Board of Church Extension of Disciples of Christ, Inc.

Independent Auditor's Report and Financial Statements

December 31, 2025, 2024 and 2023

Board of Church Extension of Disciples of Christ, Inc.
Contents
December 31, 2025, 2024 and 2023

Forvis Mazars, LLP
820 Massachusetts Avenue, Suite 1370
Indianapolis, IN 46204
P 317.383.4000 | F 317.383.4200
forvismazars.us

Independent Auditor's Report

Board of Directors
Board of Church Extension of Disciples of Christ, Inc.
Indianapolis, Indiana

Opinion

We have audited the financial statements of Board of Church Extension of Christ, Inc. (DCEF), which comprise the statements of financial position as of December 31, 2025, 2024, and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of DCEF as of December 2025, 2024, and 2023 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of DCEF 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 DCEF's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of DCEF's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about DCEF's ability to continue as a going concern for a reasonable period of time.

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

Forvis Mazars, LLP

Indianapolis, Indiana
March 25, 2026

Board of Church Extension of Disciples of Christ, Inc.
Statements of Financial Position
December 31, 2025, 2024 and 2023

	2025	2024	2023
ASSETS			
Cash and cash equivalents	$ 29,373,679	$ 18,882,647	$ 7,222,325
Investments	21,169,127	19,395,403	19,438,285
Total Cash and Cash Equivalents and Investments	50,542,806	38,278,050	26,660,610
Investment in related party	667,874	760,795	1,250,000
Accrued interest receivable	1,141,375	1,039,356	914,194
Loans to churches and related organizations, net of allowance for credit losses of 2025 - $2,311,714; 2024 - $2,405,872; 2023 - $2,515,932	156,598,536	160,088,406	170,199,380
Sundry receivables and other assets	3,818,308	857,613	664,659
Other real estate owned	411,500	411,500	411,500
Property and equipment, net	163,951	204,973	278,924
Total Assets	$ 213,344,350	$ 201,640,693	$ 200,379,267
LIABILITIES			
Line of credit	$ -	$ -	$ 4,500,000
Investment notes and other obligations	169,956,988	165,954,114	159,632,553
Other liabilities	515,309	296,130	224,794
Total Liabilities	170,472,297	166,250,244	164,357,347
NET ASSETS			
Without donor restrictions	30,126,367	27,908,163	28,847,966
With donor restrictions	12,745,686	7,482,286	7,173,954
Total Net Assets	42,872,053	35,390,449	36,021,920
Total Liabilities and Net Assets	$ 213,344,350	$ 201,640,693	$ 200,379,267

Board of Church Extension of Disciples of Christ, Inc.
Statements of Activities
Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Change in net assets without donor restrictions:			
Operating			
Income			
Interest on loans	$ 10,700,398	$ 9,774,974	$ 8,386,046
Interest and dividends on investments	1,649,666	956,274	801,827
Fees, services, and other operating income	362,135	(145,508)	597,953
Net assets released from restrictions	32,270	285,587	125,139
Total Income	12,744,469	10,871,327	9,910,965
Expenses			
Lending services	8,687,317	8,923,096	6,427,501
Program services	938,401	896,909	1,070,685
General administration	1,337,338	1,400,346	1,643,583
Fundraising and development	1,005,164	1,166,979	727,937
Total Expenses	11,968,220	12,387,330	9,869,706
Income (Loss) From Operations	776,249	(1,516,003)	41,259
Other changes in net assets without donor restrictions:			
Bequests, annuities, and other gifts	109,554	243,861	282,476
Gains on investments	1,425,322	821,544	1,322,079
Loss on investment in related party	(92,921)	(489,205)	-
Other changes	-	-	(1,060,122)
Total Change in Net Assets Without Donor Restrictions	2,218,204	(939,803)	585,692
Change in Net Assets With Donor Restrictions:			
Gift and investment income	5,295,670	593,919	510,781
Net assets released from restrictions	(32,270)	(285,587)	(125,139)
Other changes	-	-	1,060,122
Total Change in Net Assets With Donor Restrictions	5,263,400	308,332	1,445,764
Total Change in Net Assets	7,481,604	(631,471)	2,031,456
Net Assets, Beginning of Year, as originally presented	35,390,449	36,021,920	34,297,277
Restatement for Adoption of New Standard	-	-	(306,813)
Net Assets, Beginning of Year, as restated	35,390,449	36,021,920	33,990,464
Net Assets, End of Year	$ 42,872,053	$ 35,390,449	$ 36,021,920

Board of Church Extension of Disciples of Christ, Inc.
Statement of Functional Expenses
Year Ended December 31, 2025

	2025				
	Lending Services	Program Services	General Administration	Fundraising and Development	Total
Expenses					
Interest on investment notes and other obligations	$ 6,241,698	$ -	$ -	$ -	$ 6,241,698
Salaries and employee benefits	1,691,365	616,068	836,140	630,309	3,773,882
Travel	78,861	28,194	123,974	69,712	300,741
Grant and sponsorship expenses	6,500	8,349	-	20,780	35,629
Insurance expense	30,205	11,002	14,933	11,257	67,397
Meeting and event expense	46,430	24,764	22,952	17,302	111,448
Office expense	345,293	125,773	170,702	128,681	770,449
Professional fees	221,598	80,715	109,549	82,581	494,443
Rent expense	119,525	43,536	59,088	44,542	266,691
Credit for loan losses	(94,158)	-	-	-	(94,158)
Total Expenses	$ 8,687,317	$ 938,401	$ 1,337,338	$ 1,005,164	$ 11,968,220

Board of Church Extension of Disciples of Christ, Inc.
Statement of Functional Expenses
Year Ended December 31, 2024

	2024				
	Lending Services	Program Services	General Administration	Fundraising and Development	Total
Expenses					
Interest on investment notes and other obligations	$ 6,213,899	$ -	$ -	$ -	$ 6,213,899
Salaries and employee benefits	1,505,354	536,876	872,013	715,162	3,629,405
Travel	82,172	36,982	56,857	74,975	250,986
Grant and sponsorship expenses	117,450	3,000	-	2,202	122,652
Insurance expense	28,152	10,040	16,308	13,375	67,875
Meeting and event expense	21,903	33,983	12,545	10,289	78,720
Office expense	360,393	128,532	211,502	171,215	871,642
Professional fees	271,743	108,697	173,131	128,078	681,649
Rent expense	108,790	38,799	57,990	51,683	257,262
Provision for loan losses	213,240	-	-	-	213,240
Total Expenses	$ 8,923,096	$ 896,909	$ 1,400,346	$ 1,166,979	$ 12,387,330

Board of Church Extension of Disciples of Christ, Inc.
Statement of Functional Expenses
Year Ended December 31, 2023

	2023				
	Lending Services	Program Services	General Administration	Fundraising and Development	Total
Expenses					
Interest on investment notes and other obligations	$ 3,949,426	$ -	$ -	$ -	$ 3,949,426
Salaries and employee benefits	1,414,886	611,473	1,171,652	352,236	3,550,247
Travel	114,297	34,608	41,452	44,650	235,007
Grant and sponsorship expenses	-	75,122	-	2,500	77,622
Insurance expense	25,441	10,494	16,219	11,449	63,603
Meeting and event expense	51,183	23,121	32,613	23,046	129,963
Office expense	362,101	112,286	263,425	212,386	950,198
Professional fees	222,623	169,691	65,847	44,699	502,860
Rent expense	82,157	33,890	52,375	36,971	205,393
Provision for loan losses	205,387	-	-	-	205,387
Total Expenses	$ 6,427,501	$ 1,070,685	$ 1,643,583	$ 727,937	$ 9,869,706

Board of Church Extension of Disciples of Christ, Inc.
Statements of Cash Flows
Years Ended December 31, 2025, 2024 and 2023

	2025	2024	2023
Operating Activities			
Change in total net assets	$ 7,481,604	$ (631,471)	$ 2,031,456
Adjustments to reconcile change in total net assets to net cash provided by (used in) operating activities			
Provision for (recovery of) credit losses	(94,158)	213,240	205,387
Depreciation and amortization	63,635	73,951	152,541
Net gains on investments	(1,425,322)	(821,544)	(1,322,079)
Net loss on investment in related party	92,921	489,205	-
Contributions restricted for long-term investment	(4,683,988)	(730,922)	(327,410)
Changes in operating assets and liabilities:			
Accrued interest receivable	(102,019)	(125,162)	(39,827)
Sundry receivable and other assets	(2,960,695)	(192,954)	(229,313)
Other liabilities	219,179	71,336	(202,436)
Net Cash Provided by (Used in) Operating Activities	(1,408,843)	(1,654,321)	268,319
Investing Activities			
Proceeds from sale of investments	1,449,686	3,189,348	6,805,250
Purchases of investments	(1,798,088)	(2,324,922)	(369,517)
Principal collected on loans	26,596,140	26,194,685	21,842,563
Loan funds advanced	(23,012,112)	(16,296,951)	(46,215,785)
Purchase of property and equipment	(22,613)	-	(102,194)
Net Cash Provided by (Used in) Investing Activities	3,213,013	10,762,160	(18,039,683)
Financing Activities			
Borrowings on line of credit	-	-	11,000,000
Repayments of line of credit	-	(4,500,000)	(6,500,000)
Sales of investment notes	67,579,791	53,040,316	62,271,808
Redemptions of investment notes	(63,576,917)	(46,718,755)	(57,423,846)
Contributions restricted for long-term investment	4,683,988	730,922	327,410
Net Cash Provided by Financing Activities	8,686,862	2,552,483	9,675,372
Increase (Decrease) in Cash and Cash Equivalents	10,491,032	11,660,322	(8,095,992)
Cash and Cash Equivalents, Beginning of Year	18,882,647	7,222,325	15,318,317
Cash and Cash Equivalents, End of Year	$ 29,373,679	$ 18,882,647	$ 7,222,325
Supplemental Cash Flows Information			
Interest paid	$ 1,115,020	$ 1,168,393	$ 951,404

Note 1. Significant Accounting Policies

Business

Board of Church Extension of Disciples of Christ, Inc. is a not-for-profit corporation affiliated through its common religious purposes with the Christian Church (Disciples of Christ). Effective January 1, 2012, Board of Church Extension of Disciples of Christ, Inc. changed its “doing business as” name from Church Extension to Disciples Church Extension Fund (DCEF).

DCEF’s primary means of obtaining the funds necessary to conduct its operations is through the receipt of proceeds from the sale of its investment obligations, primarily in the form of term and demand notes. DCEF believes that nearly all funds raised by issuance of its investment obligations are from individuals related to and units of the Christian Church (Disciples of Christ).

Cash Equivalents

DCEF considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Investments

Investments are carried at fair value. Investments for which quoted market prices are not available are valued by the investment manager of the fund based on fair value of the underlying assets. Realized and unrealized gains and losses on investments are calculated based on the cost of the specific investment.

Related Party Investments

Related party investments consist of a related party investment in DDI NGI, LLC, which is accounted for under the equity method of accounting at cost with an adjustment for DCEF’s pro-rata share of gains and losses. DCEF has an ownership percentage of approximately 21%.

DisciplesData, Inc. (DDI) was originally formed as an initiative of the Disciples of Christ Church to provide data processing services to churches, church-related organizations and other organizations with charitable purposes. A member of DCEF management serves on the board of directors of DDI. DDI NGI, LLC was formed to allow certain nonprofit, tax exempt organizations to invest in the funding of the development and completion of loan and investment data processing software by DDI. The financial position and results of operations of DDI NGI, LLC is summarized below:

	2025	2024	2023
Total assets	$ 3,469,627	$ 3,903,657	$ 4,319,730
Total liabilities	-	-	-
Total members' equity	3,469,627	3,903,657	4,319,730
Total revenue	189,727	189,671	187,188
Total expenses	623,757	623,647	607,102
Net loss	(434,030)	(433,976)	(419,913)

Loans

Loans that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balances adjusted for unearned income, charge-offs, the allowance for credit losses, and any unamortized deferred fees or costs on originated loans.

For loans amortized at cost, interest income is accrued based on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, as well as premiums and discounts, are deferred and amortized as a level yield adjustment over the respective term of the loan.

The accrual of interest on loans is discontinued when there is a clear indication that the borrower's cash flow may not be sufficient to meet payments as they become due. Such loans are placed on nonaccrual status when the principal or interest is past due 150 days or more, unless the borrower is making at least interest only payments or the loan is fully collateralized and is in the process of collection.

When a loan is placed on nonaccrual status, all previously accrued and unpaid interest is charged against interest income and the loan is accounted for on the cost recovery method thereafter, until qualifying for return to accrual status.

Generally, a loan is returned to accrual status when all delinquent interest and principal payments become current in accordance with the terms of the loan agreement or when the loan is both well secured and in the process of collection. Past-due status is based on contractual terms of the loan.

Allowance for Credit Losses - Loans

The allowance for credit losses is established as losses are expected to have occurred through a provision for credit losses charged to income. Credit losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. Based upon the nature of DCEF's relationship with its borrowers and its desire to work with a borrower to meet its obligations without foreclosure, historical loan losses have been minimal. DCEF excludes accrued interest receivable on loans from the estimate of credit losses.

The allowance for credit losses is evaluated on a regular basis. The allowance for credit losses is a material estimate that is susceptible to significant change.

Groups of loans with similar risk characteristics are collectively evaluated. Loans that do not share risk characteristics are evaluated on an individual basis. Loans with similar risk characteristics are grouped into homogenous segments, or pools for analysis.

A loss rate method is used for each loan in a pool, and the results are aggregated at the pool level. The analysis produces expected losses for each instrument in the pool by pairing loan-level term information, e.g. maturity date, payment amount, interest rate, etc. with top-down pool assumptions, e.g. default rates and prepayment speeds. DCEF has identified the following portfolio segments: secured loans, unsecured loans and loan participations.

In determining the proper level of the allowance for credit loss, DCEF determined that the loss experience provides the best basis for assessment of expected credit losses. DCEF therefore used historical credit loss experience by each loan segment over an economic cycle. For most of the segment models for collectively evaluated loans, DCEF incorporated two or more macroeconomic drivers using a statistical regression modeling methodology.

DCEF qualitatively adjusts model results for risk factors that are not considered within the modeling processes but are nonetheless relevant in assessing the expected credit losses within the loan pools. These qualitative factors and other qualitative adjustments may increase or decrease DCEF's estimate of expected credit losses by a calculated percentage or amount based upon the estimated level of risk.

The various risks that may be considered in making qualitative adjustments include, among other things, the impact of:

(i) Changes in lending policies and procedures, including changes in underwriting standards and practices for collections, write-offs, and recoveries

(ii) Actual and expected changes in international, national, regional, and local economic and business conditions and developments that affect the collectability of the loan pools

(iii) Changes in the nature and volume of the loan pools and in the terms of the underlying loans

(iv) Change in the experience, ability, and depth of our lending management and staff

(v) Changes in volume and severity of past due financial assets, the volume of non-accrual assets, and the volume and severity of adversely classified or graded assets

(vi) Changes in the quality of our credit review function

(vii) Changes in the value of the underlying collateral for loans that are non-collateral dependent

(viii) The existence, growth, and effect of any concentrations of credit

(ix) Other factors such as the regulatory, legal and technological environments; competition; and events such as natural disasters or health pandemics

For those loans that are individually evaluated, an allowance is established when the collateral value of the loan is lower than the carrying value of that loan. The general component covers nonclassified loans and is estimated using relevant available information from internal and external sources, related to past events, current conditions and reasonable and supportable forecasts. Historical credit loss experience provides the basis for the estimation of expected credit losses. Adjustments to historical loss information are made for differences in current loan-specific risk characteristics and are applied as a qualitative factor.

A loan is individually evaluated for allowance for credit loss when it does not share similar risk characteristics with the collectively evaluated pools. Factors considered by management in determining impairment include payment status, collateral value and the probability of collecting scheduled principal and interest payments when due.

Other Real Estate Owned

DCEF obtains properties that are pledged as collateral under a loan by deed in lieu of foreclosure. These properties are classified as other real estate owned and are initially recorded at fair value, less cost to sell at the date of foreclosure, establishing a new cost basis. Subsequent to foreclosure, valuations are periodically performed by management and the assets are carried at the lower of carrying amount or fair value, less cost to sell.

Property and Equipment

Property and equipment are recorded on the basis of cost. Depreciation and amortization are computed by the straight-line method over the respective useful lives ranging from three to ten years. DCEF identifies and records impairment losses on long-lived assets whenever events or changes in circumstances indicate the carrying amount of such assets may not be recoverable. Recoverability of these assets is determined by comparing the forecasted undiscounted cash flows attributable to such assets to their carrying value. If the carrying value of the assets exceeds the forecasted undiscounted cash flows, then the assets are written down to their fair value. Fair value is determined based on discounted cash flows or appraised values depending upon the nature of the assets.

Gift Income

Gifts qualifying as unconditional promises to give are recognized as assets and gift income when granted. DCEF reports gifts of cash or other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

DCEF has been designated as the beneficiary of certain charitable gift annuities and remainder trusts. At the time the gift is made, DCEF recognizes the net present value of the portion of the gift due to DCEF at the time of the donor's death. Such calculations utilize actuarial assumptions as to the expected life of the donor as well as the current interest rate. The net present value of the gift is included in sundry receivables and other assets in the statements of financial position and as gift income with donor restrictions within the statements of activities when received. Changes in the fair values of the underlying annuity investments are recognized as gift and investment income with donor restrictions within the statements of activities as they occur.

Net Assets

Net assets are allocated to and accounted for in individual categories based upon the purposes for which they are intended. Net assets without donor restrictions have no donor-imposed restrictions placed upon them. However, DCEF has designated certain net assets without donor restrictions as board-designated endowment funds and for other specific purposes (Note 8). Net assets with donor restrictions include net assets whose use by DCEF is limited by donor-imposed stipulations that either expire by passage of time or can be met and removed by actions of DCEF pursuant to those stipulations, and net assets whose use is limited by donor-imposed restrictions, which stipulate that resources be maintained perpetually but permits DCEF to expend part or all of the income, or other economic benefits, derived from the donated assets.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to DCEF's ongoing lending, investing, and building and capital planning services. Nonoperating activities are limited to resources that generate return from investments, gifts, and other activities.

Income Taxes

DCEF is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code, except for income taxes on unrelated business income. As a religious organization, DCEF is not required to file annual Federal or State information returns. Because of this, all tax years remain open and subject to examination.

Functional Expenses

The costs of providing lending and other services have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among services benefited. Such allocations are determined by management on an equitable basis. The method of allocation for these expenses was to evaluate the time and effort spent on each.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and of contingent assets and liabilities as of the date of the financial statements and the reported amounts of income and expenditures during the reporting period. Actual results could differ from those estimates.

Revision

Certain immaterial revisions have been made to the 2024 and 2023 financial statements to update the presentation of contributions restricted for long-term investment as a financing activity in the statement of cash flows. These revisions did not have a significant impact on the financial statement line items impacted.

Note 2. Investments

The fair value of investments at December 31, 2025, 2024 and 2023 are summarized as follows:

	2025	2024	2023
Equities - common stocks	$ 96,415	$ 95,105	$ 91,274
Fixed income			
Corporate bonds	759,694	1,090,826	1,858,182
Government obligations	1,237,022	936,643	1,524,172
Other fixed income	4,725,670	4,524,653	4,426,394
Total fixed income	6,722,386	6,552,122	7,808,748
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc.			
Common Balanced Fund	8,271,685	7,213,383	6,532,025
Beasley Growth Fund	6,078,641	5,534,793	5,006,238
Total investments	$ 21,169,127	$ 19,395,403	$ 19,438,285

Net (loss) gain on investments for the years ended December 31, 2025, 2024 and 2023 consist of the following:

	2025	2024	2023
Realized gain (loss) on investments	$ 4,607	$ (3,647)	$ 329,480
Unrealized gain	1,420,715	825,191	992,599
Total gains on investments	1,425,322	821,544	1,322,079
Interest and dividends on investments	1,649,666	956,274	801,827
Total investment return	$ 3,074,988	$ 1,777,818	$ 2,123,906

DCEF's policy is to include interest and dividends earned on investments in its income from operations.

The Common Balanced Fund seeks to produce total return above the annually-defined income rate plus inflation with only moderate volatility by investing primarily in both growth and value style equity stocks and domestic and global bonds. Withdrawals may be made at each month end and require at least 10-days prior written notice.

The Beasley Growth Fund - Joint Investment Trust of the Christian Church Foundation, Inc. (Beasley Growth Fund) seeks long-term capital growth by investing primarily in common stocks and domestic and global bonds. Withdrawals may be made at each month end and require at least 10-days prior written notice.

The Common Balanced Fund and Beasley Growth Fund's asset mix at December 31, 2025, 2024 and 2023 is as follows:

	2025		2024		2023	
	Common Balanced Fund	**Beasley Growth Fund**	**Common Balanced Fund**	**Beasley Growth Fund**	**Common Balanced Fund**	**Beasley Growth Fund**
Domestic equities	44%	55%	43%	55%	44%	56%
International equities	10%	21%	10%	20%	10%	21%
Domestic fixed income	31%	24%	32%	25%	31%	23%
Real assets	15%	0%	15%	0%	15%	0%

Note 3. Fair Value of Financial Instruments

Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC Topic 820) defines fair value, establishes a consistent framework for measuring fair value in U.S. GAAP, and expands disclosures about fair value measurements. ASC Topic 820 requires, among other things, DCEF's valuation techniques used to measure fair value to maximize the use of observable inputs and minimize the use of unobservable inputs.

ASC Topic 820 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect DCEF's market assumptions.

In accordance with ASC Topic 820, the three levels within the fair value hierarchy are described as follows:

Level 1 Quoted prices for identical instruments in active markets.

Level 2 Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs and significant value drivers are observable in active markets.

Level 3 Model-derived valuations in which one or more significant inputs or significant drivers are unobservable. This hierarchy requires the use of observable market data when available.

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2025 is as follows:

	2025 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 96,415	$ -	$ -	$ 96,415
Fixed income				
Corporate bonds	-	759,694	-	759,694
Government obligations	-	1,237,022	-	1,237,022
Other	-	4,725,670	-	4,725,670
Total assets	$ 96,415	$ 6,722,386	$ -	6,818,801
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc.*				
Common Balanced Fund				8,271,685
Beasley Growth Fund				6,078,641
Total				$ 21,169,127

* Measured at Net Asset Value (NAV)

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2024 is as follows:

	2024 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total
Common stocks	$ 95,105	$ -	$ -	$ 95,105
Fixed income				
Corporate bonds	-	1,090,826	-	1,090,826
Government obligations	-	936,643	-	936,643
Other	-	4,524,653	-	4,524,653
Total assets	$ 95,105	$ 6,552,122	$ -	6,647,227
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc.*				
Common Balanced Fund				7,213,383
Beasley Growth Fund				5,534,793
Total investments				$ 19,395,403

* Measured at Net Asset Value (NAV)

The hierarchy level for each of DCEF's assets that are measured at fair value on a recurring basis as of December 31, 2023 is as follows:

	2023 Fair Value Measurements Using			
	Level 1	**Level 2**	**Level 3**	**Total**
Common stocks	$ 91,274	$ -	$ -	$ 91,274
Fixed income				
Corporate bonds	-	1,858,182	-	1,858,182
Government obligations		1,524,172		1,524,172
Other	-	4,426,394	-	4,426,394
Total assets	$ 91,274	$ 7,808,748	$ -	7,900,022
Investments in the Joint Investment Trust of the Christian Church Foundation, Inc.*				
Common balanced fund				6,532,025
Beasley growth fund				5,006,238
Total				$ 19,438,285

* Measured at Net Asset Value (NAV)

Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts included above are intended to permit reconciliation of the fair value hierarchy to the amount presented in the statements of financial position.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended December 31, 2025.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. DCEF currently does not have any Level 3 assets measured at fair value on a recurring basis.

Nonrecurring Measurements

Loans to churches and related organizations are measured at fair value on a nonrecurring basis, such as when there is an impairment. Loans to churches and related organizations measured at fair value on a nonrecurring basis for the years ended December 31, 2025, 2024 and 2023 are as follows:

		Fair Value Measurements Using		
	Fair Value	Level 1	Level 2	Level 3
December 31, 2025				
Loans to churches and related organizations	$ 2,734,223	$ -	$ -	$ 2,734,223
December 31, 2024				
Loans to churches and related organizations	$ 4,275,350	$ -	$ -	$ 4,275,350
December 31, 2023				
Loans to churches and related organizations	$ 4,268,402	$ -	$ -	$ 4,268,402

The following tables present quantitative information about unobservable inputs used in nonrecurring Level 3 fair value measurements at December 31, 2025, 2024 and 2023:

	Fair Value at December 31, 2025	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 2,734,223	Market comparable	Discount to reflect realizable value	0% - 61%

	Fair Value at December 31, 2024	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 4,275,350	Market comparable	Discount to reflect realizable value	0% - 20%

	Fair Value at December 31, 2023	Valuation Technique	Unobservable Inputs	Range
Loans to churches and related organizations	$ 4,268,402	Market comparable	Discount to reflect realizable value	0% - 20%

Note 4. Property and Equipment, Net

Property and equipment at December 31, 2025, 2024 and 2023 consist of the following:

	2025	2024	2023
Leasehold improvements	$ 295,857	$ 295,857	$ 295,857
Furniture and equipment	331,796	327,792	327,792
Computer software	350,368	331,759	328,084
	978,021	955,408	951,733
Less accumulated depreciation and amortization	(814,070)	(750,435)	(672,809)
Property and equipment, net	$ 163,951	$ 204,973	$ 278,924

Note 5. Loans to Churches and Related Organizations

Loans receivable at December 31, 2025, 2024 and 2023 consist of the following:

	2025	2024	2023
Mortgage loans			
Interest-bearing	$ 111,406,971	$ 115,876,560	$ 130,748,751
Noninterest-bearing	256,874	208,404	234,012
Participation loans	37,139,781	34,117,980	30,160,409
	148,803,626	150,202,944	161,143,172
Unsecured loans	10,866,551	12,958,169	11,572,140
Loans to churches and related organizations	159,670,177	163,161,113	172,715,312
Less net deferred loan fees	(759,927)	(666,835)	-
Less allowance for credit losses	(2,311,714)	(2,405,872)	(2,515,932)
Loans to churches and related organizations, net	$ 156,598,536	$ 160,088,406	$ 170,199,380

The following tables present the balance in the allowance for credit losses based on portfolio segment as of December 31, 2025, 2024 and 2023:

	2025			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Allowance for Credit Losses:				
Beginning balance	$ 1,660,551	$ 608,256	$ 137,065	$ 2,405,872
Recovery of credit losses	(207,324)	168,730	(55,564)	(94,158)
Ending balance	$ 1,453,227	$ 776,986	$ 81,501	$ 2,311,714

	2024			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Allowance for Credit Losses:				
Beginning balance	$ 2,168,003	$ 199,662	$ 148,267	$ 2,515,932
Remove allowance for loans charged off	(323,300)	-	-	(323,300)
Provision charged to expense	(184,152)	408,594	(11,202)	213,240
Ending balance	$ 1,660,551	$ 608,256	$ 137,065	$ 2,405,872

	2023			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Allowance for Credit Losses:				
Beginning balance	$ 1,954,061	$ 14,621	$ 35,050	$ 2,003,732
Impact of adoption of ASC 326	131,552	144,938	30,323	306,813
Beginning balance, as adjusted	2,085,613	159,559	65,373	2,310,545
Provision charged to expense	82,390	40,103	82,894	205,387
Ending balance	$ 2,168,003	$ 199,662	$ 148,267	$ 2,515,932

Risk characteristics applicable to each segment of the loan portfolio are described as follows:

Mortgage Loans: Mortgage loans are generally secured by the assets of the church. Repayment of these loans is primarily dependent on the income and credit rating of the borrowers. Credit risk in these loans can be impacted by economic conditions within DCEF's market areas that might impact either property values or a borrower's income. Risk is mitigated by the fact that the loans are spread over a large number of borrowers.

Unsecured Loans: Repayment of these loans is primarily dependent on the income and credit rating of the borrowers. Credit risk in these loans can be impacted by the economic conditions within DCEF's market areas that might impact a borrower's income. One unsecured loan totaling approximately 92% of total unsecured loans is for pre-development costs related to a Disciple of Christ congregation's large-scale development project. Repayment of this loan is primarily dependent upon the developer's ability to secure a construction loan, the proceeds of which will be used to pay-off the unsecured loan with DCEF. The maturity date of this loan is July 1, 2027.

Participation Loans: Participation loans represent higher credit risk than wholly-owned loans because DCEF does not maintain full control over the disposition and direction of actions regarding the management and collection of the loans. The lead lender directs most servicing and collection activities and major actions must be coordinated and negotiated with the other participants, whose best interests regarding the loan may not align with those of DCEF.

Credit Risk Profile

DCEF considers repayment performance as the best indicator of credit quality for its loans. This analysis reviews DCEF's portfolio of loans at the borrower level, rather than the individual loan level. Loans that have principal and interest payments that are past due 150 days or more, are classified as nonperforming unless the borrower is making at least interest only payments or the loan is fully collateralized and is in the process of collection. Loans that have been modified to borrowers experiencing financial difficulty are classified as nonperforming unless such loans have a sustained repayment performance of six months or greater and are reasonably assured of repayment in accordance with the restructured terms.

The following tables summarize the credit risk profile of DCEF's loan portfolio based on internal rating category and payment activity as of December 31, 2025, 2024 and 2023:

	2025			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Performing	$ 109,853,734	$ 10,866,551	$ 37,139,781	$ 157,860,066
Nonperforming (nonaccrual)	1,810,111	-	-	1,810,111
Ending Balance	$ 111,663,845	$ 10,866,551	$ 37,139,781	$ 159,670,177

	2024			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Performing	$ 114,274,853	$ 12,958,169	$ 34,117,980	$ 161,351,002
Nonperforming (nonaccrual)	1,810,111	-	-	1,810,111
Ending Balance	$ 116,084,964	$ 12,958,169	$ 34,117,980	$ 163,161,113

	2023			
	Mortgage Loans	Unsecured Loans	Participation Loans	Total
Performing	$ 127,317,924	$ 11,572,140	$ 30,160,409	$ 169,050,473
Nonperforming (nonaccrual)	3,664,839	-	-	3,664,839
Ending Balance	$ 130,982,763	$ 11,572,140	$ 30,160,409	$ 172,715,312

For the years ended December 31, 2025, 2024 and 2023, $1,810,111; $1,810,111 and $2,528,594 of nonperforming (nonaccrual) mortgage loans did not have an allowance for credit loss.

During 2025, there were two mortgage loans that were both experiencing financial difficulty and modified during the year. The loans were with the same borrower and had principal balances of $897,389 when modified. The modification was to refinance the loans into one loan and extend the maturity date to 2030. During 2024 and 2023, there were no loans that were both experiencing financial difficulty and modified during the year. None of the loans modified subsequently defaulted.

Aging Analysis of Loans

The following table summarizes DCEF's loans by age as of December 31, 2025:

	2025			
	Mortgage Loans	Unsecured Loans	Loan Participations	Total
Current	$ 102,087,517	$ 10,829,736	$ 37,139,781	$ 150,057,034
1-30 days past due	4,604,636	10,912	-	4,615,548
31-60 days past due	906,287	-	-	906,287
61-90 days past due	170,360	25,903	-	196,263
91-120 days past due	-	-	-	-
121-150 days past due	-	-	-	-
151+ days past due	3,895,045	-	-	3,895,045
Total loans	$ 111,663,845	$ 10,866,551	$ 37,139,781	$ 159,670,177

The following table summarizes DCEF's loans by age as of December 31, 2024:

	2024			
	Mortgage Loans	Unsecured Loans	Loan Participations	Total
Current	$ 96,985,826	$ 10,434,700	$ 34,117,980	$ 141,538,506
1-30 days past due	6,676,289	2,450,000	-	9,126,289
31-60 days past due	5,116,279	-	-	5,116,279
61-90 days past due	755,533	73,469	-	829,002
91-120 days past due	391,673	-	-	391,673
121-150 days past due	-	-	-	-
151+ days past due	6,159,364	-	-	6,159,364
Total loans	$ 116,084,964	$ 12,958,169	$ 34,117,980	$ 163,161,113

The following table summarizes DCEF's loans by age as of December 31, 2023:

	2023			
	Mortgage Loans	Unsecured Loans	Loan Participations	Total
Current	$ 116,218,626	$ 2,702,391	$ 30,160,409	$ 149,081,426
1-30 days past due	7,975,088	8,869,749	-	16,844,837
31-60 days past due	2,445,305	-	-	2,445,305
61-90 days past due	7,429	-	-	7,429
91-120 days past due	523,397	-	-	523,397
121-150 days past due	-	-	-	-
151+ days past due	3,812,918	-	-	3,812,918
Total loans	$ 130,982,763	$ 11,572,140	$ 30,160,409	$ 172,715,312

At December 31, 2025, DCEF had loan and line commitments outstanding of $19,298,533.

Note 6. Investment Notes and Other Obligations

Investment notes and other obligations as of December 31, 2025, 2024 and 2023, consist of the following:

	2025	2024	2023
Demand and term notes (interest at 0.25%-6% at 2025, 2024, and 2023)	$ 154,973,459	$ 159,290,566	$ 152,483,626
Investment notes relating to loans (one to six year maturity, interest at 0.25%-6% at 2025, 2024, and 2023)	14,983,529	6,663,548	7,148,927
	$ 169,956,988	$ 165,954,114	$ 159,632,553

Maturities of investment notes and other obligations as of December 31, 2025, are as follows:

Years Ending December 31	
2026	$ 84,527,355
2027	38,537,621
2028	29,475,487
2029	8,467,702
2030	8,862,744
Thereafter	86,079
	$ 169,956,988

Over the past five years, reinvestment of DCEF's investment notes has averaged 69.3% per year. Of the $84,527,355 due in 2026, $78,206,714 are term notes and $6,320,641 are demand notes.

Interest compounded on investment notes was $4,699,271; $4,776,600 and $2,822,593 during 2025, 2024 and 2023, respectively. DCEF's effective interest rate at December 31, was 2.89%, 3.02% and 3.04% for 2025, 2024 and 2023, respectively.

DCEF is dedicated to following guidelines established by the North American Securities Administrators Association (NASAA) in the statement of policy regarding DCEF fund securities related to the general offering of the notes to investors. The statement of policy provides financial guidelines to states related to the selling of these notes. The guidelines suggest the maintaining of a liquidity ratio (cash and equivalents, investments, and unused portions of lines of credit to outstanding investment notes) of at least 8% (with lines of credit not exceeding 2%), a capital adequacy ratio (unrestricted net assets to total assets) of at least 5%, and a limit of senior secured debt to a maximum of 10% of total assets. As of December 31, 2025, management of DCEF is not aware of any noncompliance.

Note 7. Line of Credit

DCEF has available an unsecured line of credit with Regions Bank in the amount of $15,000,000 whereby interest only is paid each month. There was $0, $0, and $4,500,000 of borrowings on this line of credit at December 31, 2025, 2024 and 2023, respectively. Borrowings bear interest at a floating rate equal to the Secured Overnight Financing Rate (SOFR) plus 250 basis points, which was 6.37% at December 31, 2025, 6.99% at December 31, 2024 and 7.8% at December 31, 2023. The line expires on June 30, 2026.

Note 8. Net Assets

Net assets without donor restrictions as of December 31, 2025, 2024 and 2023, are available for the following purposes:

	2025	2024	2023
Interest-free loan funds	$ 3,815,180	$ 3,814,557	$ 3,814,007
Accessibility low-interest loan funds	863,931	862,490	860,980
Memorial, named, and other board-designated loan funds	12,948,622	12,824,444	12,782,159
Board-designated - new churches	544,884	440,488	380,551
Board-designated - disaster response	170,308	135,057	115,709
Board-designated - ministry planning services	906,201	744,951	655,005
New Church Ministry	3,608,356	3,603,906	3,598,637
General	7,268,885	5,482,270	6,640,918
Total	$ 30,126,367	$ 27,908,163	$ 28,847,966

Net assets with donor restrictions as of December 31, 2025, 2024 and 2023, are available for the following purposes:

	2025	2024	2023
Subject to expenditure for specified purposes			
Benefit of Churches, Regions or other Charitable purposes	$ 879,843	$ 762,137	$ 843,333
Endowments			
Amounts to be held in perpetuity and accumulated earnings, income restricted by donors for the following purposes:			
Benefit of Churches, Regions or other Charitable purposes	7,878,116	3,194,127	3,136,865
New Church Ministry	2,224,833	2,061,533	1,962,216
New churches	1,048,022	1,023,266	1,005,808
Disaster response	113,508	63,929	20,866
Ministry planning services	601,364	377,294	204,866
Total endowments	11,865,843	6,720,149	6,330,621
	$ 12,745,686	$ 7,482,286	$ 7,173,954

Note 9. Endowment

DCEF's endowment consists of approximately 30 individual funds established for a variety of purposes. DCEF's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors (Board) to function as endowments. Endowment assets include those assets of donor-restricted endowment funds DCEF must hold in perpetuity or for donor-specified periods. As required by U.S. GAAP, net assets associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board has interpreted the adopted State of Indiana's "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, DCEF classifies endowment net assets with donor restrictions, (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Also included in endowment net assets with donor restrictions are those amounts yet to be appropriated for expenditure by DCEF in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Board considers the following factors in making a determination to appropriate or accumulate endowment funds:

a. The duration and preservation of the fund
b. The purposes of DCEF and the donor restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and appreciation of investments
f. Other resources of DCEF
g. The investment policies of DCEF

Endowment net asset composition by type as of December 31, 2025 is as follows:

	2025		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 9,923,529	$ 9,923,529
Term endowments	-	1,942,314	1,942,314
Board-designated endowment funds	6,572,042	-	6,572,042
Total endowment funds	$ 6,572,042	$ 11,865,843	$ 18,437,885

Endowment net asset composition by type as of December 31, 2024 is as follows:

	2024		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 4,777,835	$ 4,777,835
Term endowments	-	1,942,314	1,942,314
Board-designated endowment funds	6,139,901	-	6,139,901
Total endowment funds	$ 6,139,901	$ 6,720,149	$ 12,860,050

Endowment net asset composition by type as of December 31, 2023 is as follows:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Donor-restricted endowment funds	$ -	$ 4,330,122	$ 4,330,122
Term endowments	-	2,000,499	2,000,499
Board-designated endowment funds	5,868,037	-	5,868,037
Total endowment funds	$ 5,868,037	$ 6,330,621	$ 12,198,658

Changes in endowment net assets for the year ended December 31, 2025 is as follows:

	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Endowment net assets			
December 31, 2024	$ 6,139,901	$ 6,720,149	$ 12,860,050
Investment return	139,156	143,971	283,127
Contributions	191,038	5,041,110	5,232,148
Appropriation of endowment assets for expenditures	(67,287)	(272,339)	(339,626)
Other changes	169,234	232,952	402,186
Endowment net assets December 31, 2025	$ 6,572,042	$ 11,865,843	$ 18,437,885

Changes in endowment net assets for the year ended December 31, 2024 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2023	$ 5,868,037	$ 6,330,621	$ 12,198,658
Investment return	83,407	156,981	240,388
Contributions	243,488	730,922	974,410
Appropriation of endowment assets for expenditures	(55,031)	(498,375)	(553,406)
Endowment net assets			
December 31, 2024	$ 6,139,901	$ 6,720,149	$ 12,860,050

Changes in endowment net assets for the year ended December 31, 2023 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets			
December 31, 2022	$ 4,556,055	$ 4,889,978	$ 9,446,033
Investment return	139,779	175,750	315,529
Contributions	243,881	327,410	571,291
Appropriation of endowment assets for expenditures	(58,391)	(122,639)	(181,030)
Other changes	986,713	1,060,122	2,046,835
Endowment net assets			
December 31, 2023	$ 5,868,037	$ 6,330,621	$ 12,198,658

Return Objectives and Risk Parameters

DCEF has adopted endowment investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of endowment assets. Without donor restriction endowments are invested in the Beasley Fund at the Christian Church Foundation, to utilize the Foundation’s expertise in investment management. The Foundation invests in a manner that is intended to yield a long-term rate of return, while assuming a moderate level of investment risk. With donor restriction endowments are invested in investment notes at DCEF, which promotes the preservation of the corpus of the endowment while providing a predictable rate of return based upon the terms of the respective investment note. Actual returns in any given year may vary.

Strategies Employed for Achieving Investment Objectives

To achieve its long-term rate of return objectives, DCEF relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized gains) and current yield (interest and dividends). By investing in the Beasley Fund of the Christian Church Foundation, DCEF is able to take advantage of a diversified asset allocation that places greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk constraints.

Relationship of Spending Policy to Investment Objectives

Management determines the method to be used to appropriate endowment funds for expenditure, unless otherwise instructed by the donor. Endowment funds are invested in investment notes. The earnings on the investment notes are distributed when received and represent the spending on the endowment funds. As the fair value of investment notes approximates its carrying value, there are no material accumulated investment earnings on the endowment funds. In establishing this method, the Committee considered the expected long-term rate of return on the investment of the DCEF's endowment funds. Accordingly, over the long-term, DCEF expects the current spending policy to allow its endowment to grow, consistent with its intention to maintain the purchasing power of the endowment assets as well as to provide additional real growth through new gifts. Depending upon market conditions and the needs and available resources of DCEF, appropriations for expenditure from individual endowments may be temporarily suspended to facilitate preservation of the endowment.

Note 10. Availability and Liquidity

The following represents Board of Church Extension of Disciples of Christ, Inc.'s financial assets at December 31, 2025, 2024 and 2023:

	2025	2024	2023
Financial assets at year end:			
Cash and cash equivalents	$ 29,373,679	$ 18,882,647	$ 7,222,325
Investments	21,169,127	19,395,403	19,438,285
Accrued interest receivable	1,141,375	1,039,356	914,194
Loan principal payments due in one year	22,648,997	17,082,071	19,052,255
Total financial assets	74,333,178	56,399,477	46,627,059
Less amounts not available to be used within one year:			
31%, 48% and 41% of investment notes with maturities less than one year	26,203,480	40,469,092	24,031,458
Net assets with donor restrictions	12,745,686	7,482,286	7,173,954
Total	38,949,166	47,951,378	31,205,412
Financial assets available to meet general expenditures over the next twelve months	$ 35,384,012	$ 8,448,099	$ 15,421,647

DCEF's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately $3,000,000). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit. DCEF also has $15,000,000 available on its line of credit that expires on June 30, 2026 available to meet cash flow needs.

Reflective of DCEF's historical renewal experience on investment notes, amounts not available to be used within one year represent the estimated portion of investment notes with maturities less than one year which are not expected to be renewed.

Note 11. Related Parties and Affiliated Organizations

The Christian Church (Disciples of Christ) includes all those organizations that are listed in the Annual Yearbook and Directory of the Christian Church (Disciples of Christ) (Yearbook). Most of these organizations are individually incorporated with their own board of directors. Individual Church entities are generally independent and are responsible for their own personnel policies, financial matters, program activities and other corporate matters, which are affiliated by the common clause of the Church. All organizations included in the Yearbook are considered ministry partners affiliated with DCEF. DCEF provides services, makes loans, and sells investment obligations to certain units of the Christian Church (Disciples of Christ) with which its officers and Board of Directors are affiliated. These transactions are in the normal course of business and on the same terms, including interest rates and collateral, as those available to others.

Electronic data processing services for various units of the Christian Church are provided by DiscipleData, Inc. (DDI), a non-profit corporation. An officer of DCEF is currently a member of the Board of Directors of DDI. DCEF purchases data processing services from DDI at rates and terms comparable with those available to other customers of DDI. Data processing expenses were $351,687, $313,693 and $333,327 for the years ended December 31, 2025, 2024 and 2023, respectively.

As of December 31, 2025, 2024 and 2023, the investment in DDI NGI, LLC was carried at $667,874, $760,795, and $1,250,000, respectively.

DCEF has investments at Christian Church Foundation, Inc., see Note 2 for information on these investments.

Note 12. Leases

DCEF has provided, along with certain other affiliated church organizations, a guaranty of payments for a lease agreement, entered into by Christian Church Services, Inc., that serves as the operating facilities for the entities that guaranty the lease. The minimum annual rent under the lease agreement ranges from $930,000 to $980,000 over the lease term. The lease commenced on September 1, 2014 and expires August 31, 2029. Christian Church Services, Inc., in turn, leases to DCEF its portion of space occupied on a monthly basis, which was $266,691, $257,262 and $205,393 for the years ended December 31, 2025, 2024 and 2023, respectively.

Note 13. Retirement Benefits

DCEF participates in a noncontributory, trusteed retirement plan provided by the Pension Fund of the Christian Church (Disciples of Christ), Inc., which covers substantially all employees of DCEF. Payments to the plan are based upon a fixed percentage of participants' salaries and are actuarially determined to provide adequate funding for benefits defined in the plan. No liability exists under the plan for past service costs. The amounts charged to expense (which were equal to the payments made to the plan) were $347,733, $330,710 and $311,544 for the years ended December 31, 2025, 2024 and 2023, respectively.

DCEF also sponsored a defined-benefit health care plan that provides postretirement medical benefits to certain retirees who, at the time of their retirement, met the then-existing eligibility requirements. No other retirees or current employees are (or will be) eligible for benefits under the plan. The plan limits the amount of annual benefits payable to the eligible retirees.

Note 14. Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

Cash

At December 31, 2025, DCEF's cash accounts exceeded federally insured limits by approximately $2,955,000.

Loans Receivable Concentration and Loss Contingency

DCEF has an unsecured loan which is approximately 6%, 6%, and 5% of the total loan portfolio as of December 31, 2025, 2024 and 2023, respectively. As the loan is unsecured, any adverse events impacting the project related to the loan could impact the collectability of the loan which would have a material impact on the financial statements of DCEF.

Other Loss Contingencies

DCEF has submitted abatement letters to the Internal Revenue Services (IRS) related to its 2020 and 2021 1099 filings. DCEF did not submit the transmission reports to the IRS for these 1099 filings. Such omission can lead to penalty assessments from the IRS. DCEF reasonably anticipates receiving future notice of penalties up to $600,000. DCEF has submitted abatement letters to the IRS for consideration to forgive or reduce penalties related to late filings. Due to the nature of the uncertainty and possibility of forgiveness for all or a portion of the penalty, no significant accrual has been made for losses, if any, that may result, pending the outcome of DCEF's abatement requests. During 2024, DCEF received notification of forgiveness of penalties related to its 2021 1099-NEC filings. During 2025, DCEF received notification of forgiveness of penalties related to its 2020 1099-NEC filings. DCEF may still have penalties related to 2020 and 2021 1099-INT filings.

Note 15. Subsequent Events

Events occurring subsequent to the date of the statement of financial position have been evaluated for potential recognition or disclosure in the financial statements through March 25, 2026, the date the financial statements were available to be issued.