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Evangelical Presbyterian Church and Affiliates

Combined Financial Statements

For The Years Ended June 30, 2023 and 2022



Batts Morrison
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CERTIFIED PUBLIC ACCOUNTANTS®

REPORT OF INDEPENDENT AUDITOR

The Board of Directors
Evangelical Presbyterian Church and Affiliates
Orlando, Florida

Opinion

We have audited the accompanying combined financial statements of Evangelical Presbyterian Church and Affiliates (collectively referred to herein as "EPC"), which consist of the combined statements of financial position as of June 30, 2023 and 2022, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of Evangelical Presbyterian Church and Affiliates as of June 30, 2023 and 2022, the combined changes in its net assets and its combined 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of EPC 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 Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined financial statements 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 generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risk of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of EPC'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about EPC'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.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida

May 28, 2024

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2023	2022
ASSETS		
Cash and cash equivalents	\$ 2,794,226	\$ 3,373,221
Investments	12,628,975	12,222,591
Investments designated for long-term purposes	50,000	50,000
Other assets	376,002	707,619
Total assets	\$ 15,849,203	\$ 16,353,431

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable and accrued expenses	\$ 706,636	\$ 503,922
Claims payable	1,780,214	1,527,000
Total liabilities	2,486,850	2,030,922

NET ASSETS

Without donor restrictions		
Undesignated	1,318,867	1,280,864
Designated	7,285,065	8,164,563
Total without donor restrictions	8,603,932	9,445,427
With donor restrictions	4,758,421	4,877,082
Total net assets	13,362,353	14,322,509
Total liabilities and net assets	\$ 15,849,203	\$ 16,353,431

The Accompanying Notes are an Integral
Part of These Combined Financial Statements

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES

For The Years Ended June 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS						
Premiums from participating churches	\$ 17,018,870	\$ —	\$ 17,018,870	\$ 17,147,658	\$ —	\$ 17,147,658
Contributions	1,716,592	7,175,894	8,892,486	1,741,728	7,686,503	9,428,231
Investment income (loss), net	738,835	—	738,835	(1,228,414)	—	(1,228,414)
Other revenue	227,338	—	227,338	264,960	—	264,960
Actuarial loss on self-funded health insurance liability	(253,214)	—	(253,214)	(356,000)	—	(356,000)
Net assets released from restrictions	7,294,555	(7,294,555)	—	7,133,029	(7,133,029)	—
Total public support and revenue and net assets released from restrictions	26,742,976	(118,661)	26,624,315	24,702,961	553,474	25,256,435
EXPENSES						
Program activities						
Premiums and medical claims	15,960,515	—	15,960,515	15,912,513	—	15,912,513
Church program expenses	8,637,748	—	8,637,748	8,352,553	—	8,352,553
Total program activities	24,598,263	—	24,598,263	24,265,066	—	24,265,066
Supporting activities						
General and administrative	2,759,089	—	2,759,089	2,589,697	—	2,589,697
Fundraising	227,119	—	227,119	222,404	—	222,404
Total supporting activities	2,986,208	—	2,986,208	2,812,101	—	2,812,101
Total expenses	27,584,471	—	27,584,471	27,077,167	—	27,077,167
CHANGE IN NET ASSETS	(841,495)	(118,661)	(960,156)	(2,374,206)	553,474	(1,820,732)
NET ASSETS - Beginning of year	9,445,427	4,877,082	14,322,509	11,819,633	4,323,608	16,143,241
NET ASSETS - End of year	\$ 8,603,932	\$ 4,758,421	\$ 13,362,353	\$ 9,445,427	\$ 4,877,082	\$ 14,322,509

The Accompanying Notes are an Integral
Part of These Combined Financial Statements

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS

	For The Years Ended	
	June 30,	
	2023	2022
OPERATING CASH FLOWS		
Cash received from participating churches	\$ 17,018,870	\$ 17,193,966
Cash received from contributors	8,892,486	9,428,231
Cash received from other sources	227,338	264,960
Investment income	341,994	273,801
Cash paid for operating activities and costs	(27,050,140)	(27,607,182)
Net operating cash flows	(569,452)	(446,224)
INVESTING CASH FLOWS		
Net purchases of investments	(9,543)	(1,233,086)
Net investing cash flows	(9,543)	(1,233,086)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(578,995)	(1,679,310)
CASH AND CASH EQUIVALENTS - Beginning of year	3,373,221	5,052,531
CASH AND CASH EQUIVALENTS - End of year	\$ 2,794,226	\$ 3,373,221
RECONCILIATION OF CHANGE IN NET ASSETS TO		
OPERATING CASH FLOWS		
Change in net assets	\$ (960,156)	\$ (1,820,732)
Adjustments to reconcile change in net assets to net operating cash flows		
Net investment (gain) loss	(396,841)	1,502,215
Change in other assets	331,617	(15,085)
Change in accounts payable and accrued expenses	202,714	(468,622)
Change in claims payable	253,214	356,000
Net operating cash flows	\$ (569,452)	\$ (446,224)

The Accompanying Notes are an Integral
Part of These Combined Financial Statements

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Evangelical Presbyterian Church (“the Church”) is a not-for-profit Michigan corporation established in 1980. The purpose of the Church is to carry out the Great Commission of Jesus as a denomination of Presbyterian, Reformed, Evangelical, and Missional congregations. To the glory of God, the Church aspires to embody and proclaim Jesus’ love as a global movement of congregations engaged together in God’s mission through transformation, multiplication, and effective biblical leadership. The Church also conducts a world missions program with a priority on sending missionaries to unreached people groups. The Church consists of 634 member churches with more than 127,000 members. As part of its support of the member churches, the Church administers designated funds, provides a medical insurance program that is available to employees of member churches and their families and provides a retirement plan that is available to any employees of member churches. The ongoing work of the Church is carried out by the Office of General Assembly (“the General Assembly”) and staff of each ministry. The General Assembly appoints the Board of Directors of the Church.

In conformity with accounting principles generally accepted in the United States of America (“GAAP”), the combined financial statements of the Church include the accounts of the following organizations, which are separate legal entities. All significant inter-organization accounts and transactions have been eliminated in combination.

- EPC Benefit Resources, Inc. (“BRI”) is a not-for-profit Michigan corporation established in 2016. The purpose of BRI is to support the mission and operations of the Church and its associated churches and organizations by providing benefit plans exclusively for eligible individuals and employees (and their dependents). BRI is the plan administrator and trustee of the Evangelical Presbyterian Church Benefits Plan (“the Plan”), as well as the plan administrator of the Evangelical Presbyterian Church 403(b) Defined Contribution Retirement Plan (“the Retirement Plan”). The General Assembly appoints the Board of Directors of BRI.
- The Church is the sole member of a certain LLC (“the LLC”). This separate legal entity was established in 2015 to carry on specific work in various countries where the use of a separate entity provides practical or legal advantages. For security purposes, the name of this entity is not specifically disclosed in these notes. The General Assembly appoints the Board of Directors of the LLC.

References to “EPC” in these footnotes include each of the organizations described above.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Premiums from participating churches are reported at the amount that reflects the consideration to which BRI expects to be entitled for providing a self-insured group medical plan providing health and prescription drug benefits and other fully-insured benefits. Such amounts are generally due from participants and member churches. Generally, BRI invoices such participants and member churches throughout the year as services are provided. Revenue is recognized in the period the related services are provided.

Performance obligations are determined based on the nature of the services provided by BRI. BRI measures the performance obligation for premiums from participating churches when a participant or member church is enrolled in the plans, to the point when BRI is no longer required to provide such services, which is generally at the completion of the period of coverage. BRI determines the transaction prices based on agreed-upon rate agreements and contract terms as determined by the Board of Directors of BRI with the advice of an actuary.

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

EPC recognizes cash contributions as revenue when the contributions are received by EPC. Contributions received are recorded as support with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the combined statements of activities as “net assets released from restrictions.”

All contributions are received as donations to EPC and not to specific individuals. Contributions which donors request to be used to support the ministry activities of specific missionaries are under the full control of EPC. In order to conservatively account for such contributions, EPC recognizes them as with donor restrictions until they are expended for appropriate ministry purposes.

Cash and cash equivalents

Investments purchased or donated with original maturities of three months or less are considered to be cash equivalents. As of June 30, 2023 and 2022, cash and cash equivalents includes amounts totaling approximately \$1,136,000 and \$894,000, respectively, held as trustee for the Plan.

Investments

Investments consist of marketable securities and are carried at estimated fair value.

Investments designated for long-term purposes

Investments designated for long-term purposes consist of a board-designated endowment, the earnings from which are available for the financial needs of ministers, missionaries, and other full-time Christian workers.

Net assets

Net assets without donor restrictions are available for use at the discretion of the Board of Directors and/or management for general operating purposes. From time to time, the Board of Directors may designate a portion of these net assets for specific purposes, which makes them unavailable for use at management’s discretion. The Board of Directors has designated a portion of net assets without donor restrictions for various purposes as described in Note I. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions and described in Note J.

Leases

EPC leases certain real property for use as office space. EPC assesses whether an arrangement qualifies as a lease at inception and only reassesses its determination if the terms and conditions of the arrangement are changed. Leases with an initial term of greater than twelve months which are immaterial to the overall combined financial statements are not recorded on the accompanying combined statements of financial position. Lease expense is recognized for this lease on a straight-line basis over the lease term. Lease expense (including common area maintenance and other charges) related this lease amounted to approximately \$243,000 and \$232,000 during the years ended June 30, 2023 and 2022, respectively.

Income taxes

The Church and BRI are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law and are further classified as public charities and not private foundations for federal tax purposes. The LLC is considered a disregarded entity for income tax purposes. None of the organizations have incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying combined financial statements.

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of estimates

Management uses estimates and assumptions in preparing combined financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these combined financial statements include those used in estimating the fair value of investments and claims payable. Actual results could differ from the estimates.

Subsequent events

EPC has evaluated for possible financial statement reporting and disclosure subsequent events through the date of the report of independent auditor, the date as of which the combined financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the combined statements of financial position are as follows:

	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Financial assets available:		
Cash and cash equivalents	\$ 2,794,226	\$ 3,373,221
Investments	12,628,975	12,222,591
Investments designated for long-term purposes	50,000	50,000
Receivables, net (included in "other assets")	<u>56,214</u>	<u>16,136</u>
Total financial assets available within one year	15,529,415	15,661,948
Less amounts unavailable for general expenditure within one year due to amounts held for:		
Medical insurance fund	(8,064,816)	(7,684,788)
Board designations	(1,196,871)	(1,725,215)
Donor restrictions	<u>(1,437,225)</u>	<u>(1,596,925)</u>
Net financial assets available within one year	<u>\$ 4,830,503</u>	<u>\$ 4,655,020</u>

EPC is primarily supported by premiums from participating churches and contributions. As part of EPC's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Directors have designated certain amounts for various purposes of EPC as described in Note I. Because of the nature of the designations, certain of these amounts are not available for general expenditure within the next year; however, the Board of Directors could make them available, if necessary. EPC has certain assets limited to use by donors. Because a donor's restriction requires resources to be used in a specific manner or in a future period, EPC must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets are not available for general expenditure within one year of the combined statements of financial position and are excluded from net financial assets available to meet general expenditures within one year.

EPC also has certain donor-restricted net assets that are available for general expenditures within one year of the combined statements of financial position because the restrictions on the net assets are expected to be met by conducting the normal activities of EPC's programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

Management believes EPC has sufficient liquid assets for general operations that may be drawn upon in the event of an unanticipated financial distress or an immediate liquidity need.

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE D – CONCENTRATION OF CREDIT RISK

EPC maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. EPC has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

NOTE E – INVESTMENTS AND INVESTMENTS DESIGNATED FOR LONG-TERM PURPOSES

EPC holds investments of various types, both as trustee or custodian and as owner. Investments are carried at estimated fair value. Investments were held for the following purposes or activities:

<u>Category</u>	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Held as trustee for the Evangelical Presbyterian Church Benefits Plan	\$ 6,928,591	\$ 6,790,937
Held for donor-restricted purposes (EPC missionaries)	3,197,182	3,096,766
Held for general operations	2,344,780	2,133,064
Held for board-designated medical benevolence fund	153,565	182,411
Held for board-designated endowment	<u>54,857</u>	<u>69,413</u>
Total investments	<u>\$ 12,678,975</u>	<u>\$ 12,272,591</u>

Investments consisted of the following:

<u>Category</u>	<u>June 30,</u>	
	<u>2023</u>	<u>2022</u>
Money market and similar funds	\$ 651,361	\$ 1,028,798
Common and preferred stocks	4,917,622	4,185,359
Mutual funds and exchange-traded funds	3,040,814	2,785,067
Corporate bonds	1,523,073	1,586,403
Government securities and other	<u>2,546,105</u>	<u>2,686,964</u>
Total investments	<u>\$ 12,678,975</u>	<u>\$ 12,272,591</u>

NOTE F – FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – Unadjusted quoted market prices in active markets for identical items

Level 2 – Other significant observable inputs, such as quoted prices for similar items.

Level 3 – Significant unobservable inputs

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The estimated fair value of certain assets measured on a recurring basis at June 30, 2023 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common and preferred stocks	\$ 4,917,622	\$ 4,917,622	\$ —	\$ —
Mutual funds and exchange-traded funds	3,040,814	3,040,814	—	—
Corporate bonds	1,523,073	1,523,073	—	—
Government securities and other	<u>2,546,105</u>	<u>2,546,105</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 12,027,614</u>	<u>\$ 12,027,614</u>	<u>\$ —</u>	<u>\$ —</u>

The estimated fair value of certain assets measured on a recurring basis at June 30, 2022 are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Common and preferred stocks	\$ 4,185,359	\$ 4,185,359	\$ —	\$ —
Mutual funds and exchange-traded funds	2,785,067	2,785,067	—	—
Corporate bonds	1,586,403	1,586,403	—	—
Government securities and other	<u>2,686,964</u>	<u>2,686,964</u>	<u>—</u>	<u>—</u>
Total	<u>\$ 11,243,793</u>	<u>\$ 11,243,793</u>	<u>\$ —</u>	<u>\$ —</u>

NOTE G – OTHER ASSETS

Other assets consisted of the following:

<u>Category</u>	<u>June 30.</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable from churches	\$ 193,968	\$ 264,256
Receivables, net	56,214	16,136
Inventory	54,558	32,510
Copyrights and other amortized assets, net	36,927	48,906
Prepaid expenses	19,893	16,841
Furniture, fixtures, and equipment, net	14,442	23,912
Depository account for medical claims	<u>—</u>	<u>305,058</u>
Total other assets	<u>\$ 376,002</u>	<u>\$ 707,619</u>

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES

NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE H – SELF-FUNDED HEALTH INSURANCE

BRI provides a self-funded medical program of health and prescription drug benefits and other fully-insured benefits for eligible employees of member churches and their families, as well as clergy and their families. BRI has contracted with third party administrators to process claims. BRI has stop-loss insurance coverage for claims incurred which exceed \$525,000 per covered participant. As of June 30, 2023 and 2022, BRI has recorded an actuarially-calculated estimated liability of \$1,780,214 and \$1,527,000, respectively, related to the self-funded medical program for estimated claims. This amount is included as “claims payable” in the accompanying combined statements of financial position.

Following is a summary of transactions for the self-funded medical program for the year ended June 30, 2023:

Premiums billed	\$ 15,872,017
Claims and premiums expense	(15,040,967)
Administrative expense	<u>(829,827)</u>
Excess of revenue over expenses	<u>\$ 1,223</u>

Following is a summary of transactions for the self-funded medical program for the year ended June 30, 2022:

Premiums billed	\$ 16,041,349
Claims and premiums expense	(14,838,762)
Administrative expense	<u>(729,742)</u>
Excess of revenue over expenses	<u>\$ 472,845</u>

NOTE I – BOARD-DESIGNATED NET ASSETS

Net assets were board-designated for the following purposes:

Category	June 30.	
	2023	2022
Medical insurance fund	\$ 5,938,378	\$ 6,280,884
World outreach activities	684,964	662,874
Other purposes	358,342	879,930
Medical benevolence fund	153,565	182,411
Church loan fund	94,959	89,051
Endowment for the financial needs of ministers, missionaries, and other full-time Christian workers	<u>54,857</u>	<u>69,413</u>
Total board-designated net assets	<u>\$ 7,285,065</u>	<u>\$ 8,164,563</u>

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE J – NET ASSETS WITH DONOR RESTRICTIONS

Net assets were donor-restricted for the following purposes during the year ended June 30, 2023:

	<u>Balance</u> <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30</u>
International missions	\$ 3,280,157	\$ 6,379,791	\$ (6,338,752)	\$ 3,321,196
Various ministry efforts	872,262	411,397	(482,537)	801,122
Emergency relief	<u>724,663</u>	<u>384,706</u>	<u>(473,266)</u>	<u>636,103</u>
Total	<u>\$ 4,877,082</u>	<u>\$ 7,175,894</u>	<u>\$ (7,294,555)</u>	<u>\$ 4,758,421</u>

Net assets were donor-restricted for the following purposes during the year ended June 30, 2022:

	<u>Balance</u> <u>July 1</u>	<u>Contributions</u>	<u>Releases</u>	<u>Balance</u> <u>June 30</u>
International missions	\$ 3,292,333	\$ 6,187,244	\$ (6,199,420)	\$ 3,280,157
Various ministry efforts	812,330	606,391	(546,459)	872,262
Emergency relief	<u>218,945</u>	<u>892,868</u>	<u>(387,150)</u>	<u>724,663</u>
Total	<u>\$ 4,323,608</u>	<u>\$ 7,686,503</u>	<u>\$ (7,133,029)</u>	<u>\$ 4,877,082</u>

NOTE K – FUNCTIONAL EXPENSE ALLOCATION

Functional and natural expenses for EPC for the year ended June 30, 2023 were as follows:

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total expenses</u>
Premium and medical claims	\$ 15,960,515	\$ —	\$ —	\$ 15,960,515
Salaries and benefits	5,683,238	531,630	176,201	6,391,069
Special projects	1,373,256	—	3,585	1,376,841
General administration	102,137	1,158,455	—	1,260,592
Travel	825,518	10,393	1,778	837,689
Staff development	508,438	—	45,555	553,993
General	63,798	453,912	—	517,710
Professional services	12,774	292,506	—	305,280
Information technology	—	278,847	—	278,847
Insurance	68,589	23,875	—	92,464
Depreciation	<u>—</u>	<u>9,471</u>	<u>—</u>	<u>9,471</u>
Total expenses	<u>\$ 24,598,263</u>	<u>\$ 2,759,089</u>	<u>\$ 227,119</u>	<u>\$ 27,584,471</u>

EVANGELICAL PRESBYTERIAN CHURCH AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS

NOTE K – FUNCTIONAL EXPENSE ALLOCATION (Continued)

Functional and natural expenses for EPC for the year ended June 30, 2022 were as follows:

	<u>Program</u>	<u>General and administrative</u>	<u>Fundraising</u>	<u>Total expenses</u>
Premium and medical claims	\$ 15,912,513	\$ —	\$ —	\$ 15,912,513
Salaries and benefits	5,404,061	569,682	187,360	6,161,103
Special projects	1,575,857	—	4,303	1,580,160
General administration	35,106	1,201,567	—	1,236,673
Travel	882,741	8,976	4,016	895,733
General	76,243	401,098	—	477,341
Staff development	298,139	1,826	26,725	326,690
Professional services	14,593	241,843	—	256,436
Information technology	173	122,931	—	123,104
Insurance	65,640	29,496	—	95,136
Depreciation	—	12,278	—	12,278
Total expenses	<u>\$ 24,265,066</u>	<u>\$ 2,589,697</u>	<u>\$ 222,404</u>	<u>\$ 27,077,167</u>

The above schedules of functional expenses present expenses by functional and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

NOTE L – RETIREMENT PLAN

BRI maintains a 403(b) defined contribution retirement plan (“the Retirement Plan”). Employees are eligible to participate upon meeting the eligibility requirements described in the Retirement Plan document. Eligible employees may make tax-deferred contributions to the Retirement Plan. Employer contributions to the Retirement Plan are discretionary. During the years ended June 30, 2023 and 2022, EPC made contributions to the Retirement Plan totaling approximately \$117,000 and \$94,000, respectively.