



**The Pension Boards**  
United Church of Christ, Inc.

# 2025 FINANCIAL STATEMENTS

Combined Financial Statements of  
The Pension Boards-United Church of Christ, Inc.,  
As of and for the years ended December 31, 2025 and 2024

## **Our History**

Since 1914, the Pension Boards-United Church of Christ, Inc. (PBUCC) has been a partner in ministry with those who serve the United Church of Christ (UCC). PBUCC offers comprehensive employee benefits programs for active and retired UCC clergy and lay employees and their eligible dependents, providing the highest standards of service, access, and options. PBUCC assists those who serve the church in achieving health and economic security through:

- thought leadership regarding faith-based, socially responsible investing;
- professional investment expertise that enhances returns;
- a comprehensive mix of products and services that meet diverse needs;
- innovative application of technology; and
- outreach to all settings of the UCC and the greater church.

## **Our Mission**

Operating at the intersection of faith and finance, we are caring professionals partnering with those engaged in the life of the Church to provide valued services leading to greater financial security and wellness.

## **Our Vision**

The Pension Boards delivers benefits and services from the intersection of faith and finance, providing clergy, lay employees, and all persons served with the peace of mind that comes through greater financial security and better health.



**The Pension Boards**  
United Church of Christ, Inc.

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**May 8, 2026**

**Report of Management**

Management of The Pension Boards --United Church of Christ, Inc. (**Pension Boards**) has prepared the accompanying combined financial statements of the Pension Boards for the years ended December 31, 2025 and 2024. We are responsible for the content, integrity, and objectivity of the financial information presented in this Annual Report. The combined financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (**GAAP**). The statements include amounts based on management's best estimates and judgments.

We believe that the combined financial statements present fairly, in all material respects, the financial position, activities, functional expenses and cash flows of the Pension Boards in accordance with GAAP for the periods presented in this Annual Report. The 17-member Board of Trustees of the Pension Boards, all of whom are independent of the Pension Boards' management, oversees the Pension Boards' financial reporting and internal controls through its Audit Committee. The Audit Committee is responsible for the appointment, compensation, and oversight of the Pension Boards' independent public accountants. The Audit Committee is also responsible for communications between the Board of Trustees and the Pension Boards' independent public accountants, the Pension Boards' internal auditor, and financial management staff regarding the combined financial statements, audits, accounting and financial reporting practices, adequacy, and effectiveness of the system of internal controls, and the scope and results of the annual audit.

The Pension Boards combined financial statements have been audited by RSM US LLP, independent public accountants, whose report is attached. The independent public accountants, engaged to express an opinion on the combined financial statements, meet periodically with, and have been given free access to, the Audit Committee, without management present, to discuss internal controls, auditing, and financial reporting matters.

Management recognizes that the Pension Boards' system of internal control plays an important role in the preparation of reliable combined financial statements. The system is designed to provide reasonable assurance that assets are safeguarded and that transactions are recorded properly and executed in accordance with management's authorization. The control environment is enhanced by the selection and training of competent management, maintaining the highest standards of conduct by employees, appropriately segregating duties, delegating authority, and communicating accounting and operating policies and procedures to the Pension Boards' employees.

David A. Klassen  
President & CEO

Carolyn M. Weiss  
Chief Financial Officer

## Independent Auditor's Report

RSM US LLP

Board of Trustees  
The Pension Boards – United Church of Christ, Inc.

### Opinion

We have audited the combined financial statements of The Pension Boards – United Church of Christ, Inc. (the Pension Boards), which comprise the combined statements of financial position as of December 31, 2025 and 2024, the related combined statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the combined financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Pension Boards as of December 31, 2025 and 2024, and the changes in their net assets and their 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 audit 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 Pension Boards 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 Pension Boards' ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### Auditor's Responsibilities for the 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 Pension Boards' 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 Pension Boards' 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.

*RSM US LLP*

New York, New York  
May 8, 2026

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF FINANCIAL POSITION**

	<b>December 31, 2025</b>	<b>December 31, 2024</b>
<b>ASSETS</b>		
Cash	\$ 1,878,238	\$ 1,765,090
Investments:		
Investments at fair value	226,861,029	215,968,745
Investments held for others	3,821,752	17,784,076
Total investments	230,682,781	233,752,821
Receivables:		
Accounts receivable, net	2,110,580	2,022,208
Receivable due from affiliates, net	1,060,071	949,700
Accrued investment income receivable	1,859,913	1,974,203
Receivable from brokers for securities sales	2,046,136	1,930
Loans issued by Generations Financial Resources, net	580,165	636,231
Total receivables	7,656,865	5,584,272
Contract assets	47,533	53,925
Collateral provided by securities borrowers	14,438,680	8,432,386
Operating lease right-of-use assets	2,689,290	3,348,550
Property and equipment, net	1,218,125	1,205,503
Deferred compensation asset	4,795,778	7,707,338
Prepaid expenses and other assets	2,231,698	1,514,793
Investments restricted for endowment	16,468,749	18,152,507
<b>TOTAL ASSETS</b>	<b>\$ 282,107,737</b>	<b>\$ 281,517,185</b>
<b>LIABILITIES AND NET ASSETS</b>		
Health benefits payable	\$ 4,569,830	\$ 4,332,884
Deferred health benefit premiums	4,161,511	3,875,852
Payable to securities borrowers	14,438,680	8,432,386
Payable to brokers for securities purchases	18,464	51,022
Investments held for others	3,821,752	17,784,076
Operating lease liabilities	2,689,290	3,348,550
Payable due to affiliate	-	551,461
Deferred compensation obligation	5,122,111	7,724,388
Accrued expenses and other liabilities	8,264,401	7,768,433
Total liabilities	43,086,039	53,869,052
Net Assets:		
Without donor restrictions	145,936,238	138,666,065
With donor restrictions	93,085,460	88,982,068
Total net assets	239,021,698	227,648,133
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 282,107,737</b>	<b>\$ 281,517,185</b>

See notes to the Combined Financial Statements.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF ACTIVITIES**

	Year Ended December 31, 2025		Total
	Without Donor Restrictions	With Donor Restrictions	
<b>REVENUES AND SUPPORT</b>			
Investment return, net	\$ 28,357,375	\$ 8,146,483	\$ 36,503,858
Health benefits premiums	51,517,891	-	51,517,891
Contributions	-	2,241,821	2,241,821
Generations Investment Services management fees	11,960	-	11,960
Generations Financial Resources loan interest	29,105	-	29,105
Reimbursement of plan administration expenses	19,372,466	-	19,372,466
Other	797,116	19,359	816,475
Net assets released from restriction	6,304,271	(6,304,271)	-
Total revenues and support	<u>106,390,184</u>	<u>4,103,392</u>	<u>110,493,576</u>
<b>EXPENSES</b>			
Program Services:			
Health benefit fund	64,548,263	-	64,548,263
Ministerial assistance	5,814,245	-	5,814,245
Generation companies	56,475	-	56,475
Total program Service	<u>70,418,983</u>	<u>-</u>	<u>70,418,983</u>
Supporting Services:			
Management and general	28,118,806	-	28,118,806
Fundraising	582,222	-	582,222
Total Support Services	<u>28,701,028</u>	<u>-</u>	<u>28,701,028</u>
Total expenses	<u>99,120,011</u>	<u>-</u>	<u>99,120,011</u>
<b>CHANGE IN NET ASSETS</b>	<u>7,270,173</u>	<u>4,103,392</u>	<u>11,373,565</u>
<b>NET ASSETS</b>			
Beginning of year	138,666,065	88,982,068	227,648,133
End of year	<u>\$ 145,936,238</u>	<u>\$ 93,085,460</u>	<u>\$ 239,021,698</u>

See notes to the Combined Financial Statements.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF ACTIVITIES**

	Year Ended December 31, 2024		
	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES AND SUPPORT</b>			
Investment return, net	\$ 14,439,150	\$ 11,627,091	\$ 26,066,241
Health benefits premiums	49,844,238	-	49,844,238
Contributions	1,909,366	94,410	2,003,776
Generations Investment Services management fees	44,767	-	44,767
Generations Financial Resources loan interest	28,419	-	28,419
Reimbursement of plan administration expenses	20,062,407	-	20,062,407
Other	697,921	-	697,921
Net assets released from restriction	3,932,472	(3,932,472)	-
Total revenues and support	<u>90,958,740</u>	<u>7,789,029</u>	<u>98,747,769</u>
<b>EXPENSES</b>			
Health benefit fund	56,422,433	-	56,422,433
Ministerial assistance	5,370,842	-	5,370,842
Generation companies	50,470	-	50,470
Total Program Services	<u>61,843,745</u>	<u>-</u>	<u>61,843,745</u>
Supporting Services:			
Management and general	26,444,658	-	26,444,658
Fundraising	470,298	-	470,298
Total Support Services	<u>26,914,956</u>	<u>-</u>	<u>26,914,956</u>
Total expenses	88,758,701	-	88,758,701
<b>CHANGE IN NET ASSETS</b>	<u>2,200,039</u>	<u>7,789,029</u>	<u>9,989,068</u>
<b>NET ASSETS</b>			
Beginning of year	136,466,026	81,193,039	217,659,065
End of year	<u>\$ 138,666,065</u>	<u>\$ 88,982,068</u>	<u>\$ 227,648,133</u>

See notes to the Combined Financial Statements.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES**

2025								
Year Ended December 31,	Benefit Fund	Ministerial Assistance	Generation Companies	Total Program Services	Management & General	Fundraising	Total Supporting	2025
Compensation, benefits and taxes	\$ 2,345,177	\$ 1,941,498	\$ 24,966	\$ 4,311,641	\$ 19,800,535	\$ 347,287	\$ 20,147,822	\$ 24,459,463
Health service claims and costs	60,960,869	-	-	60,960,869	-	-	-	60,960,869
Contracted services and professional fees	595,292	214,441	14,031	823,764	2,478,777	109,661	2,588,438	3,412,202
Banking services	17,333	60,653	9,522	87,508	1,012,577	4,333	1,016,910	1,104,418
Grants and programs	-	3,217,383	-	3,217,383	-	-	-	3,217,383
Connectivity, supplies, postage and other	347,856	221,571	-	569,427	1,621,857	73,106	1,694,963	2,264,390
Facility, taxes and related expenses	86,454	86,086	-	172,540	691,747	-	691,747	864,287
Depreciation and amortization	108,479	11,666	-	120,145	193,512	-	193,512	313,657
Travel, conferences, meetings and events	47,121	36,438	-	83,559	513,853	47,704	561,557	645,116
Other	17,466	24,509	-	41,975	647,656	131	647,787	689,762
Bad debt	22,216	-	7,956	30,172	1,158,292	-	1,158,292	1,188,464
<b>Total Expenses</b>	<b>\$ 64,548,263</b>	<b>\$ 5,814,245</b>	<b>\$ 56,475</b>	<b>\$ 70,418,983</b>	<b>\$ 28,118,806</b>	<b>\$ 582,222</b>	<b>\$ 28,701,028</b>	<b>\$ 99,120,011</b>

  

2024								
Year Ended December 31,	Benefit Fund	Ministerial Assistance	Generation Companies	Total Program Services	Management & General	Fundraising	Total Supporting	2024
Compensation, benefits and taxes	\$ 1,574,883	\$ 1,817,594	\$ -	\$ 3,392,477	\$ 18,504,352	\$ 372,522	\$ 18,876,874	\$ 22,269,351
Health service claims and costs	54,144,323	-	-	54,144,323	-	-	-	54,144,323
Contracted services and professional fees	378,502	273,329	-	651,831	2,823,500	55,000	2,878,500	3,530,331
Banking services	36,914	100,633	6,470	144,017	986,368	586	986,954	1,130,971
Grants and programs	-	1,946,597	-	1,946,597	549,000	-	549,000	2,495,597
Connectivity, supplies, postage and other	182,541	176,476	-	359,017	1,894,731	23,879	1,918,610	2,277,627
Facility, taxes and related expenses	69,877	93,122	-	162,999	683,322	-	683,322	846,321
Depreciation and amortization	16,300	8,669	-	24,969	168,181	-	168,181	193,150
Travel, conferences, meetings and events	51,435	920,178	-	971,613	398,963	11,015	409,978	1,381,591
Other	37,510	34,244	-	71,754	436,241	7,296	443,537	515,291
Bad debt	(69,852)	-	44,000	(25,852)	-	-	-	(25,852)
<b>Total Expenses</b>	<b>\$ 56,422,433</b>	<b>\$ 5,370,842</b>	<b>\$ 50,470</b>	<b>\$ 61,843,745</b>	<b>\$ 26,444,658</b>	<b>\$ 470,298</b>	<b>\$ 26,914,956</b>	<b>\$ 88,758,701</b>

See notes to the Combined Financial Statements.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
COMBINED STATEMENTS OF CASH FLOW**

	<u>Year Ended December 31, 2025</u>	<u>Year Ended December 31, 2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 11,373,565	\$ 9,989,068
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation and amortization	313,657	193,150
Change in allowance for credit loss	1,124,490	(299,088)
Contributions restricted for investment in perpetual endowment	(37,616)	(38,398)
Net realized and unrealized gain on investments	(17,194,575)	(7,102,394)
Amortization of operating right of use asset	659,260	657,249
 Changes in assets and liabilities:		
(Increase) in assets:		
Accounts receivable, net	(59,270)	(199,565)
Contributions receivable, net	-	415,620
Receivable due from affiliates	(1,268,663)	(93,328)
Loans issued by Generations Financial Resources	60,766	47,643
Contract assets	6,392	53,925
Receivable from brokers for securities sales	(2,044,206)	183,278
Collateral provided by securities borrowers	(6,006,294)	(971,540)
Accrued investment income receivable	114,290	(169,957)
Deferred compensation asset	2,911,560	(2,047,222)
Prepaid expenses and other assets	(716,905)	915,950
 Increase (decrease) in liabilities:		
Health benefits payable	236,946	148,993
Deferred benefit premiums	285,659	278,184
Payable to securities borrowers	6,006,294	971,540
Payable to brokers for securities purchases	(32,558)	(80,171)
Investments held for others	(13,962,324)	2,977,689
Principal reduction in operating lease liability	(659,260)	(657,249)
Payable due to affiliate	(551,461)	551,461
Deferred compensation obligation	(2,602,277)	2,026,530
Accrued expenses and other liabilities	495,968	2,217,999
Net cash (used in) provided by operating activities	<u>(21,546,562)</u>	<u>9,969,367</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sales of investments	240,696,640	195,384,852
Purchase of investments	(218,748,267)	(203,813,308)
Purchase of property and equipment	(326,279)	(1,267,019)
Net cash provided by (used in) investing activities	<u>21,622,094</u>	<u>(9,695,475)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from contributions restricted for endowment	37,616	38,398
Net cash provided by financing activities	<u>37,616</u>	<u>38,398</u>
 Net increase in cash	 113,148	 204,440
Net Cash, Beginning of year	1,765,090	1,560,650
<b>Net Cash, End of year</b>	<b>\$ 1,878,238</b>	<b>1,765,090</b>

See notes to the Combined Financial Statements.

# **PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS**

## **1. ORGANIZATION**

The Pension Boards - United Church of Christ, Inc. (the Pension Boards) was incorporated in 1914 in New Jersey as a non-profit corporation and is an affiliated ministry of the United Church of Christ (the UCC). The Pension Boards provides retirement, disability, life insurance, medical, dental and vision benefits for clergy and lay employees of the UCC, its predecessor religious denominations and UCC-related organizations, through the administration of retirement and other benefit plans. As an affiliated ministry of the UCC, the Pension Boards is able to serve all other ministries of the UCC.

The Pension Boards is governed by an 18-member Board of Trustees.

The Pension Boards is the plan sponsor and trustee of The United Church of Christ Lifetime Retirement Income Plan, the net assets and activity of which are presented on separate audited financial statements and excluded from these combined financial statements.

### **United Church Board for Ministerial Assistance, Inc.**

The United Church Board for Ministerial Assistance, Inc. (Ministerial Assistance) was incorporated in 1885 in Connecticut as a non-profit corporation to secure, hold, manage and distribute funds for the assistance and relief of United Church of Christ authorized ministers, lay church employees and their surviving spouses whose circumstances call for compassionate responses. The Ministerial Assistance programs and grants foster innovative initiatives and strategic partnerships throughout the United Church of Christ, cultivating sustainable ministries that thrive within the UCC community.

Ministerial Assistance is a controlled affiliate of the Pension Boards and, through that relationship, an Affiliated Ministry of the United Church of Christ. Ministerial Assistance maintains The Christmas Fund for the Veterans of the Cross and the Emergency Fund to receive contributions from an annual church-wide appeal. These contributions provide pension supplementation, monthly grants, health benefits supplementation, Christmas "Thank You" checks to UCC retirees and emergency grants to UCC authorized ministers, lay church employees and their surviving spouses.

### **Benefit Services Fund**

The Pension Boards sponsors church welfare benefits plans, including plans providing employer group medical, dental, vision, long-term disability, short-term disability and death benefits (collectively, Welfare Plans). The Pension Boards established the Welfare Plans Trust in 2015 to hold cash and investments for the sole and exclusive benefit of the participants. The Welfare Plans Trust is held within the Benefit Services Fund and includes net assets and activities relating to the Welfare Plans. Fully insured and self-insured medical, dental, vision and short-term disability plans are administered by third parties, and the Pension Boards also offer a life insurance and long-term disability income benefit plan underwritten by an independent commercial insurance carrier.

### **Generations Investment Services, Inc.**

Generations Investment Services, Inc. (GIS) was incorporated in 2019 in Delaware and is a controlled affiliate of the Pension Boards. GIS is a non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code), organized exclusively for religious and charitable purposes to support the mission and benefit the UCC. GIS offers investment management for certain UCC-related funds.

### **Generations Financial Resources, Inc.**

Generations Financial Resources, Inc. (GFR) was incorporated in 2019 in Delaware and is a controlled affiliate of the Pension Boards. GFR is a non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Code, organized exclusively for religious and charitable purposes to support the

# PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 1. ORGANIZATION (continued)

mission and for the benefit of the UCC. GFR promotes the financial literacy of clergy members of the UCC and offers loans for refinancing a portion of education debt on favorable terms. GFR aims to further the Faith and Finance mission of Ministerial Assistance by improving the financial wellness of UCC clergy.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### **Basis of Accounting and Presentation**

The accompanying combined financial statements include the assets, liabilities, activities and cash flows of the Pension Boards, Ministerial Assistance, Benefit Services Fund, GIS and GFR on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). All inter-entity balances have been eliminated in combination.

### **Net Assets**

The combined financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958 - Non-Profit Entities. The Pension Boards is required to report information regarding its combined financial position and activities as net assets without donor restrictions or net assets with donor restrictions.

***Net Assets Without Donor Restriction*** – Resources that are free of donor-imposed restrictions. The Board of Trustees and management of the Pension Boards have full discretion with respect to use. All revenues that are not restricted by donors, and all expenses, excluding investment-related expenses, are included in this category. Investment-related expenses are netted against returns on investments in the appropriate net asset category. Board-designated activities, not otherwise restricted for Ministerial Assistance, are included in net assets without donor restriction in the combined statements of financial position.

***Net Assets With Donor Restriction*** – Resources that are restricted by a donor for use for a particular purpose or in a particular future period. 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.

### **Use of Estimates**

The preparation of the combined financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements, and the reported amounts of revenues and expenses and realized and unrealized gains and losses during the reporting period. Estimates and assumptions used by the Pension Boards relate to the valuation of certain investments without readily determinable fair values, the calculations of credit losses, the determination of the discount rate for its lease liability and the determination of useful lives of depreciable assets. Actual results could differ from those estimates.

### **Cash**

The Pension Boards maintains cash in bank deposit accounts which, at times, may exceed federally insured limits. The Pension Boards has not experienced any losses in such accounts. The Pension Boards believes it is not exposed to any significant financial risk on cash.

### **Accounts Receivable, net**

Accounts receivable consist of amounts billed to employers and members for monthly premiums for various products such as health, dental, disability and life insurance.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Accounts receivable, net in the combined statements of financial position, are as follows:

<b>December 31,</b>	<b>2025</b>		<b>2024</b>	
Accounts receivable	\$	2,164,353	\$	2,105,086
Allowance for credit losses		(53,773)		(82,878)
<b>Accounts receivable, net</b>	<b>\$</b>	<b>2,110,580</b>	<b>\$</b>	<b>2,022,208</b>

The measurement of expected credit losses under the current expected credit loss (CECL) methodology is applicable to financial assets measured at amortized cost, which include billed and unbilled receivables as well as contract assets. The Pension Boards record an allowance for credit losses, representing the estimated aggregate amount of credit risk arising from the inability to pay obligations. Accounts receivable, net, represents the amount the Pension Boards expect to collect. At each reporting date, the Pension Boards adjust the allowance for credit losses to reflect its current estimate.

The Pension Boards separate accounts receivable into risk pools based on the type of health benefit provided and their aging. In determining the amount of allowance as of the combined statement of financial position date, the Pension Boards develops a loss rate for each risk pool. This loss rate is based on management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by management. Actual experience may vary from estimates.

Adjustments to the allowance for credit losses are included in the Health Benefits Fund in the combined statements of activities and separately reported in the combined statements of functional expenses.

Receivables are written off when deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. As a matter of policy, recoveries made from any accounts previously written off are recognized as an offset to credit losses in the year of recovery.

Activity in the allowance for credit losses for the years ended December 31, 2025 and 2024 are as follows:

	<b>January 1, 2025</b>		<b>Plus: Credit Gain</b>		<b>Minus: Write-offs</b>	<b>December 31, 2025</b>
	<b>Balance</b>		<b>(Loss)</b>			<b>Balance</b>
Health plan	\$ 66,656	\$	18,456	\$	43,656	\$ 41,456
Vision	414		2,824		2,156	1,082
Flex savings	1,372		(147)		1,108	117
Dental plan	13,448		(1,457)		1,362	10,629
Life/disability insurance	988		2,540		3,039	489
<b>Total allowance for credit loss</b>	<b>\$ 82,878</b>	<b>\$</b>	<b>22,216</b>	<b>\$</b>	<b>51,321</b>	<b>\$ 53,773</b>

	<b>January 1, 2024</b>		<b>Plus: Credit Gain</b>		<b>Minus: Write-offs</b>	<b>December 31, 2024</b>
	<b>Balance</b>		<b>(Loss)</b>			<b>Balance</b>
Health plan	\$ 392,719	\$	(65,998)	\$	260,065	\$ 66,656
Vision	634		(220)		-	414
Flex savings	836		536		-	1,372
Dental plan	20,101		2,403		9,056	13,448
Life/disability insurance	11,677		(6,573)		4,116	988
<b>Total allowance for credit loss</b>	<b>\$ 425,967</b>	<b>\$</b>	<b>(69,852)</b>	<b>\$</b>	<b>273,237</b>	<b>\$ 82,878</b>

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Receivables due from Generations United Federal Credit Union, net**

Receivables due from Generations United Federal Credit Union (GUFCU) consist of services provided or incurred expenses, primarily related to personnel, general and administrative charges, that are billed to GUFCU on a cost-reimbursement basis.

The measurement of expected credit losses under the CECL methodology applies to receivables between related entities that are not under common control, as is the case for GUFCU. Refer to Footnote 9 for related party disclosure. Management estimates the allowance balance using relevant information from internal and external sources regarding past events, current conditions, and reasonable and supportable forecasts. Receivables due from Generations United Federal Credit Union, net, are included in receivable due from affiliates, net in the accompanying combined statements of financial position, as follows:

<b>December 31,</b>	<b>2025</b>	<b>2024</b>
Accounts Receivable	\$ 1,100,989	\$ 636,122
Accrued interest receivable	57,303	9,177
Allowance for credit losses	(1,158,292)	-
<b>Receivables due from Generations United Federal Credit Union, net</b>	<b>\$ -</b>	<b>\$ 645,299</b>

**Loans issued by Generations Financial Resources, net**

Loans issued by Generations Financial Resources, net, consist of loans that management intends and can hold for the foreseeable future or until maturity or payoff and are reported at amortized cost, net of allowance for credit losses. Amortized cost is the principal balance outstanding, net of any deferred loan fees and costs. GFR is a rehabilitative lending program and as a matter of policy, does not charge loan origination and commitment fees, direct-loan origination costs or any other related costs. Interest income is accrued on the unpaid principal balance. Loans issued by Generations Financial Resources, net, in the combined statements of financial position, are as follows:

<b>December 31,</b>	<b>2025</b>	<b>2024</b>
Accounts receivable	\$ 617,392	\$ 677,995
Accrued interest receivable	2,073	2,236
Allowance for credit losses	(39,300)	(44,000)
<b>Loans issued by Generations Financial Resources, net</b>	<b>\$ 580,165</b>	<b>\$ 636,231</b>

The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost. The allowance for credit losses is deducted from the loans' amortized cost basis to present the net amount expected to be collected on the loan. Loans are charged off against the allowance when deemed uncollectible. Charge-offs for 2025 and 2024 were \$12,655 and \$0, respectively.

Management estimates the allowance balance using relevant information from internal and external sources regarding past events, current conditions, and reasonable and supportable forecasts. In determining the allowance for credit losses, GFR applied the probability of default approach to the collective pool of loan principal outstanding. The allowance balance is then adjusted for differences in loan-specific risk characteristics such as historical losses, portfolio and customer-specific factors. The relevant risk characteristics identified for the loan portfolio include unemployment and mortality. Adjustments to the allowance for credit losses are included in the Generation Companies in the combined statements of activities and separately reported in the combined statements of functional expenses.

# PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Investment Valuation and Income Recognition

Investments are reported at fair value in accordance with ASC Topic 820, Fair Value Measurements. Securities traded in active markets on national and international securities exchanges are valued at closing prices on the last business day of each year presented. Securities traded in markets that are not considered active are valued based on quoted market prices, broker or dealer quotations, or alternative pricing sources with reasonable levels of price transparency.

Investment transactions are accounted for on the date the securities are purchased or sold, which is the trade date. A corresponding payable to or receivable from the transaction counterparty is recorded until cash and securities are exchanged on the settlement date. Dividend income is recorded on the ex-dividend date.

Interest income is accrued as earned. Realized gain or loss represents the difference between the proceeds received on a sale of a security and its historical cost. Unrealized gain or loss represents the difference between the fair value of a security and its historical cost.

Investments denominated in non-U.S. dollar currencies are translated at the exchange rates in effect at each financial statement date. Gains and losses from the sale of such investments are translated at the exchange rates in effect at the transaction date.

### Financial Risk

Investment securities, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. Due to the level of risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near or long term and those changes could materially affect the amounts reported in the combined statements of financial position.

### Investments Held for Others

Commingled assets managed for others by GIS are recorded on the combined statements of financial position as investments held for others with the corresponding liability. Assets returned to external entities by GIS also bear no impact on the combined statements of activities.

Investment management fee income earned by GIS and related expenses is reported in the combined statements of activities.

### Property and Equipment, net

Property and equipment include technical equipment, furniture and fixtures, and leasehold improvements. Property and equipment are stated at cost on the dates of acquisition, less accumulated depreciation.

The Pension Boards capitalize property and equipment with costs aggregating \$1,500 or more. Depreciation is computed for all property and equipment using the straight-line method over the assets' estimated useful lives. The Pension Boards use the full-month convention.

The following table provides the estimated useful lives for each asset class.

<u>Asset Class</u>	<u>Estimated useful lives</u>
Technical equipment	5-7 years
Furniture and fixtures	7 years
Leasehold improvement	Shorter of the remaining useful life of the lease or the life of the improvement

## **PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS**

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Leases**

Leases arise from contractual obligations that convey the right to control the use of identified property, plant or equipment for a period in exchange for consideration. At the inception of the contract, the Pension Boards determines if an arrangement contains a lease based on whether there is an identified asset and whether the Pension Boards controls the use of the identified asset. The Pension Boards also determines whether the lease classification is an operating or financing lease at the commencement date.

A right of use asset represents the Pension Boards' right to use an underlying asset and a lease liability represents the Pension Boards' obligation to make payments during the lease term. Lease liabilities are recorded at the present value of the future lease payments over the lease term at commencement. The implicit rates for the Pension Boards' lease is not readily determinable; therefore, the Pension Boards elected to use a risk-free discount rate at the lease commencement date for its real estate operating lease.

Pension Boards' real estate operating lease includes non-lease components such as common-area maintenance costs, utilities and other maintenance costs. The Pension Boards elected to combine non-lease components with lease payments for the purpose of calculating lease right-of-use assets and liabilities to the extent that they are fixed.

As a matter of policy, the Pension Boards elected to exclude short-term leases, including month-to-month leases, in the determination of lease liability and right of use assets in the combined statements of financial position. Short-term lease expense is recognized on a straight-line basis over the expected term of the lease. The Pension Boards had no short-term leases as of December 31, 2025, and one short-term lease as of December 31, 2024.

#### **Revenue Recognition**

The Pension Boards' significant revenue recognition policies relative to its primary source of revenue, contracts with customers and contributions are outlined below.

**Contracts With Customers** - The Pension Boards recognize revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers ("ASC 606"). Under ASC 606, revenue is recognized when control of the promised goods or services is transferred to the customer in an amount that reflects the consideration the Pension Boards Company expects to receive in exchange for those goods or services. The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied.

The Pension Boards derives its revenue from health service premiums, which are recognized over the coverage period as health benefits insurance is provided, rather than when billed. Accounts receivable are recorded when the Pension Boards has the unconditional right to invoice and collect payment, regardless of whether the related revenue has been recognized. When billings occur and revenue has not been recognized, a contract liability (deferred revenue) is recorded. When revenue is recognized in advance of billing, a contract asset (unbilled receivable) is recorded.

Contract assets and contract liabilities are presented separately on the combined statements of financial position. Revenue recognized in the year that was included in the contract liability balance at the beginning of 2025 and 2024 was approximately \$3.9 million and approximately \$3.6 million, respectively.

Payment terms on invoiced amounts are typically 28 days. The Pension Boards has evaluated the timing of revenue recognition relative to the timing of invoicing and cash collection and has determined that its contracts do not contain a significant financing component, as the primary purpose of the billing terms is

# PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

to provide customers with a consistent and predictable payment structure, rather than to provide or receive financing.

There are no incremental costs of obtaining a contract.

**Contributions** – Unconditional contributions are recognized as support when promised unconditionally and are recorded net of any current year allowance or discount activity. The Pension Boards report gifts of cash and other assets with donor restrictions if they are received or promised with donor stipulations that limit the use of the donated assets to the Pension Boards' programs, or to a future year.

Contributions that the donor restricts are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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 donor restrictions.

### Functional Allocation of Expenses

The costs of providing various core functions and supporting services by the Pension Boards have been summarized on a functional basis in the accompanying combined financial statements. Each department within the Pension Boards is allocated to core functions or supporting services based on their respective time and a determination of what functions they perform.

### Reclassifications

Certain prior-year amounts in the combined statements of financial position, the combined statements of functional expenses, the combined statements of cash flows and accompanying notes have been reclassified to conform to the current year's presentation. Changes to fiscal year 2024 comparative financial information had no impact on previously reported combined change in net assets.

## 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments are classified on the combined statements of financial position as follows:

<u>December 31,</u>	<u>2025</u>		<u>2024</u>	
Investments	\$	226,861,029	\$	215,968,745
Investments held by Generations Investment Services		3,821,752		17,784,076
Investments restricted for endowment		16,468,749		18,152,507
<b>Total Investments</b>	<b>\$</b>	<b>247,151,530</b>	<b>\$</b>	<b>251,905,328</b>

### Fair Value Hierarchy

The fair value of a financial instrument is the amount that would be received from the sale of an asset or paid to transfer liability in an orderly transaction between market participants at the measurement date (the exit price). All financial instruments that are measured and reported on a fair value basis are classified according to a fair value hierarchy. The fair value hierarchy ranks the quality and reliability of the information used to determine fair values.

The three levels of fair value hierarchy are:

- **Level 1:** Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities. The types of investments generally included in this category are exchange-traded equities and exchange-traded mutual funds. The fair values of these securities are generally based on quotations obtained from national securities exchanges.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

- **Level 2:** Quoted prices in markets that are not considered to be active or financial instruments for which all significant inputs are observable, either directly or indirectly. Where securities are not listed on an exchange, quotations are obtained from brokerage firms. Level 2 investments generally included in this category are short-term money market instruments, corporate bonds and non-exchange traded equities, debt, and mutual funds.
- **Level 3:** Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

A review of fair value hierarchy classifications is conducted annually. Changes in the observability of valuation inputs may result in a reclassification for certain financial assets or liabilities. Reclassifications of the fair value hierarchy are reported as transfers in/out of the category as of the beginning of the period in which the reclassifications occur.

As a practical expedient, the Pension Boards uses net asset value (NAV) as the fair value for certain investments. The practical expedient is applied to measure the fair value of investments in certain entities that do not have a quoted market value price but calculate NAV per share or its equivalent. These securities are excluded from the fair value hierarchy level classification and instead are disclosed separately and shown as a reconciling item between the total amount of investments categorized within the fair value hierarchy and total investments measured at fair value on the face of the combined financial statements.

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level within the fair value hierarchy of investment assets as of December 31, 2025:

	Investments as of December 31, 2025			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>INVESTMENTS</b>				
<b>Equity:</b>				
Common stock	\$ 95,733,045	\$ 15,390	\$ 4,940	\$ 95,753,375
Preferred stock	288,329	-	4,538	292,867
<b>Equity Total</b>	<b>96,021,374</b>	<b>15,390</b>	<b>9,478</b>	<b>96,046,242</b>
<b>Fixed Income:</b>				
Corporate bonds	-	34,206,150	-	34,206,150
Government bonds	-	28,833,066	-	28,833,066
Mortgage backed securities	-	11,207,281	-	11,207,281
Government agencies	-	11,327,780	-	11,327,780
Institutional money market fund shares	-	5,894,085	-	5,894,085
Syndicated bank loans	-	39,868	-	39,868
<b>Fixed Income Total</b>	<b>-</b>	<b>91,508,230</b>	<b>-</b>	<b>91,508,230</b>
<b>Investment Funds and Other:</b>				
Mutual funds	21,685,519	-	-	21,685,519
Stapled securities	897	-	-	897
Escrow securities	19,724	-	-	19,724
<b>Investment Funds and Other Total</b>	<b>21,706,140</b>	<b>-</b>	<b>-</b>	<b>21,706,140</b>
<b>SUBTOTAL INVESTMENTS</b>	<b>117,727,514</b>	<b>91,523,620</b>	<b>9,478</b>	<b>209,260,612</b>
<b>TOTAL INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				<b>37,890,918</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 117,727,514</b>	<b>\$ 91,523,620</b>	<b>\$ 9,478</b>	<b>\$ 247,151,530</b>
<b>COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>				
Non-cash collateral	\$ -	\$ 13,391,746	\$ -	\$ 13,391,746
Cash collateral (Valued at NAV as Practical Expedient)	-	-	-	1,046,935
<b>TOTAL COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>	<b>\$ -</b>	<b>\$ 13,391,746</b>	<b>\$ -</b>	<b>\$ 14,438,681</b>

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

The following table sets forth by level within the fair value hierarchy of investment assets as of December 31, 2024:

	Investments as of December 31, 2024			Total
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
<b>INVESTMENTS</b>				
<b>Equity:</b>				
Common stock	\$ 94,266,984	\$ 19,342	\$ 49,021	\$ 94,335,347
Preferred stock	126,649	-	3,584	130,233
<b>Equity Total</b>	<b>94,393,633</b>	<b>19,342</b>	<b>52,605</b>	<b>94,465,580</b>
<b>Fixed Income:</b>				
Corporate bonds	-	37,567,099	-	37,567,099
Government bonds	-	27,226,904	-	27,226,904
Mortgage backed securities	-	9,401,634	-	9,401,634
Government agencies	-	14,365,730	-	14,365,730
Institutional money market fund shares	-	16,853,906	-	16,853,906
Asset backed securities	-	508,601	-	508,601
Syndicated bank loans	-	313,019	-	313,019
<b>Fixed Income Total</b>	<b>-</b>	<b>106,236,892</b>	<b>-</b>	<b>106,236,892</b>
<b>Derivative Assets:</b>				
Swaps	-	53,615	-	53,615
<b>Derivative Liabilities:</b>				
Swaps	-	(5,972)	-	(5,972)
Swap collateral	(44,329)	-	-	(44,329)
<b>Derivatives Total</b>	<b>(44,329)</b>	<b>47,643</b>	<b>-</b>	<b>3,314</b>
<b>Investment Funds and Other:</b>				
Mutual funds	14,970,371	-	-	14,970,371
Exchange traded funds	13,953	-	-	13,953
Stapled securities	26,800	-	-	26,800
Escrow securities	13,223	-	-	13,223
<b>Investment Funds and Other Total</b>	<b>15,024,347</b>	<b>-</b>	<b>-</b>	<b>15,024,347</b>
<b>SUBTOTAL INVESTMENTS</b>	<b>109,373,651</b>	<b>106,303,877</b>	<b>52,605</b>	<b>215,730,133</b>
<b>TOTAL INVESTMENTS VALUED AT NAV AS A PRACTICAL EXPEDIENT</b>				<b>36,175,195</b>
<b>TOTAL INVESTMENTS</b>	<b>\$ 109,373,651</b>	<b>\$ 106,303,877</b>	<b>\$ 52,605</b>	<b>\$ 251,905,328</b>
<b>COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>				
Non-cash collateral	\$ -	\$ 5,238,370	\$ -	\$ 5,238,370
Cash collateral (Valued at NAV as Practical Expedient)	-	-	-	3,194,016
<b>TOTAL COLLATERAL PROVIDED BY SECURITIES BORROWERS</b>	<b>\$ -</b>	<b>\$ 5,238,370</b>	<b>\$ -</b>	<b>\$ 8,432,386</b>

**Equity Investments**

Common and preferred stocks consist primarily of direct investments in the common and preferred stocks of a wide range of unaffiliated companies, which include domestic and foreign corporations and holdings in large, midsize and small companies.

Equity securities listed on a recognized U.S. securities exchange or quoted on the NASDAQ National Market System are priced at closing price on the exchange or system in which such securities are principally traded. Securities not traded on the valuation date are priced at the most recent quoted bid price. Global securities' prices are based upon primary local market quotations. Depending upon local convention or regulation, the price may represent the last sale price or the mean between the last bid and ask price as at the close of the appropriate exchange or at other designated times as determined by the appropriate governing body.

## **PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS**

### **3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

#### **Fixed Income Investments**

Fixed income investments include corporate bonds, U.S. government notes and bonds, commercial asset-backed and mortgage-backed securities, U.S. government agency bonds, money market mutual funds and syndicated bank loans.

Fixed income investments are priced based on evaluated prices provided by independent pricing services. Such evaluated prices may be determined by factors which include, but are not limited to, market quotations, yields, maturities, call features, ratings, institutional size trading in similar groups of securities and developments related to specific securities. Syndicated bank loans are priced using a pricing vendor quote or broker quote.

#### **Derivative Financial Investments**

Derivatives consist of equity index swaps (EIS), equity futures and fixed income futures. Prices for Over the Counter (OTC) derivatives are obtained from vendor pricing or investment manager or counterparty pricing when vendor pricing is unavailable. Futures are priced using a daily settlement when available or a daily mark to market.

#### **Swaps**

Swaps are marked to market and unrealized appreciation or depreciation on derivatives contracts is recorded at each valuation date. An EIS contract is a derivative contract between two parties that involves the exchange of one stream of equity-based cash flows linked to the performance of a stock or an equity index with another stream of fixed-income cash flows. Counterparty risk exists with such contracts, as losses can occur if the counterparty does not perform in accordance with the contract.

The realized gain of the swap contracts was \$22,659 for the year ended December 31, 2025. The realized gain and unrealized loss of the swap contracts were \$67,904 and (\$16,118), respectively, for the year ended December 31, 2024. Gains and losses are recorded in the accompanying combined financial statements as a component of investment return, net. The market value of the swap contracts was \$0 and \$47,643 for the years ended December 31, 2025 and 2024, respectively, and is included in accrued expenses and other liabilities in the combined statements of financial position.

#### **Equity Futures**

Equity futures contracts are used by external investment managers to equitize cash when managing certain investments and can also be used by the investment team for asset rebalancing purposes. Such futures contracts trade on recognized exchanges and margin requirements are met by pledging cash and cash equivalents. The contracts are liquid instruments, usually with a 90-day settlement period, and their prices are observable daily on a nationally recognized exchange.

The maximum gross notional exchange-traded equity futures position open to equitize cash for 2025 and 2024 was \$440,288 and \$613,885, respectively. Futures contracts require daily cash settlement of the prior day's change in fair value. These settlements totaled a gain of \$32,424 and \$66,959 for the years ended December 31, 2025 and 2024, respectively. Gains and losses resulting from the daily cash settlements are recorded in the accompanying combined statements of activities as a component of investment return, net.

#### **Fixed Income Futures**

Fixed income futures contracts are a simple and cost-effective tool for better managing portfolio interest rate exposure without reducing portfolio yield or selling attractive and illiquid bonds. Purchasing Treasury futures would increase interest rate exposure (duration); conversely, selling Treasury futures would lower interest rate exposure.

The Pension Boards had two and six open fixed income futures positions as of December 31, 2025 and 2024, respectively. The maximum gross notional exchange-traded fixed income futures positions opened for 2025 and 2024 were \$11,431,332 and \$15,138,073, respectively. Futures contracts require daily cash settlement of the prior day's change in fair value.

## PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS

### 3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)

These settlements total a gain and loss of \$164,944 and (\$352,606) for the years ended December 31, 2025 and 2024, respectively. Gains and losses that result from the daily cash settlements are recorded in the accompanying combined statements of activities as a component of investment return, net.

#### Investments Measured at Net Asset Value

In accordance with ASC Topic No. 820, Fair Value Measurement, the Pension Boards uses the net asset value (NAV) reported by each fund as a practical expedient to estimate the fair value of certain of the Pension Boards' investments. The fair value of these investments is based upon the Pension Boards' share of the fair value of the partnership. Because of the inherent uncertainty of the valuations of these investments, the estimated fair values may differ, perhaps materially, from the values that would have been used had a ready market for the investments existed.

The following table sets forth additional disclosures whose fair value is estimated using NAV per share as a practical expedient as of December 31, 2025:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Small Cap Equity Fund	\$ 8,283,863	\$ -	Monthly	3 days
Emerging Market Equity Fund	8,626,741	-	Daily	5 days
Emerging Market Bond Fund	8,514,341	-	Daily	2 days
Hedge Funds	12,465,973	-	Monthly, subject to liquidity*	By the 25th of the month prior
	<u>\$ 37,890,918</u>	<u>\$ -</u>		

\*As of December 31, 2025, 95.4% of the 475 Fund's assets may be liquidated within 12 months or less; 99.4% of the 475 Fund's assets may be liquidated within 24 months or less; and 99.5% of the 475 Fund's assets may be liquidated within 36 months or less.

The following table sets forth additional disclosures whose fair value is estimated using NAV per share as a practical expedient as of December 31, 2024:

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Commingled Funds:				
Small Cap Equity Fund	\$ 7,465,220	\$ -	Daily	3 days
Emerging Market Equity Fund	6,235,733	-	Daily	None
Emerging Market Bond Fund	7,776,651	-	Daily	None
Other Equity:				
Global Equity Fund LP	83,233	-	Monthly	5 days
Hedge Funds	14,614,358	-	Subject to liquidity*	None
	<u>\$ 36,175,195</u>	<u>\$ -</u>		

\*As of December 31, 2024, 92.2% of the 475 Fund's assets may be liquidated within 12 months or less; 98.3% of the 475 Fund's assets may be liquidated within 24 months or less; and 99.4% of the 475 Fund's assets may be liquidated within 36 months or less.

#### Commingled Funds

Commingled Funds investment types include funds with strategies that focus on U.S. small cap and emerging markets.

The U.S. small cap equity fund invests in a broad and diverse group of readily marketable common stocks of U.S. small-cap companies. Securities of small-cap companies are often less liquid than those of large companies, which could make it difficult to sell shares of a small-cap stock at a desired time or price. As a result, small-cap stocks may have more price volatility. In general, smaller capitalization companies are also more vulnerable than larger companies to adverse business or economic developments and they may have more limited resources.

The emerging market equity fund invests in a broad and diverse group of securities associated with emerging markets, including frontier markets (emerging market countries in an earlier stage of development). Frontier market countries generally have smaller economies or less-developed capital

## **PENSION BOARDS – UNITED CHURCH OF CHRIST, INC. NOTES TO THE COMBINED FINANCIAL STATEMENTS**

### **3. INVESTMENTS AND FAIR VALUE MEASUREMENTS (continued)**

markets and, as a result, the risks of investing in emerging market countries are magnified in frontier market countries. Investments in emerging markets may be more likely to experience political turmoil or rapid changes in market or economic conditions than investments in markets in more developed countries.

The emerging market debt fund invests primarily in local currency and U.S. dollar-denominated emerging markets fixed income securities and derivative instruments that are economically tied to an emerging market or company. Performance of the emerging market debt funds is linked to those countries' currencies, markets, economies and ability to repay loans. Investing in emerging markets has special risks such as currency market volatility and political and social instability.

#### **Other Equity**

Other equity includes investments in mid and large-cap equity of publicly traded securities in developed markets. Investment may also include warrants, convertible securities, participation notes and global depository receipts.

#### **Hedge Funds**

Hedge Funds are interests in limited partnerships and private investment companies that use a variety of investment strategies and whose portfolios may comprise U.S. and non-U.S., publicly and non-publicly traded equity and debt securities, options, derivatives (futures) and commodities.

The 475 Fund, Ltd is an investment vehicle that was established to hold hedge fund investments and is managed on a discretionary basis by an external investment manager. The Pension Boards' agreement with the external investment manager remained in effect through December 31, 2025, and may be terminated by either party, with notice.

#### **Securities Lending Program**

The Pension Boards participates in a securities lending program with various brokers and dealers in securities through its custodian bank. It is the policy to hold, as collateral, cash, or short-term fixed income securities in amounts at least equal to or greater than the market value of the investments on loan until the loaned securities are returned. By the end of the business day on which securities are delivered to the borrower, collateral equal to 102% of the market value of a loaned U.S. security and/or 105% of a non-U.S. security, including any accrued interest, is obtained from the borrower for the benefit of the Pension Boards.

The cash collateral obtained is invested in the Northern Trust Institutional Liquid Asset Portfolio Fund and is measured at NAV per share as provided by Northern Trust. There are no known or anticipated redemptions, no unfunded commitments and no notice required redemptions, and no notice required to sell the shares/units at any given time. The fair value of the collateral was approximately \$13.4 million and \$5.2 million at December 31, 2025 and 2024, respectively. The fair value of the non-cash collateral under a securities lending program is based upon quoted market close prices for identical securities from the exchanges upon which they trade. For securities for which market prices are not readily available, fair values are determined by a pricing service based upon quoted market close prices for similar issues, dealer quotes or pricing models utilizing market observable inputs from comparable securities. The amortized cost of short-term financial instruments, including time deposits, repurchase agreements, commercial paper and other short-term investments approximates the fair value of these instruments.

The fair value of securities on loan was \$14,147,653 and \$8,432,386 at December 31, 2025 and 2024, respectively. Loaned securities in the program include equities and fixed income securities.

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**4. NET ASSETS**

Net assets without and with donor restrictions are comprised of the following:

December 31,	2025	2024
<b>Without donor restrictions:</b>		
Undesignated	\$ 3,508,360	\$ 560,614
Benefit Services Fund	141,242,636	136,969,166
Generations Financial Resources Inc. and Generations Investment Services Inc.	1,185,242	1,136,285
<b>Total without donor restrictions</b>	<b>145,936,238</b>	<b>138,666,065</b>
<b>With donor restrictions:</b>		
Operating Fund Endowment - purpose restrictions	3,342,620	6,696,431
Ministerial Assistance Fund - purpose and time restrictions	89,742,840	82,285,637
<b>Total with donor restrictions</b>	<b>93,085,460</b>	<b>88,982,068</b>
<b>Total</b>	<b>\$ 239,021,698</b>	<b>\$ 227,648,133</b>

During the years ended December 31, 2025 and 2024, \$6,304,271 and \$3,932,472, respectively, in net assets, were released from donor restrictions by incurring expenses satisfying purposes for the Ministerial Assistance Fund's grants and programs.

**5. ENDOWMENTS**

The Pension Boards' endowment funds include various funds with and without restrictions established for a variety of purposes and include both funds designated by the Board of Pension Boards' to function as endowments and traditional donor-restricted endowment funds. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Pension Boards to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

In accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA) for the states of New Jersey and Connecticut, the Pension Boards has interpreted the law that underlies the net asset classification of donor-restricted endowment funds as requiring the preservation of the fair value of the original gift. As a result of this interpretation, the Pension Boards classifies net assets maintained in perpetuity as: (1) the original value of gifts donated to the endowment held in perpetuity, (2) the original value of subsequent gifts to the endowment held in perpetuity and (3) accumulations to the endowment held in perpetuity made in accordance with the direction of the applicable donor gift instrument. Appreciation on donor-restricted endowment funds is classified in net assets with donor restrictions until those amounts are approved for distribution by the Board of Ministerial Assistance and the Pension Boards' Board of Trustees.

**Funds With Deficiencies**

From time to time, the fair value of assets associated with individual donor restricted funds may fall below the level that the donor originally contributed as a restricted fund to the Pension Boards. If the Pension Boards deems the decline to be temporary, it is not replenished from funds without donor restrictions. Continued expenditures from certain funds may be deemed prudent by the Pension Boards if recovery of the restricted fund balance through market appreciation is probable. There were no funds with deficiencies at December 31, 2025 and 2024.

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NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**5. ENDOWMENTS (continued)**

Endowment net assets at December 31, 2025, consist of the following:

	Without Donor Restriction	With Donor Restrictions		Total
		Purpose/ Time Restricted	Maintained in Perpetuity	
Donor-restricted	\$ -	\$ 10,580,869	\$ 5,887,880	\$ 16,468,749
Board-designated	2,093,951	-	-	2,093,951
<b>Total endowments</b>	<b>\$ 2,093,951</b>	<b>\$ 10,580,869</b>	<b>\$ 5,887,880</b>	<b>\$ 18,562,700</b>

Endowment net assets at December 31, 2024, consist of the following:

	Without Donor Restriction	With Donor Restrictions		Total
		Purpose/ Time Restricted	Maintained in Perpetuity	
Donor-restricted	\$ -	\$ 12,302,243	\$ 5,850,264	\$ 18,152,507
Board-designated	567,916	-	-	567,916
<b>Total endowments</b>	<b>\$ 567,916</b>	<b>\$ 12,302,243</b>	<b>\$ 5,850,264</b>	<b>\$ 18,720,423</b>

Changes in endowment funds consist of the following for the year ended December 31, 2025:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose/ Time Restricted	Maintained Restricted in Perpetuity	
Beginning balance	\$ 567,916	\$ 12,302,243	\$ 5,850,264	\$ 18,720,423
Contributions	-	-	37,616	37,616
Investment income	235,043	(1,721,374)	-	(1,486,331)
Other changes:				
Transfer to create board designated endowed funds	1,290,992	-	-	1,290,992
<b>Ending balance</b>	<b>\$ 2,093,951</b>	<b>\$ 10,580,869</b>	<b>\$ 5,887,880</b>	<b>\$ 18,562,700</b>

Changes in endowment funds consist of the following for the year ended December 31, 2024:

	Without Donor Restrictions	With Donor Restriction		Total
		Purpose/ Time Restricted	Maintained Restricted in Perpetuity	
Beginning balance	\$ 2,967,821	\$ 7,983,849	\$ 5,811,866	\$ 16,763,536
Contributions	-	-	38,398	38,398
Investment income	2,729,434	4,720,452	-	7,449,886
Appropriation	(5,129,339)	(402,058)	-	(5,531,397)
<b>Ending balance</b>	<b>\$ 567,916</b>	<b>\$ 12,302,243</b>	<b>\$ 5,850,264</b>	<b>\$ 18,720,423</b>

**6. LEASES**

The Pension Boards leases office space and office equipment from unrelated parties under operating lease agreements. Lease terms range from one year to 10 years. Equipment leases contain purchase options at fair market value. U.S. GAAP requires that scheduled rent increases resulting from the escalation of base rentals be recorded as a liability and amortized ratably to record rent expense on a straight-line basis over the term of the lease agreement. For the years ended December 31, 2025 and 2024, the Pension Boards recognized lease expense of \$864,288 and \$846,321, respectively. The amounts are included within Ministerial Assistance and Management and General expenses in the combined statements of activities.

The weighted-average remaining lease term (in years) and discount rate related to lease liabilities were:

<u>December 31,</u>	<u>2025</u>	<u>2024</u>
Weighted-average remaining lease term	3.6	4.6
Weighted-average discount rate	1.57%	1.57%

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**6. LEASES (continued)**

Sublease income of \$29,496 and \$28,917 was also recognized during the years ended December 31, 2025 and 2024, respectively, and is included within other revenue in the combined statements of activities.

Aggregate remaining maturities of lease liabilities as of December 31, 2025, are as follows:

	2026	\$	772,299
	2027		772,299
	2028		772,299
	2029		450,508
	2030		-
Total operating lease payments			2,767,405
Minus imputed interest			(78,115)
<b>Total operating lease liabilities</b>		<b>\$</b>	<b>2,689,290</b>

**7. INCOME TAXES**

The Pension Boards, Ministerial Assistance, GIS and GFR are exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). While exempt from federal income tax, the Pension Boards, Ministerial Assistance, GIS and GFR are subject to tax on income unrelated to their exempt purposes. To the extent certain investments in limited partnerships generate income, the Pension Boards is required to pay federal and state income taxes.

ASC Topic No. 740, Income Taxes, requires management to evaluate tax positions taken by the Pension Boards and to recognize a tax liability (or asset) if the Pension Boards has taken an uncertain position that more likely than not would not be sustained upon examination by the authorities. The definition of tax position includes an entity's status as a tax-exempt nonprofit entity. Management believes there are no material uncertain positions that require recognition in the accompanying combined financial statements.

**8. RETIREMENT PLANS**

**403(b) Plan:** The Pension Boards sponsors a 403(b) plan which includes a Pension Boards-funded retirement contribution based on employee contributions paired with a fixed contribution rate based on salary. The 403(b) plan covers all full-time employees, and contributions are 100% vested immediately. Retirement contribution expense to the 403(b) totaled \$1,779,914 and \$1,746,477 for the years ended December 31, 2025 and 2024, respectively, and is included in compensation, benefits and taxes in the accompanying combined statements of functional expenses.

**Deferred Compensation Plan:** The Pension Boards maintain a nonqualified compensation plan under Section 409A of the IRC. The Pension Board's contributions to the plan for the years ended December 31, 2025 and 2024 were \$59,376 and \$118,150, respectively. The deferred compensation obligation is adjusted annually to the fair market value of the plan's investments and is included on the combined statements of financial position. The fair market value of the plan's investments is also included in the combined statements of financial position.

**9. RELATED-PARTY TRANSACTIONS**

**United Church Funds, Inc:** During the years ended December 31, 2025 and 2024, the Pension Boards billed United Church Funds, Inc., an affiliated ministry of the UCC, \$1,279,179 and \$1,189,314, respectively, for investment management services and \$29,496 and \$28,917, respectively, for operating sublease rent. Amounts are included in investment return, net, and other revenue, respectively, in the accompanying combined statements of activities. Billing for services is calculated on the basis of an

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
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**9. RELATED-PARTY TRANSACTIONS (continued)**

agreed-upon formula. As of December 31, 2025 and 2024, \$342,616 and \$304,401, respectively, is included in receivable due from affiliate, in the accompanying combined statements of financial position.

**United Church of Christ Lifetime Retirement Income Plan:** The Pension Boards is the plan sponsor of The United Church of Christ Lifetime Retirement Income Plan. For the years ended December 31, 2025 and 2024, the plan was billed \$19,372,466 and \$20,062,407, respectively, for reimbursement of plan administration expenses to the Pension Boards. As of December 31, 2025, \$717,455 was due from the Plan and is included in receivable due from affiliate, in the accompanying combined statements of financial position. As of December 31, 2024, \$551,461 was due to the Plan and is included in payable due to affiliate in the accompanying combined statements of financial position.

**Generations United Federal Credit Union:** The Pension Boards is a sponsor of GUFUCU. Receivables due from GUFUCU consist of services provided or incurred expenses, primarily related to personnel, general and administrative charges. Billing for services is calculated on the basis of an agreed-upon formula. The total of such costs for 2025 and 2024 are \$664,867 and \$636,122, respectively. As of December 31, 2025 and 2024, amounts due to the Pension Boards of \$1,158,292 and \$645,299, respectively, are included in receivables due from affiliates in the accompanying combined statements of financial position. Management recorded an allowance for uncollectible GUFUCU receivables of \$1,158,292 and \$0 as of December 31, 2025 and 2024, respectively. Refer to Footnote 2 for CECL disclosure.

Members of the Pension Boards' Board of Trustees and staff serve on the management team, board and board committees of GUFUCU.

**10. AVAILABILITY AND LIQUIDITY**

The following reflects the Pension Boards' combined financial assets as of the combined statements of financial position dates, reduced by the amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statements of financial position dates. The Pension Boards manages its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, cash more than daily requirements is invested in short-term money market accounts.

<b>Financial assets at year end December 31,</b>	<b>2025</b>	<b>2024</b>
Cash	\$ 1,878,238	\$ 1,765,090
Total receivables	7,656,865	5,584,272
Investments	226,861,029	215,968,745
Investments held by Generations Investment Services	3,821,752	17,784,076
Investments held for endowment	16,468,749	18,152,507
<b>Total financial assets</b>	<b>256,686,633</b>	<b>259,254,690</b>
Less amounts not available to be used within one year		
Loans issued by Generations Financial Resources	(580,165)	(636,231)
Amounts unavailable to management without Board approval:	(2,093,951)	(567,916)
Net assets with donor restrictions	(93,085,460)	(88,982,068)
<b>Total amounts not available within one year</b>	<b>(95,759,576)</b>	<b>(90,186,215)</b>
<b>Financial assets available to meet general expenditures within one year</b>	<b>\$ 160,927,057</b>	<b>\$ 169,068,475</b>

**PENSION BOARDS – UNITED CHURCH OF CHRIST, INC.  
NOTES TO THE COMBINED FINANCIAL STATEMENTS**

**11. SUBSEQUENT EVENTS**

The Pension Boards has evaluated its combined financial statements for subsequent events through May 8, 2026, the date on which the combined financial statements were available to be issued. The Pension Boards is not aware of any subsequent events which would require recognition or disclosure in the combined financial statements.

The Pension Boards - United Church of Christ, Inc.

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