 5,457,277</u> | <u>\$ 2,808,132</u> | <u>\$ 3,089,649</u> | <u>\$ 2,557,102</u> | <u>\$ 2,144,568</u> |

Home Mission Council maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Home Mission Council manages its cash available to meet general expenditures following these guiding principles:

- Operating with a prudent range of financial soundness and stability; and
- Sustaining adequate liquid assets, including cash and cash equivalents.

### Note 4 - Investments

Prior to being utilized for loans, the proceeds available for that purpose are required to be invested by the Home Mission Council. The proceeds are invested with a local bank. There are no formal guidelines or restrictions on investment of the Home Mission Council's funds that are not committed to its church lending activities, except for the reserve requirement in Note 6. In accordance with policies of the Board of Trustees, such investments are allocated between mutual funds, corporate bonds and notes, and certificates of deposit.

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Gains and losses on the sale of securities are recognized when sold. Interest and dividends are recognized as income when received.

### Note 5 - Mortgages and Notes Receivable

Mortgages and notes receivable issued after October 2004 bear initial interest at the greater of 2.00% less than the prime rate or 7.00%, determined as of each May 1st and November 1st.

Mortgages and notes receivable issued between April 2003 and October 2004 bore interest at the greater of 2.00% less than the prime rate or 5.50%, determined as of each May 1st and November 1st.

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 5 - Mortgages and Notes Receivable (continued)

Mortgages and notes receivable consist of the following:

|   | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Martinsburg Church of God, a \$330,000, mortgage receivable due monthly in the amount of \$1,512, through February 2030. The interest rate at December 31, 2022 is 4.25%  | \$ 164,612  | \$ 194,432  | \$ 209,951  | \$ 221,509  | \$ 233,426  |
| Friendship Community Church of God, a \$770,000, 5.50% mortgage receivable, due monthly in the amount of \$3,646, through December 2033   | 98,917      | 304,477     | 342,342     | 372,360     | 394,950     |
| Caring Community Church of God, a \$626,000, 5.50% mortgage receivable, due monthly in the amount of \$4,306, through June 2024. This loan was paid off during 2022   | -           | 24,131      | 72,956      | 119,176     | 159,404     |
| Woodbury Church of God, a \$88,727, 5.75% mortgage receivable, due monthly in the amount of \$308, through January 2030. This loan was paid in full during 2019   | -           | -           | -           | -           | 63,940      |
| Churchtown Church of God a \$32,000 note, due monthly in the amount of \$343, payment will be made in full on or before March 2028. The interest rate is 5.25% per annum for the first five years (through April 2023), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% | -           | -           | -           | 1,878       | 22,057      |
| Mount Pleasant Church of God, a \$60,000 mortgage, due monthly in the amount of \$648, through October 2023, with an interest rate of 5.50%. The balance of this loan was consolidated with the loan below during 2021  | -           | -           | 19,436      | 25,949      | 32,116      |

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 5 - Mortgages and Notes Receivable (continued)

|   | 2022   | 2021      | 2020      | 2019      | 2018      |
|---|--------|-----------|-----------|-----------|-----------|
| Mount Pleasant Church of God, a \$35,000 construction loan, all principal and interest payments were to be payable on or before November 2021, with an interest rate of 5.00%. The balance of this loan was consolidated with the loan below during 2021  | \$ -   | \$ -      | \$ 21,000 | \$ -      | \$ -      |
| Mount Pleasant Church of God, a \$52,640 note consolidation of the construction and mortgage loans, due monthly in the amount of \$571, all principal and interest payments shall be payable on or before March 2026, with an interest rate of 5.50%  | 22,804 | 27,802    | -         | -         | -         |
| Mount Holly Springs Church of God, a \$325,000 mortgage, due monthly in the amount of \$1,900, through January 2037   | -      | -         | -         | 41,456    | 91,818    |
| Real Life Church of God, a \$350,000 mortgage, due monthly in the amount of \$2,310, through July 2038 or until the full amount is paid. The interest rate is 5.00% per annum for the first three years (through August 2021), after which the interest rate is negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% with a floor of 5.00%. This loan was paid off during 2022 | -      | 317,938   | 329,491   | 337,750   | 349,148   |
| Scotland Campus, Inc., a \$1,250,000 mortgage, with a maturity date of May 2034. The interest rate is subject to change each June, beginning in 2014, at the prime rate plus 2.00%. This loan was paid off during 2022  | -      | 1,243,217 | 1,243,217 | 1,243,217 | 1,243,217 |

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 5 - Mortgages and Notes Receivable (continued)**

|  | <u>2022</u>   | <u>2021</u>  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  |
|--|---------------|--------------|--------------|--------------|--------------|
| <p>Scotland Campus, Inc., a mortgage receivable based on 85% of the value of Home Mission Council Certificates of Investment designated for Scotland Campus, Inc. by the purchaser of the certificate, not to exceed \$2,000,000. Principal payments will be due on demand when a holder of a Certificate of Investment redeems the certificate. The mortgage is due no later than July 2038. Interest payments are due monthly at a variable interest rate and are determined by calculating the average interest paid on the Certificates of Investment, plus 2.00%. Interest will be calculated quarterly each year. This loan was paid off during 2022</p> | \$ -          | \$ 1,358,006 | \$ 1,358,006 | \$ 1,370,034 | \$ 1,394,549 |
| <p>Parkway Community Church, a \$110,000 mortgage, monthly interest only payments are due through March 2020. Monthly principal and interest payments of \$772 began in April 2020, through February 2039 or until the full amount is paid. The interest rate is 5.75% per annum for the first five years (through June 2024), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% with a floor of 5.75%</p>   | <b>60,983</b> | 87,779       | 100,403      | 102,065      | -            |
| <p>McClures Gap Church of God, a \$250,000 mortgage, monthly interest only payments of \$128 were due until September 2015, when monthly principal and interest payments of \$1,570 began, through August 2034. The interest rate is 4.75% per annum for the first five years (through September 2020), after which the interest rate is negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% and amortized over a twenty year period. As of December 31, 2022, the interest rate is 6.25%</p>  | <b>39,280</b> | 94,077       | 109,223      | 122,954      | 140,246      |

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 5 - Mortgages and Notes Receivable (continued)**

|   | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Logos Christian Fellowship, a \$85,000 mortgage, monthly interest only payments of \$242 were due until August 2015, when monthly principal and interest payments of \$554 began, through August 2035. The interest rate is 5.50% per annum for the first five years (through August 2020), after which the interest rate is negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% and amortized over a twenty year period. As of December 31, 2022, the interest rate is 4.75% | \$ 25,060   | \$ 30,132   | \$ 35,582   | \$ 47,865   | \$ 62,916   |
| Westminster 1st Church of God, a \$65,000 mortgage, due monthly in the amount of \$383, through January 2034. The interest rate is 5.75% per annum for the first three years (through January 2017), after which the interest rate is negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% and amortized over a twenty year period. As of December 31, 2022, the interest rate is 5.25%  | 31,787      | 34,631      | 37,332      | 39,895      | 42,520      |
| Scotland Campus, Inc., a \$350,000 mortgage, with a maturity date of December 2024. Monthly interest only payments are due at 4.50%. This loan was paid off during 2022   | -           | 336,070     | 336,070     | 336,070     | 336,069     |
| Exponential Church TV, a \$175,417 mortgage, due monthly in the amount \$1,471, through June 2032. The interest rate is 5.75% per annum   | 128,359     | 139,015     | 149,103     | 159,292     | 167,210     |
| Exponential Church TV, a \$150,000 mortgage, due monthly in the amount of \$1,032, through November 2035. The interest rate is 5.50% per annum  | 114,480     | 120,342     | 125,780     | 131,335     | 135,767     |
| Exponential Church TV, a \$20,000 mortgage, due monthly in the amount of \$220, through August 2025. The interest rate is 5.75% per annum   | 19,502      | -           | -           | -           | -           |



**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 5 - Mortgages and Notes Receivable (continued)**

|   | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|-------------|
| Fairmount Community Church, a \$80,000 mortgage, monthly interest only payments were due for the first full year. Monthly interest and principal payments of \$849 began September 2017 until August 2027. The interest rate is 5.50% per annum for the first five years (through August 2022), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00%. At no time will the interest rate be less than 5.50% | \$ 42,636   | \$ 49,691   | \$ 57,526   | \$ 64,396   | \$ 70,860   |
| The Bridge of Hope Church, a \$250,000 mortgage, due monthly in the amount of \$1,685 until March 2040. The interest rate is 5.25% per annum for the first five years (through April 2025), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% with a floor of 5.25%   | 229,752     | 238,320     | 245,809     | -           | -           |
| Mayberry First Church of God, a \$10,800 mortgage, due monthly in the amount of \$178 until August 2026. The interest rate is 5.75%   | 4,281       | 7,253       | 9,891       | -           | -           |
| The Bridge of Hope Church, a \$125,000 construction loan, due monthly in the amount of \$825 starting February 2022 until January 2042. The interest rate is 5.00% per annum for the first five years (through June 2025), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00%  | 107,333     | 94,183      | 94,183      | -           | -           |

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 5 - Mortgages and Notes Receivable (continued)**

|  | 2022   | 2021      | 2020      | 2019 | 2018 |
|--|--------|-----------|-----------|------|------|
| <p>New Baltimore First Church of God, a \$55,000 mortgage, due monthly in the amount of \$442 until October 2040. The interest rate is 5.25% per annum for the first five years (through September 2025), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% with a floor of 5.25%. This loan was paid off during 2022</p>          | \$ -   | \$ 19,487 | \$ 50,613 | \$ - | \$ - |
| <p>Real Life Church of God, a \$50,000 mortgage due monthly in the amount of \$337, through August 2042 or until the full amount is paid. The interest rate is 5.25% per annum for five years (through July 2026), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% with a floor of 5.25%. This loan was paid off during 2022</p> | -      | 49,644    | -         | -    | -    |
| <p>Elizabethtown First Church of God, a \$50,000 mortgage, due monthly in the amount of \$530 until April 2036. The interest rate is 5.25% per annum for the first five years (through June 2026), after the initial first rate expires, the payment amount may be adjusted to reflect changes in the interest rate, if any. This loan was paid off during 2022</p>  | -      | 48,397    | -         | -    | -    |
| <p>Fourth Street Altoona First Church of God, a \$55,000 mortgage, due monthly in the amount of \$457 until June 2036. The interest rate is 5.75% per annum for the first five years (through March 2026), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00%</p>   | 33,895 | 37,041    | -         | -    | -    |

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 5 - Mortgages and Notes Receivable (continued)**

|   | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>         |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Brownsville Church of God, a \$877,504 mortgage receivable, due monthly in the amount of \$5,389, through April 2039. The interest rate is negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% and amortized over a twenty-five year period. The interest rate is 3.75% at December 31, 2022  | \$ 407,619          | \$ 450,111          | \$ 512,060          | \$ 550,718          | \$ 635,416          |
| Iglesia Sanidad Divina Church, a \$100,000 mortgage, due monthly in the amount of \$600 until December 2037. The interest rate is 5.00% per annum for the first five years (through December 2022), after which the interest rate will be negotiated. If an agreed rate cannot be determined, the new interest rate will be the prime rate plus 2.00% | 79,439              | 84,787              | 90,005              | 92,907              | 96,562              |
| New Life Church of God, an \$8,000 mortgage, with a maturity date of December 2025. Monthly interest only payments are due at 7.00%   | 8,000               | -                   | -                   | -                   | -                   |
| <b>Total Mortgages and Notes Receivables</b>  | <b>\$ 1,618,739</b> | <b>\$ 5,390,963</b> | <b>\$ 5,549,979</b> | <b>\$ 5,380,826</b> | <b>\$ 5,672,191</b> |

**Note 6 - Certificates of Investment**

Certificates of investment outstanding, including accrued interest payable, mature as scheduled below at December 31, 2022:

| <u>Year of Maturity</u> | <u>Principal</u>    | <u>Compounded Interest</u> | <u>Total</u>        |
|-------------------------|---------------------|----------------------------|---------------------|
| 2023                    | \$ 1,559,256        | \$ 313,913                 | \$ 1,873,169        |
| 2024                    | 1,187,831           | 164,114                    | 1,351,945           |
| 2025                    | 1,301,967           | 181,820                    | 1,483,787           |
| 2026                    | 430,182             | 155,028                    | 585,210             |
| 2027                    | 267,797             | 185,017                    | 452,814             |
|                         | <b>\$ 4,747,033</b> | <b>\$ 999,892</b>          | <b>\$ 5,746,925</b> |

Original certificates are paid interest at the rate of interest stated on the face of the certificate, which is determined by the rate in effect at issue date.

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 6 - Certificates of Investment (continued)**

Interest rates are adjusted on the interest payment dates of May 1 and November 1 as changes occur in the prime interest rate. Certificate rates are also subject to minimum rates. Certificates that mature and are renewed bear interest based on the interest rate in effect at the date of renewal. This interest rate will remain in effect throughout the duration of the renewal period.

The interest rates and minimum rates in effect during 2022 for each denomination of certificate are as follows:

| Type of Certificate | Interest Rate    | May 1  | November 1 | Minimum Rate |
|---------------------|------------------|--------|------------|--------------|
| 1 year              | Prime less 3.50% | 1.00 % | 1.00 %     | 1.00 %       |
| 2 years             | Prime less 3.25% | 1.25 % | 1.25 %     | 1.25 %       |
| 3 years             | Prime less 3.00% | 1.50 % | 1.50 %     | 1.50 %       |
| 4 years             | Prime less 2.50% | 2.00 % | 2.00 %     | 2.00 %       |
| 5 years             | Prime less 2.25% | 2.25 % | 2.25 %     | 2.25 %       |

The interest rates and minimum rates in effect during 2021 for each denomination of certificate are as follows:

| Type of Certificate | Interest Rate    | May 1  | November 1 | Minimum Rate |
|---------------------|------------------|--------|------------|--------------|
| 1 year              | Prime less 3.50% | 1.00 % | 1.00 %     | 1.00 %       |
| 2 years             | Prime less 3.25% | 1.25 % | 1.25 %     | 1.25 %       |
| 3 years             | Prime less 3.00% | 1.50 % | 1.50 %     | 1.50 %       |
| 4 years             | Prime less 2.50% | 2.00 % | 2.00 %     | 2.00 %       |
| 5 years             | Prime less 2.25% | 2.25 % | 2.25 %     | 2.25 %       |

The interest rates and minimum rates in effect during 2020 for each denomination of certificate are as follows:

| Type of Certificate | Interest Rate    | May 1  | November 1 | Minimum Rate |
|---------------------|------------------|--------|------------|--------------|
| 1 year              | Prime less 3.50% | 2.25 % | 1.00 %     | 1.00 %       |
| 2 years             | Prime less 3.25% | 2.50 % | 1.25 %     | 1.25 %       |
| 3 years             | Prime less 3.00% | 2.75 % | 1.50 %     | 1.50 %       |
| 4 years             | Prime less 2.50% | 3.25 % | 2.00 %     | 2.00 %       |
| 5 years             | Prime less 2.25% | 3.50 % | 2.25 %     | 2.25 %       |

The interest rates and minimum rates in effect during 2019 for each denomination of certificate are as follows:

| Type of Certificate | Interest Rate    | May 1  | November 1 | Minimum Rate |
|---------------------|------------------|--------|------------|--------------|
| 1 year              | Prime less 3.50% | 2.25 % | 2.25 %     | 2.25 %       |
| 2 years             | Prime less 3.25% | 2.50 % | 2.50 %     | 2.50 %       |
| 3 years             | Prime less 3.00% | 2.75 % | 2.75 %     | 2.75 %       |
| 4 years             | Prime less 2.50% | 3.25 % | 3.25 %     | 3.25 %       |
| 5 years             | Prime less 2.25% | 3.50 % | 3.50 %     | 3.50 %       |

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 6 - Certificates of Investment (continued)

The interest rates and minimum rates in effect during 2018 for each denomination of certificate are as follows:

| Type of Certificate | Interest Rate    | May 1  | November 1 | Minimum Rate |
|---------------------|------------------|--------|------------|--------------|
| 1 year              | Prime less 3.50% | 2.25 % | 2.25 %     | 2.25 %       |
| 2 years             | Prime less 3.25% | 2.50 % | 2.50 %     | 2.50 %       |
| 3 years             | Prime less 3.00% | 2.75 % | 2.75 %     | 2.75 %       |
| 4 years             | Prime less 2.50% | 3.25 % | 3.25 %     | 3.25 %       |
| 5 years             | Prime less 2.25% | 3.50 % | 3.50 %     | 3.50 %       |

Effective in October 1989, any person investing \$100,000 or more is entitled to an additional 1/2 of 1.00% of interest. Effective June 2013, the additional interest paid to any persons making a single investment of \$100,000 or more is reduced to 1/4 of 1.00% of additional interest. This is applicable to new investments as well as existing investments that renew after this date.

The proceeds from the offering of certificates of investment are subject to a reserve requirement of 15%. The reserved proceeds may not be a part of funds loaned; however, the reserved proceeds are available to meet the Home Mission Council's operating expenses, and may be used to meet the requirements of current maturities of certificates of investment. The reserve requirement is subject to board action, and may be increased or decreased as deemed appropriate by the Board of Trustees.

### Note 7 - Annuities Payable

The Home Mission Council no longer offers the purchasing of new annuities. The annuities payable liability is calculated using present value annuity tables. The excess (or deficiency) in the face amount of annuities purchased over the liability determined is recorded as revenue (or expense) in the year of purchase. Subsequent to the year of purchase, the annuities payable liability is adjusted annually for the change in its present value. This change, increase (or decrease), is recognized as an item of revenue (or expense).

Annuity certificates totaling \$3,250 were held at December 31, 2022, 2021, 2020, 2019, and 2018, and bear interest at 6.7% per annum. Interest on the face value of the annuity certificates is accrued monthly and paid-out either semi-annually or annually to the holders of annuity certificates.

### Note 8 - Income Tax Status

The Home Mission Council has received a ruling from the Internal Revenue Service that it is exempt from federal income tax under Section 501(c)(3).

## **Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

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### Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

#### **Note 8 - Income Tax Status (continued)**

The Home Mission Council recognizes penalties and interest accrued related to income tax liabilities in the provision (benefit) for income taxes in its statement of activities. For the year ended December 31, 2022, there were no accruals for the payment of penalties and interest. The Home Mission Council follows the standards for accounting for uncertainty in income taxes according to the principles of FASB ASC 740, *Income Taxes*, which prescribes a recognition threshold and measurement attributable for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Home Mission Council, including whether the entity is exempt from income taxes. Management evaluated the tax positions taken and concluded that the Home Mission Council had taken no uncertain tax positions that require recognition or disclosure in the financial statements. Therefore, no provision or liability for income taxes have been included in the financial statements. With few exceptions, the Home Mission Council is no longer subject to income tax examinations by the U.S. Federal, state, or local authorities for years ending prior to 2019.

#### **Note 9 - Statement of Cash Flows**

For purposes of the Statement of Cash Flows, cash includes uninvested cash in bank checking and trust accounts. The Home Mission Council considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Interest payments in the amount of \$114,321, \$218,223, \$158,181, \$76,132, and \$66,522 were made during the years ended December 31, 2022, 2021, 2020, 2019, and 2018, respectively.

#### **Note 10 - Disclosure of Cash Balances in Excess of Federally Insured Amounts**

The Home Mission Council maintains its cash in bank deposit accounts, which, at times, may exceed federally insured limits. The Home Mission Council has not experienced any losses in such accounts. The Home Mission Council believes it is not exposed to any significant credit risk on cash and cash equivalents.

#### **Note 11 - Advertising Costs**

The Home Mission Council expenses advertising costs as they are incurred. There was no advertising expense for the years ended December 31, 2022, 2021, 2020, 2019, and 2018.

#### **Note 12 - Related Party Transactions**

The Eastern Regional Conference, Churches of God is considered a related party to the Home Mission Council. The Home Mission Council is a wholly owned subsidiary of the Eastern Regional Conference, Churches of God.

As of December 31, 2022, 2021, 2020, 2019, and 2018, the Eastern Regional Conference, Churches of God owned certificates of investment totaling \$142,727, \$141,415, \$140,150, \$139,219, and \$137,872, respectively. Total interest expense for the years ended December 31, 2022, 2021, 2020, 2019, and 2018 was \$4,981, \$4,911, \$4,867, \$4,825, and \$3,783, respectively.

# Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference

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## Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

### Note 13 - Fair Value Measurements

FASB ASC 820-10-05, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Home Mission Council has the ability to access.

Level 2 - Inputs to the valuation methodology include other significant observable inputs such as:

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

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following are descriptions of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying statement of financial position, as well as general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2022.

#### **Certificates of Deposit**

The carrying amount approximates fair value because of the short-term nature of these investments.

#### **Corporate Bonds and Notes**

Fair value is determined by reference to quoted market prices and other relevant information generated by market transactions.

**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 13 - Fair Value Measurements (continued)**

**Mutual Funds**

Valued at the daily closing price as reported by the fund. Mutual funds held by Home Mission Council are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Home Mission Council are deemed to be actively traded.

Fair values of assets measured on a recurring basis at December 31, are as follows:

|                             | Fair Value Measurements at Reporting Date Using |             |             |                     |
|-----------------------------|---|-------------|-------------|---------------------|
|                             | Level 1   | Level 2     | Level 3     | Total               |
| <b>December 31, 2022</b>    |   |             |             |                     |
| Certificates of deposit     | \$ 5,000  | \$ -        | \$ -        | \$ 5,000            |
| Corporate bonds and notes   | 1,443,125                                       | -           | -           | 1,443,125           |
| Mutual funds - fixed income | 45,795  | -           | -           | 45,795              |
| Negotiable Cert of Deposit  | 9,565   | -           | -           | 9,565               |
| <b>Total</b>                | <b>\$ 1,503,485</b>                             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,503,485</b> |
| <b>December 31, 2021</b>    |   |             |             |                     |
| Certificates of deposit     | \$ 5,000  | \$ -        | \$ -        | \$ 5,000            |
| Corporate bonds and notes   | 1,509,693                                       | -           | -           | 1,509,693           |
| Mutual funds - fixed income | 59,145  | -           | -           | 59,145              |
| <b>Total</b>                | <b>\$ 1,573,838</b>                             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,573,838</b> |
| <b>December 31, 2020</b>    |   |             |             |                     |
| Certificates of deposit     | \$ 5,000  | \$ -        | \$ -        | \$ 5,000            |
| Corporate bonds and notes   | 1,849,688                                       | -           | -           | 1,849,688           |
| Mutual funds - fixed income | 71,427  | -           | -           | 71,427              |
| <b>Total</b>                | <b>\$ 1,926,115</b>                             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,926,115</b> |
| <b>December 31, 2019</b>    |   |             |             |                     |
| Certificates of deposit     | \$ 5,000  | \$ -        | \$ -        | \$ 5,000            |
| Corporate bonds and notes   | 208,109   | -           | -           | 208,109             |
| Mutual funds - fixed income | 1,022,215                                       | -           | -           | 1,022,215           |
| <b>Total</b>                | <b>\$ 1,235,324</b>                             | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 1,235,324</b> |



**Home Mission Council of the Eastern Regional Conference of the Churches of God, General Conference**

Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 13 - Fair Value Measurements (continued)**

|                             | Fair Value Measurements at Reporting Date Using |             |             |                   |
|-----------------------------|---|-------------|-------------|-------------------|
|                             | Level 1   | Level 2     | Level 3     | Total             |
| <b>December 31, 2018</b>    |   |             |             |                   |
| Certificates of deposit     | \$ 5,000  | \$ -        | \$ -        | \$ 5,000          |
| Mutual funds - fixed income | 924,487   | -           | -           | 924,487           |
| <b>Total</b>                | <b>\$ 929,487</b>                               | <b>\$ -</b> | <b>\$ -</b> | <b>\$ 929,487</b> |

**Note 14 - Concentration of Mortgages and Notes Receivable**

The geographic footprint of the Eastern Regional Conference covers Pennsylvania, Maryland, New York, Massachusetts, and Virginia, but is substantially concentrated in Pennsylvania. Accordingly, if economic conditions in these states worsen, particularly in Pennsylvania, the contributions received by borrowing churches may decline, which would adversely affect their ability to repay their mortgages and notes receivable. At December 31, 2021, \$2,937,293 of the total outstanding \$5,390,963 of mortgages and notes receivable were due from Scotland Campus, Inc. located in Scotland, PA. These mortgages were paid off during 2022.

**Note 15 - Quality of Security for Mortgages and Notes Receivable**

At December 31, 2022, approximately 100% of the aggregate outstanding balance of Home Mission Council's loans was secured by first mortgages. In all cases where mortgages are required, the prospective borrower will be required to submit a satisfactory appraisal demonstrating unencumbered equity in the property in at least the amount of the mortgage. Furthermore, the Eastern Regional Conference has guaranteed payment of each of the loans made by Home Mission Council as of December 31, 2022, with the exception of the Logos Christian Fellowship mortgage, which is guaranteed by the Allegheny Region Church of God. However, the Eastern Regional Conference is not obligated to provide guarantees with respect to future loans.

**Note 16 - Risks and Uncertainties**

In March 2020, the World Health Organization declared the coronavirus outbreak a pandemic. The actions taken to mitigate it adversely affected the economy, financial markets, and the geographical area in which the Home Mission Council operates. The pandemic and other world events have caused continuing economic and political uncertainties that have also affected the demand for our products or services. It is unknown how long these conditions will last and what the complete financial effect will be to the Home Mission Council, if any.

Additionally, it is reasonably possible that estimates made in the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

**Home Mission Council of the Eastern Regional Conference of the  
Churches of God, General Conference**

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Notes to Financial Statements

December 31, 2022, 2021, 2020, 2019, and 2018

**Note 17 - Subsequent Events**

The Home Mission Council has evaluated subsequent events through May 31, 2023. This date is the date the financial statements were available to be issued. No material events subsequent to December 31, 2022 were noted.