

FREE CHURCH MINISTERS' AND
MISSIONARIES' RETIREMENT PLAN
AND FCMM BENEFITS

Financial Statements
With Independent Auditors' Report

December 31, 2023 and 2022

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND
FCMM BENEFITS**

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plan and
FCMM Benefits
Minneapolis, Minnesota

Opinion

We have audited the accompanying financial statements of the Free Church Ministers' and Missionaries' Retirement Plan, which comprise the statements of net assets available for benefits and of accumulated plan benefits as of December 31, 2023 and 2022, and the related statements of changes in net assets available for benefits and of changes in accumulated plan benefits for the years then ended, and the accompanying financial statements of FCMM Benefits, which comprise the statements of net assets available for benefits as of December 31, 2023 and 2022, and the related statements of changes in net assets available for benefits for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits and of accumulated plan benefits of the Free Church Ministers' and Missionaries' Retirement Plan as of December 31, 2023 and 2022, and the changes in net assets available for benefits and of changes in accumulated plan benefits for the years then ended, and the net assets available for benefits of FCMM Benefits as of December 31, 2023 and 2022, and the changes in net assets available for benefits 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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Free Church Ministers' and Missionaries' Retirement Plan and FCMM Benefits, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Free Church Ministers' and Missionaries' Retirement Plan and FCMM Benefits' ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plan and
FCMM Benefits
Minneapolis, Minnesota

Auditors' 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 auditors' 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 financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Free Church Ministers' and Missionaries' Retirement Plan and FCMM Benefits' 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 Free Church Ministers' and Missionaries' Retirement Plan and FCMM Benefits' 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.

Capin Crouse LLP

Naperville, Illinois
June 20, 2024

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Net Assets Available for Benefits – Retirement Plan

	December 31,	
	2023	2022
ASSETS:		
Investments:		
Pooled investments:		
Stock portfolio	\$ 125,752,548	\$ 103,166,515
Bond/income portfolio	35,987,087	37,234,883
Annuity reserve portfolio	30,628,856	26,150,348
	192,368,491	166,551,746
Non-pooled investments	175,109,642	142,500,275
Contingency reserve	300,000	900,000
Total investments	367,778,133	309,952,021
Cash	911,331	1,990,834
Cash for contingency reserve	1,038,803	200,075
Contributions receivable	425,231	11,830
Prepaid expenses and annuity payroll	521,764	502,082
Accrued participant fee income	282,225	243,967
	370,957,487	312,900,809
Total Assets	\$ 370,957,487	\$ 312,900,809
LIABILITIES:		
Accounts payable and accrued expenses	\$ 78,770	\$ 68,063
Due to FCMM Benefits	140,698	134,863
	219,468	202,926
Total Liabilities	219,468	202,926
Net Assets Available for Benefits:		
Contingency reserves	1,338,803	1,100,075
Available for benefits	369,399,216	311,597,808
	370,738,019	312,697,883
Total Net Assets Available for Benefits	\$ 370,738,019	\$ 312,697,883

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Changes in Net Assets Available for Benefits – Retirement Plan

	Year Ended December 31,	
	2023	2022
ADDITIONS TO NET ASSETS:		
Investment income (loss):		
Net appreciation (depreciation) in fair value	\$ 48,420,048	\$ (60,661,945)
Dividends and interest	4,640,029	4,057,146
	53,060,077	(56,604,799)
Less investment expenses:		
Consulting and fund management fees	407,371	380,745
	52,652,706	(56,985,544)
Employer contributions	10,935,669	10,736,583
Employee contributions	9,532,317	9,271,757
Roll-in contributions	1,919,302	2,047,164
	75,039,994	(34,930,040)
Total Additions	75,039,994	(34,930,040)
DEDUCTIONS FROM NET ASSETS:		
Benefits paid to participants:		
Annuity and recurring payments	5,548,129	5,259,335
Roll-out payments	7,121,899	7,302,686
Withdrawals and one-time payments	3,311,922	3,128,133
	15,981,950	15,690,154
Administrative fees	1,017,908	907,042
	16,999,858	16,597,196
Total Deductions	16,999,858	16,597,196
Net Increase (Decrease)	58,040,136	(51,527,236)
Net Assets Available for Benefits:		
Beginning of Year	312,697,883	364,225,119
End of Year	\$ 370,738,019	\$ 312,697,883

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Accumulated Plan Benefits – Retirement Plan

	December 31,	
	2023	2022
Actuarial Present Value of Accumulated Plan Benefits (Annuity Reserve Fund):		
Vested benefits:		
Participants currently receiving payments	\$ 30,132,631	\$ 30,726,889
Nonvested benefits	-	-
Total Actuarial Present Value of Accumulated Plan Benefits (Annuity Reserve Fund)	\$ 30,132,631	\$ 30,726,889

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Changes in Accumulated Plan Benefits – Retirement Plan

Year Ended December 31, 2023 and 2022

Actuarial Present Value of Accumulated Plan Benefits (Annuity Reserve Fund) at December 31, 2021	<u>\$ 31,792,669</u>
Increase (decrease) during the year attributable to:	
Increase for interest due to decrease in discount period	1,602,202
New annuity obligations	571,377
Benefits paid	<u>(3,239,359)</u>
Net decrease	<u>(1,065,780)</u>
Actuarial Present Value of Accumulated Plan Benefits (Annuity Reserve Fund) at December 31, 2022	<u>30,726,889</u>
Increase (decrease) during the year attributable to:	
Increase for interest due to decrease in discount period	1,667,127
New annuity obligations	1,018,782
Benefits paid	<u>(3,280,167)</u>
Net decrease	<u>(594,258)</u>
Actuarial Present Value of Accumulated Plan Benefits (Annuity Reserve Fund) at December 31, 2023	<u><u>\$ 30,132,631</u></u>

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Net Assets Available for Benefits – FCMM Benefits

	December 31,	
	2023	2022
ASSETS:		
Cash	\$ 352,327	\$ 390,175
Prepaid expenses and other assets	-	9
Due from FCMM Retirement Plan	140,698	134,863
Goodwill, net	385,700	440,800
	<u>\$ 878,725</u>	<u>\$ 965,847</u>
LIABILITIES:		
Due to related party	\$ 175,612	\$ 156,350
Deferred revenue	207,019	237,506
Accounts payable	-	43
	<u>382,631</u>	<u>393,899</u>
Total Liabilities	<u>382,631</u>	<u>393,899</u>
Net Assets Available for Benefits	<u>\$ 496,094</u>	<u>\$ 571,948</u>

See notes to financial statements

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Statements of Changes in Net Assets Available for Benefits – FCMM Benefits

	Year Ended December 31,	
	2023	2022
ADDITIONS TO NET ASSETS:		
Premium contributions	\$ 835,533	\$ 797,181
Fees and other	-	22,986
Total Additions	835,533	820,167
DEDUCTIONS FROM NET ASSETS:		
Premium fees	484,246	455,850
Compensation	276,710	257,332
Administration and other	150,431	136,389
Total Deductions	911,387	849,571
Net Decrease	(75,854)	(29,404)
Net Assets Available for Benefits:		
Beginning of Year	571,948	601,352
End of Year	\$ 496,094	\$ 571,948

See notes to financial statements

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

1. DESCRIPTION OF ORGANIZATION:

FCMM is incorporated as the church benefits board of the Evangelical Free Church of America (EFCA), and is exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (the Code). FCMM serves as the trustee and fiduciary of the Free Church Ministers' and Missionaries' Retirement Plan (Plan). FCMM Benefits sponsors and administers employee benefits and other programs for churches and other employing organizations that are associated with or share common bonds of faith with the EFCA.

The following brief description of the Plan and FCMM Benefits is provided for general information purposes. Plan documents contain complete information.

GENERAL – FCMM RETIREMENT PLAN

The Plan covers ministers, missionaries and other eligible persons affiliated with the EFCA through their churches of ministry organization employers, and is a Section 403(b)(9) Church Plan, also known as a church retirement income account. It operates as a defined contribution plan. Established in 2004, the Plan provides retirement income and benefits, including options of lump sum withdrawals or lifetime monthly income. Since the Plan is church related, it is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). FCMM became incorporated on August 1, 2012, in the State of Minnesota.

The Plan offers three FCMM-provided options (Options C, D and E), three participant-directed mutual fund options (Options F, G, and J), investment at Christian Investors Financial (Option H), and an in-plan annuity for retirement income (Annuity Reserve Fund).

The stock and income portfolios gains and/or losses over any given month are distributed to the options based on their actual value at the beginning of each month. After the gains and/or losses are distributed, any expenses, transfers or withdrawals are added to the accounts, and an end-of-month balance is calculated for each option. All expenses are distributed based on the asset value of each option after the gains or losses are calculated.

GENERAL – FCMM BENEFITS

FCMM also provides a Benefit Plan to churches and ministry organizations, consisting of group disability insurance and group term life insurance. This coverage is intended to ensure the continuation of a portion of an employee's salary should a disability occur. Eligible participants must be in active employment at least 25 hours per week at an EFCA church or organization in the United States. FCMM acquired the Long Term Disability Insurance program (LTD Insurance) from the EFCA on April 1, 2013. Health insurance, through cooperation between FCMM and Guidestone Financial Resources, became available to all EFCA churches in 2015 and discontinued in 2022. While this program was in effect, FCMM had no liability for the health insurance, as employees and staff members enrolled directly with Guidestone.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

1. DESCRIPTION OF ORGANIZATION, continued:

INVESTMENT OPTIONS

The Plan currently offers the following investment options:

Option C – FCMM Lifetime Fund: This fund uses a mix of the stock and bond portfolios with an investment strategy designed to build consistent long-term growth through a professionally designed asset allocation plan. The rate of return is determined by the Trustees of FCMM and may be positive or negative in any calendar year. The rate of return to members during 2023 was 2.0%, a decrease from 4.0% in 2022. This rate may be modified in the future, but it allows one to anticipate what an eventual retirement benefit might look like at some future point of time. After age 59½, a participant may apply the full value of this fund towards an in-plan annuity benefit. When withdrawn as a “lump sum,” a Fair Market Value adjustment may be applied to determine the cash amount that can be withdrawn.

Option D – FCMM Managed Stock Fund: This fund is invested as a stock portfolio. It is generally more aggressive in approach than the FCMM Lifetime Fund (Option C). It offers the potential of a greater average return over the years than Option C while also carrying higher risk and volatility for the participant. The value of this account is more volatile in moving with market trends and more difficult to estimate long term.

Option E – FCMM Managed Bond/Income Fund: This fund is invested as a bond portfolio. Option E can gain or lose value depending on the economic climate. Bond funds are subject to interest-rate risk, which has historically meant that bond values move in the opposite direction of interest rates. When interest rates rise, the price of existing bonds and bond fund shares generally will decline. Conversely, when interest rates fall, the price of bonds and bond fund shares generally will rise.

Options F, G and J – Self-Directed Mutual Funds: These options allow a participant to “self direct” contributions to mutual fund choices managed by American Funds (Option F), Vanguard Funds (Option G) and/or Biblically responsible funds (Option J). Those who invest in these three options through FCMM will not have any upfront load fees. Financial advice is available to help in choosing FCMM and/or American Funds and Biblically responsible funds. Vanguard is designed for the advanced investor who makes his/her own investment decisions.

Option H – Adjustable Rate Investment: This option allows participants to invest in an adjustable interest rate investment certificate with Christian Investors Financial (CIF). The rate can be adjusted by CIF the first of any month. CIF provides real estate loans to EFCA affiliated churches and ministries, so in addition to earning a competitive rate of interest and providing for capital preservation, investment dollars in this option will also help expand EFCA ministries. CIF pays the administrative fees to FCMM, so there are no fees paid by the participants on the dollars invested in this option. Current interest rate information is available at www.ChristianInvestors.org.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

1. DESCRIPTION OF ORGANIZATION, continued:

CONTRIBUTIONS

Participating employers may, at their sole discretion, make employer contributions on behalf of eligible employees. Employer contributions may be in the form of a nonelective contribution or a contribution matching a salary deferral contribution, or both. Participants can choose to have these contributions deposited into investment options C, D, E, F, G, H or J.

Employees may make salary deferral contributions on either a pre-tax basis or as Roth contributions. The Plan also permits rollover contributions subject to any applicable legal restrictions. Participants can choose to have these contributions deposited into investment options C, D, E, F, G, H or J.

The Annuity Reserve Fund is not available for current participant investment election, but is used by FCMM to account for the value of a participant's account who selects an annuity payment through FCMM at retirement. Contributions are subject to certain limitations prescribed by law.

RETIREMENT BENEFITS

Beginning any time after age 59½, participants in the Plan may choose a Monthly Income Benefit (MIB or "in-plan annuity"), or recurring withdrawals, or a distribution according to Required Minimum Distribution rules. The MIB uses a 2.0% base interest rate plus a variable interest rate and the applicable mortality table. The interest rate and mortality table to be used are determined by FCMM. In 2023 and 2022, the variable rate was 2.0%, based on the RP-2017 Mortality Tables. Participants in Options C, D, E, F, G, H and J can take their current cash value as a cash distribution or as an annuity as described above. Option C cash distributions may be adjusted to reflect market value.

TERMINATION OF EMPLOYMENT

A participant who leaves the employment of a qualified employer may continue with their account, but may not receive contributions, unless subsequently employed by a participating employer. Any form of qualified distribution may be requested.

An inactive participant, who has left the employment of a qualified employer for reasons other than retirement, may apply for complete termination of participation in the Plan and receive rollover benefits based on the present value of their accounts. Rollover benefits are payable only to plans qualified under the income tax laws of the United States or Canada.

INCOME TAX STATUS

The Internal Revenue Service (IRS) has determined and informed FCMM by a letter dated January 31, 1972, that it is designed in accordance with applicable sections of the Code. The Plan has been amended since receiving the determination letter. The Plan administrator, other management and FCMM's counsel believe that the Plan, and FCMM Benefits, is currently designed and being operated in compliance with the applicable requirements of the Code. Therefore, no provision for income taxes has been included in FCMM's financial statements.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES:

BASIS OF ACCOUNTING

The accompanying financial statements are prepared on the accrual basis of accounting.

USE OF ESTIMATES

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

CASH

Cash consists of checking accounts. These accounts, at times, may exceed federally insured limits. At December 31, 2023 and 2022, FCMM's cash balances exceeded federally insured limits by \$1,196,188 and \$1,592,137, respectively. The Plan and FCMM Benefits have not experienced any losses in such accounts.

INVESTMENT VALUATION AND INCOME RECOGNITION

Investments are dispersed across different economic areas and different geographic regions. Marketable securities are valued at quoted prices in active markets for identical assets. AXA Equitable Accumulator Variable Deferred Annuities are recorded at the fair value of the mutual funds underlying the contract. Other investments include alternative investments and CIF certificates. Alternative investments are valued based upon the net asset value of each fund as a practical expedient to fair value. CIF certificates are recorded at cost plus accrued interest. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

NET APPRECIATION OR DEPRECIATION IN FAIR VALUE OF INVESTMENTS

In accordance with the policy of stating investments at fair value, the net change in appreciation or depreciation for the year is reflected in the statement of changes in net assets available for benefits. Net appreciation or depreciation includes realized and unrealized gains and losses on investments that were purchased, sold or held during the year.

GOODWILL

Goodwill relates to the purchase of the LTD Insurance program from the EFCA by FCMM Benefits and is carried at the initial amount recorded at the time of the purchase, less amortization expense, which totaled \$55,100 for each year ended December 31, 2023 and 2022, respectively.

DEFERRED REVENUE

Deferred revenue primarily relates to LTD Insurance premiums received by FCMM Benefits in advance of the period to which the premiums relate. Revenue is recognized when the premiums are earned.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

2. SIGNIFICANT ACCOUNTING POLICIES, continued:

CONTRIBUTIONS

Contributions are allowed under the specific limitations for 403(b)(9) programs in the IRS Code as agreed upon by the participant and employing organization. Contributions to the Plan are subject to certain limitations in accordance with federal income tax regulations. Contributions received by the Plan within approximately two weeks after December 31 are recorded as contributions in the previous year if they related to the previous year payroll for the participating employers.

Premium payments for LTD insurance come from the participating employers. The local church board decides for each class of employees if the payment is an employee benefit (i.e., funded by the church as part of the compensation package) or a payroll deduction (i.e., funded by the employee).

PAYMENT OF BENEFITS

Benefit payments to participants in the Plan are recorded upon distribution or at the time of death. All benefit payments to participants in the LTD Insurance program are paid for by a third-party insurance company.

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS

Accumulated Plan benefits are those estimated future periodic benefits that individual participants have accumulated under the Retirement Plan's provisions to services rendered by the employees to the valuation date. The actuarial present value of those accumulated plan benefits for the Annuity Reserve Fund was determined by FCMM management as of December 31, 2023, using the same actuarial assumptions used by an external actuary for the year ended December 31, 2022. It is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, withdrawals or retirement) between the valuation date and the expected date of payment.

The significant actuarial assumptions used in the valuation as of December 31, 2023 and 2022, were (a) life expectancy of participants (the RP-2014 Mortality Tables with Projection Scale MP-2017 were used), (b) present value of annuities in payment, with payments payable at the beginning of each month, and (c) investment return. The assumed average rate of return was 5.37% for participants currently receiving payments. Anticipated administrative expenses associated with providing benefits are assumed to be met by investment earnings in excess of 5.37%.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

3. PLAN TERMINATION:

In the event that the Plan terminates, the net assets of the Plan will be allocated to provide the following benefits in the order indicated:

- a) To provide for all participants and for beneficiaries of deceased participants, who are entitled at that time to receive benefit payments from the funds, the full value of their accrued and unpaid benefits to the extent not already provided for above.
- b) To provide for all participants the full value of their respective accrued benefits to the extent not provided for above.

In the event the funds shall not be sufficient to provide in full for all benefits specified in any one of the preceding categories, the benefits to be provided in that category shall be prorated in proportion to the value of the respective benefits which would be provided if the funds were sufficient.

4. RELATED PARTY TRANSACTIONS:

The Plan and FCMM Benefits reimburse the EFCA for their share of building operating costs, support services, postage, office supplies and other miscellaneous expenses provided by EFCA. FCMM's payroll is also processed through the EFCA payroll department for a fee. For the year ended December 31, 2023, total expenses to EFCA totaled \$1,594,734 for the Plan and \$295,721 for FCMM Benefits. For the year ended December 31, 2022, total expenses to EFCA totaled \$1,414,397 for the Plan and \$288,533 for FCMM Benefits. The balance due to the EFCA by FCMM Benefits at December 31, 2023 and 2022, totaled \$175,612 and \$156,350, respectively.

At December 31, 2023 and 2022, participants in Option H had \$5,353,172 and \$4,308,533, respectively, invested in certificates issued by CIF. CIF is a nonprofit, tax-exempt corporation whose board members are nominated by CIF and approved by the EFCA Board. CIF's purpose is to provide financing for the construction, remodeling, refinancing or purchase of church buildings and other projects for the EFCA, local churches of the EFCA and other affiliated organizations of the EFCA and like minded organizations throughout the United States.

Additionally, at December 31, 2023 and 2022, the Plan had deposits totaling \$300,000 and \$900,000, respectively, of its contingency reserve funds with CIF in the form of investment certificates, which will mature in June 2024.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

5. INVESTMENTS:

All investments, except for a savings account, certain money market funds and certain other investments, are held in a combined investment pool which was established for the investment of assets of each of the Plan's Annuity Reserve Fund, and Options C, D and E. Each Option has an undivided interest in the pooled assets. At December 31, 2023 and 2022, each Option's interest in the investment pool was as follows:

	2023	2022
Annuity Reserve Fund	14%	16%
Option C	49%	50%
Option D	33%	30%
Option E	4%	4%
	100%	100%

Investment income and administrative expenses relating to the investment pool are allocated to the individual options based upon actual values at the beginning of the month.

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS

The *Fair Value Measurements and Disclosures* topic of the Financial Accounting Standards Board Accounting Standards Codification (ASC), establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs are model-based techniques using significant assumptions that are not observable. These unobservable assumptions reflect estimates of assumptions that market participants would use. FCMM uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, FCMM measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table presents the fair value measurements of investments in the investment pool and the fair value measurements of investments held outside the investment pool at December 31, 2023:

	Total	Level 1	Level 2	Level 3
At Fair Value:				
Investments Held in Investment Pool:				
Equity mutual funds	\$ 60,203,756	\$60,203,756	\$ -	\$ -
Fixed income mutual funds	25,084,049	25,084,049	-	-
Money market funds	3,845,428	3,845,428	-	-
Common stocks	54,126,059	54,126,059	-	-
AXA Equitable (guaranteed minimum death benefit totaling \$21,747,035) *	17,313,424	17,313,424	-	-
Corporate bonds	9,128,003	-	9,128,003	-
Real estate investment trusts	4,812,214	-	-	4,812,214
Limited partnership	2,771,996	-	-	2,771,996
Total Pooled Investments at Fair Value	<u>177,284,929</u>	<u>160,572,716</u>	<u>9,128,003</u>	<u>7,584,210</u>
Investments Held Outside Investment Pool:				
American Funds (mutual funds)	80,289,159	80,289,159	-	-
Vanguard Funds (mutual funds)	82,514,585	82,514,585	-	-
Biblically Responsible Funds (mutual funds)	6,952,726	6,952,726	-	-
Total Investments Held Outside Investment Pool at Fair Value	<u>169,756,470</u>	<u>169,756,470</u>	<u>-</u>	<u>-</u>
Total Investments at Fair Value	<u>347,041,399</u>	<u>330,329,186</u>	<u>9,128,003</u>	<u>7,584,210</u>
Investments Held at Cost: **				
CIF certificates (for retirement)	5,353,172			
CIF certificates (for contingency reserve)	300,000			
Cash	2,287,470			
	<u>7,940,642</u>			
Investments at Net Asset Value:				
Hedge funds	<u>12,796,092</u>			
Total Investments	<u><u>\$367,778,133</u></u>			

* Reflects the fair value of the mutual funds underlying the contract.

** Approximates fair value

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

The following table presents the fair value measurements of investments in the investment pool and the fair value measurements of investments held outside the investment pool at December 31, 2022:

	Total	Level 1	Level 2	Level 3
At Fair Value:				
Investments Held in Investment Pool:				
Equity mutual funds	\$ 45,605,047	\$45,605,047	\$ -	\$ -
Fixed income mutual funds	31,962,619	31,962,619	-	-
Money market funds	1,323,103	1,323,103	-	-
Common stocks	42,028,598	42,028,598	-	-
AXA Equitable (guaranteed minimum death benefit totaling \$21,747,395) *	16,109,448	16,109,448	-	-
Corporate bonds	4,304,187	-	4,304,187	-
Real estate investment trusts	7,327,017	-	-	7,327,017
Limited partnership	2,512,888	-	-	2,512,888
Total Pooled Investments at Fair Value	151,172,907	137,028,815	4,304,187	9,839,905
Investments Held Outside Investment Pool:				
American Funds (mutual funds)	65,549,547	65,549,547	-	-
Vanguard Funds (mutual funds)	67,351,507	67,351,507	-	-
Biblically Responsible Funds (mutual funds)	5,290,688	5,290,688	-	-
Total Investments Held Outside Investment Pool at Fair Value	138,191,742	138,191,742	-	-
Total Investments at Fair Value	289,364,649	275,220,557	4,304,187	9,839,905
Investments Held at Cost: **				
CIF certificates (for retirement)	4,308,533			
CIF certificates (for contingency reserve)	900,000			
Cash	3,675,530			
	8,884,063			
Investments at Net Asset Value:				
Hedge funds	11,703,309			
Total Investments	\$309,952,021			

* Reflects the fair value of the mutual funds underlying the contract.

** Approximates fair value

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying statement of net assets available for benefits.

Level 1 - Fair values for stocks, money market funds, mutual funds and the AXA Equitable underlying securities are determined by reference to quoted market prices.

Level 2 - Fair values for corporate bonds are estimated using recently executed transactions, market price quotations and pricing models that factor in, where applicable, interest rates, bond or credit-default swap spreads and volatility.

Level 3 - FCMM obtains fair value of its Level 3 securities from the fund managers. The fund managers use various models, comparisons and assumptions to estimate fair value. Considerations are given to the type of investment, risks, marketability, restrictions on dispositions and quotations from other market participants.

FCMM made additional purchases of Level 3 investments totaling \$933,614 and \$8,384,745 during the years ended December 31, 2023 and 2022, respectively. The real estate investment trust investments above allow for monthly repurchase offers of at least 2% of the Net Asset Value (NAV) per month, not to exceed 5% of the NAV per quarter, with up to one year soft lock up, subject up to a 5% early redemption fee. The limited partnership investment above allows for semi-annual liquidity with 90 days notice, 18-24 month soft lock up, subject to a 5% early redemption fee, one-third or one-fifth, investor level gate.

The Plan uses the NAV to determine the fair value for all investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category in accordance with the *Fair Value Measurements and Disclosure* topic of the ASC as of December 31, 2023 and 2022:

	Fair Value at December 31,		Redemption Frequency
	2023	2022	
Hedge fund (a)	\$ 11,316	\$ 684,357	Quarterly, 70 days notice
Hedge fund (b)	\$ 4,596,145	\$ 3,500,919	Quarterly, 65 calendar days notice
Hedge fund (c)	\$ 6,128,929	\$ 7,518,033	Generally up to 5% of NAV per quarter via a tender offer, 2% soft lock up for 12 months
Private equity (d)	\$ 1,027,055	\$ -	Generally up to 5% of NAV per quarter via a tender offer, 2% soft lock up for 12 months
Private equity (e)	\$ 1,032,647	\$ -	Generally up to 5% of NAV per quarter via a tender offer, 2% soft lock up for 12 months

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

5. INVESTMENTS, continued:

FAIR VALUE MEASUREMENTS AND FAIR VALUE OF FINANCIAL INSTRUMENTS, continued

(a) This hedge fund is designed to be a diversified high-yielding credit portfolio with minimal interest rate duration. The fund focuses on achieving a substantial return on capital through opportunistic investments primarily in a broad-range of public and private credit instruments, with an expected emphasis of corporate credit securities, asset-backed securities, mortgage-backed securities, commercial real estate, structured credit and collateralized loan obligations, though at times the fund may have exposure to other assets, instruments and markets.

(b) This hedge fund uses an actively managed, discretionary strategy, which seeks to capture the opportunities that exist in the global securitized products market. The fund pursues its investment objectives by investing in assets in global residential and commercial mortgage backed securities, collateralized debt obligations, collateralized loan obligations, other asset backed securities, derivatives and other securitized products, as well as other types of asset classes and hedging investments.

(c) This hedge fund's objective is to provide attractive risk-adjusted returns through a flexible and diversified approach targeting what the manager believes to be the most promising investment opportunities from across the entire global private equity market. The fund utilizes an integrated portfolio construction approach combining control-oriented direct equity investments, private debt investments, secondary private equity investments and primary fund commitments.

(d) This fund's objective is to seek long-term capital appreciation primarily through the purchase of secondary interests in seasoned private equity funds by making primary commitments to private equity funds and through direct investments in opportunities alongside private equity managers.

(e) This fund's objective is to seek medium and long-term capital appreciation in private assets globally. The fund seeks to deliver attractive returns with potentially lower realized monthly volatility compared to the public markets and is generally focused on exposure to direct equity, direct credit and secondaries.

There were no unfunded commitments as of December 31, 2023 or 2022.

FREE CHURCH MINISTERS' AND MISSIONARIES' RETIREMENT PLAN AND FCMM BENEFITS

Notes to Financial Statements

December 31, 2023 and 2022

6. RISKS AND UNCERTAINTIES:

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

The actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

7. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 20, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTAL INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION**

Board of Trustees
Free Church Ministers' and Missionaries' Retirement Plan and
FCMM Benefits
Minneapolis, Minnesota

We have audited the financial statements of the Free Church Ministers' and Missionaries' Retirement Plan and FCMM Benefits (FCMM), as of and for the years ended December 31, 2023 and 2022, and our report thereon dated June 20, 2024, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of net assets available for benefits and changes in net assets available for benefits on pages 22 and 23 are presented for purposes of additional analysis of the financial statements rather than to present the net assets available for benefits and results of operations of the individual organization, and it is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Naperville, Illinois
June 20, 2024

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Schedule of Net Assets Available for Benefits – Retirement Plan

December 31, 2023

	Annuity Reserve Fund	Lifetime Fund (Option C)	Managed Stock Fund (Option D)	Managed Bond/Income Fund (Option E)	American Funds (Option F)	Vanguard Funds (Option G)	CIF Funds (Option H)	Biblically Responsible Funds (Option J)	Total
ASSETS:									
Investments:									
Pooled investments:									
Stock portfolio	\$ -	\$ 61,585,334	\$ 64,167,214	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 125,752,548
Bond/income portfolio	-	28,343,750	-	7,643,337	-	-	-	-	35,987,087
Annuity reserve portfolio	27,154,540	3,474,316	-	-	-	-	-	-	30,628,856
	<u>27,154,540</u>	<u>93,403,400</u>	<u>64,167,214</u>	<u>7,643,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>192,368,491</u>
Non-pooled investments	-	-	-	-	80,289,159	82,514,585	5,353,172	6,952,726	175,109,642
Contingency reserve	-	300,000	-	-	-	-	-	-	300,000
Total investments	<u>27,154,540</u>	<u>93,703,400</u>	<u>64,167,214</u>	<u>7,643,337</u>	<u>80,289,159</u>	<u>82,514,585</u>	<u>5,353,172</u>	<u>6,952,726</u>	<u>367,778,133</u>
Cash	-	372,739	20,070	42,646	185,420	236,513	15,827	38,116	911,331
Cash for contingency reserve	-	1,038,803	-	-	-	-	-	-	1,038,803
Contributions receivable	-	425,231	-	-	-	-	-	-	425,231
Prepaid expenses and annuity payroll	-	521,764	-	-	-	-	-	-	521,764
Accrued participant fee income	-	282,225	-	-	-	-	-	-	282,225
	<u>27,154,540</u>	<u>96,344,162</u>	<u>64,187,284</u>	<u>7,685,983</u>	<u>80,474,579</u>	<u>82,751,098</u>	<u>5,368,999</u>	<u>6,990,842</u>	<u>370,957,487</u>
LIABILITIES:									
Accounts payable and accrued expenses	-	78,770	-	-	-	-	-	-	78,770
Due to FCMM Benefits	-	140,698	-	-	-	-	-	-	140,698
	<u>-</u>	<u>219,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>219,468</u>
Net Assets Available for Benefits:									
Contingency reserves	-	1,338,803	-	-	-	-	-	-	1,338,803
Available for benefits	<u>27,154,540</u>	<u>94,785,891</u>	<u>64,187,284</u>	<u>7,685,983</u>	<u>80,474,579</u>	<u>82,751,098</u>	<u>5,368,999</u>	<u>6,990,842</u>	<u>369,399,216</u>
Total Net Assets Available for Benefits	<u>\$ 27,154,540</u>	<u>\$ 96,124,694</u>	<u>\$ 64,187,284</u>	<u>\$ 7,685,983</u>	<u>\$ 80,474,579</u>	<u>\$ 82,751,098</u>	<u>\$ 5,368,999</u>	<u>\$ 6,990,842</u>	<u>\$ 370,738,019</u>

See accompanying independent auditors' report

**FREE CHURCH MINISTERS' AND MISSIONARIES'
RETIREMENT PLAN AND FCMM BENEFITS**

Schedule of Changes in Net Assets Available for Benefits – Retirement Plan

Year Ended December 31, 2023

	Annuity Reserve Fund	Lifetime Fund (Option C)	Stock Fund (Option D)	Bond/Income Fund (Option E)	American Funds (Option F)	Vanguard Funds (Option G)	CIF Funds (Option H)	Biblically Responsible Funds (Option J)	Total
ADDITIONS TO NET ASSETS:									
Investment income:									
Net appreciation in fair value of investments	\$ 2,886,931	\$ 9,590,086	\$ 10,841,837	\$ 188,712	\$ 12,337,475	\$ 11,677,563	\$ -	\$ 897,444	\$ 48,420,048
Dividends and interest	442,847	2,665,355	1,070,532	297,071	-	-	164,224	-	4,640,029
	3,329,778	12,255,441	11,912,369	485,783	12,337,475	11,677,563	164,224	897,444	53,060,077
Less investment expenses:									
Consulting and fund management fees	-	200,042	200,856	6,473	-	-	-	-	407,371
Net investment income	3,329,778	12,055,399	11,711,513	479,310	12,337,475	11,677,563	164,224	897,444	52,652,706
Employer contributions	-	2,716,032	2,463,541	383,027	2,294,566	2,645,065	105,789	327,649	10,935,669
Employee contributions	-	1,414,879	1,887,754	393,208	2,396,638	2,978,014	172,587	289,237	9,532,317
Roll-in contributions	-	294,807	299,147	63,065	446,852	426,634	22,499	366,298	1,919,302
Total Additions	3,329,778	16,481,117	16,361,955	1,318,610	17,475,531	17,727,276	465,099	1,880,628	75,039,994
DEDUCTIONS FROM NET ASSETS:									
Benefits paid to participants:									
Annuity and recurring payments	3,280,167	850,239	326,454	74,515	379,678	326,518	286,554	24,004	5,548,129
Roll-out payments	-	1,150,407	1,067,725	294,527	2,125,580	1,730,740	708,638	44,282	7,121,899
Withdrawals and one-time payments	-	932,737	636,251	96,885	713,607	683,318	175,211	73,913	3,311,922
	3,280,167	2,933,383	2,030,430	465,927	3,218,865	2,740,576	1,170,403	142,199	15,981,950
Administrative fees	64,201	474,565	424,458	54,684	-	-	-	-	1,017,908
Total Deductions	3,344,368	3,407,948	2,454,888	520,611	3,218,865	2,740,576	1,170,403	142,199	16,999,858
Net increase (decrease) before transfers	(14,590)	13,073,169	13,907,067	797,999	14,256,666	14,986,700	(705,304)	1,738,429	58,040,136
Option to Option transfers	-	(1,831,391)	13,799	(191,481)	470,467	(154,476)	1,756,240	(63,158)	-
Transfer from FCMM Benefits	-	-	-	-	-	-	-	-	-
New annuity purchases	1,018,782	(761,887)	(253,652)	(3,243)	-	-	-	-	-
Net Increase	1,004,192	10,479,891	13,667,214	603,275	14,727,133	14,832,224	1,050,936	1,675,271	58,040,136
Net Assets Available for Benefits, Beginning of Year	26,150,348	85,644,803	50,520,070	7,082,708	65,747,446	67,918,874	4,318,063	5,315,571	312,697,883
Net Assets Available for Benefits, End of Year	\$ 27,154,540	\$ 96,124,694	\$ 64,187,284	\$ 7,685,983	\$ 80,474,579	\$ 82,751,098	\$ 5,368,999	\$ 6,990,842	\$ 370,738,019

See accompanying independent auditors' report