

**THRIVENT CHARITABLE IMPACT & INVESTING
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021**



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**THRIVENT CHARITABLE IMPACT & INVESTING
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INDEPENDENT AUDITORS' REPORT

Management and Board of Directors
Thrivent Charitable Impact & Investing
Minneapolis, Minnesota

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Thrivent Charitable Impact & Investing, which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and change in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thrivent Charitable Impact & Investing as of December 31, 2022 and 2021, and the changes of 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Thrivent Charitable Impact & Investing 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 Thrivent Charitable Impact & Investing's ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Thrivent Charitable Impact & Investing'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 Thrivent Charitable Impact & Investing'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.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 15, 2023

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021**

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 20,450,123	\$ 27,134,751
Investments	614,093,250	709,567,542
Loans	-	306,738
Life Insurance Contracts	68,675,108	64,589,826
Real Assets Held for Sale	475,000	891,100
Due from Brokers and Other	-	1,042,596
Contributions and Other Receivables	3,134,311	5,519,563
Beneficial Interests in Trust Held by Others	520,751	650,325
Prepaid Expenses	35,324	6,412
Total Assets	\$ 707,383,867	\$ 809,708,853
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 1,282,456	\$ 1,105,119
Amounts Held for the Benefit of Others	71,728,991	79,360,448
Gift Annuities	24,667,994	25,455,802
Charitable Remainder Trust Agreements	24,958,891	30,576,172
Retained Life Estates	39,944	37,188
Total Liabilities	122,678,276	136,534,729
NET ASSETS		
Without Donor Restrictions	556,257,339	636,687,621
With Donor Restrictions	28,448,252	36,486,503
Total Net Assets	584,705,591	673,174,124
Total Liabilities and Net Assets	\$ 707,383,867	\$ 809,708,853

See accompanying Notes to Financial Statements.

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 71,679,166	\$ 228,766	\$ 71,907,932
Contributed Nonfinancial Assets	34,796	1,463,675	1,498,471
Net Investment Income (Loss)	(89,293,613)	-	(89,293,613)
Change in Cash Surrender Value of Life Insurance Contracts	4,419,998	-	4,419,998
Change in Value of Split-Interest Agreements	(1,658,898)	(8,138,970)	(9,797,868)
Change in Value of Perpetual Trust	-	(129,575)	(129,575)
Miscellaneous Income (Loss)	1,220,228	(345,395)	874,833
Net Assets Released from Restriction	<u>1,116,752</u>	<u>(1,116,752)</u>	<u>-</u>
Total Revenue, Gains, and Other Support	(12,481,571)	(8,038,251)	(20,519,822)
EXPENSES			
Programs	56,313,192	-	56,313,192
Administrative	3,991,831	-	3,991,831
Fundraising	1,475,992	-	1,475,992
Premiums on Life Insurance Contracts	<u>6,167,696</u>	<u>-</u>	<u>6,167,696</u>
Total Expenses	<u>67,948,711</u>	<u>-</u>	<u>67,948,711</u>
CHANGE IN NET ASSETS	(80,430,282)	(8,038,251)	(88,468,533)
Net Assets - Beginning of Year	<u>636,687,621</u>	<u>36,486,503</u>	<u>673,174,124</u>
NET ASSETS - END OF YEAR	<u>\$ 556,257,339</u>	<u>\$ 28,448,252</u>	<u>\$ 584,705,591</u>

See accompanying Notes to Financial Statements.

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
YEAR ENDED DECEMBER 31, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, GAINS, AND OTHER SUPPORT			
Contributions	\$ 94,169,386	\$ 918,360	\$ 95,087,746
Contributed Nonfinancial Assets	495,679	1,318,035	1,813,714
Net Investment Income	66,316,199	-	66,316,199
Change in Cash Surrender Value of Life Insurance Contracts	6,349,253	-	6,349,253
Change in Value of Split-Interest Agreements	(1,435,684)	3,853,501	2,417,817
Change in Value of Perpetual Trust	(43)	4,381	4,338
Miscellaneous Income	1,390,182	(527,666)	862,516
Net Assets Released from Restriction	1,452,512	(1,452,512)	-
Total Revenue, Gains, and Other Support	<u>168,737,484</u>	<u>4,114,099</u>	<u>172,851,583</u>
EXPENSES			
Programs	56,041,733	-	56,041,733
Administrative	3,420,801	-	3,420,801
Fundraising	1,363,877	-	1,363,877
Premiums on Life Insurance Contracts	6,277,372	-	6,277,372
Total Expenses	<u>67,103,783</u>	<u>-</u>	<u>67,103,783</u>
CHANGE IN NET ASSETS	101,633,701	4,114,099	105,747,800
Net Assets - Beginning of Year	<u>535,053,920</u>	<u>32,372,404</u>	<u>567,426,324</u>
NET ASSETS - END OF YEAR	<u>\$ 636,687,621</u>	<u>\$ 36,486,503</u>	<u>\$ 673,174,124</u>

See accompanying Notes to Financial Statements.

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2022**

	Program Services	Management and General	Fundraising	Total Expenses
Operating Expenses:				
Grants	\$ 55,870,136	\$ -	\$ -	\$ 55,870,136
Compensation and Benefits	295,506	2,690,508	1,141,165	4,127,179
Information Technology	49,799	335,680	113,007	498,486
Outside Services	55,011	370,814	124,835	550,660
Travel	14,192	95,661	32,204	142,057
Marketing and Communications	5,659	38,145	12,841	56,645
Occupancy	9,990	67,340	22,670	100,000
Special Projects	1,272	8,574	2,886	12,732
Dues and Memberships	3,525	23,761	7,999	35,285
Legal	1,235	8,328	2,804	12,367
Liability Insurance	1,362	9,177	3,089	13,628
Supplies and Office Expense	473	3,188	1,073	4,734
Postage	1,060	7,144	2,405	10,609
Fees and Filings	2,409	16,240	5,467	24,116
Other	1,563	317,271	3,547	322,381
Total Operating Expenses	<u>\$ 56,313,192</u>	<u>\$ 3,991,831</u>	<u>\$ 1,475,992</u>	<u>\$ 61,781,015</u>

See accompanying Notes to Financial Statements.

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED DECEMBER 31, 2021**

	Program Services	Management and General	Fundraising	Total Expenses
Operating Expenses:				
Grants	\$ 55,627,664	\$ -	\$ -	\$ 55,627,664
Compensation and Benefits	266,404	2,425,546	1,028,783	3,720,733
Information Technology	50,381	339,608	114,329	504,318
Outside Services	57,337	386,497	130,115	573,949
Travel	4,602	31,018	10,442	46,062
Marketing and Communications	6,881	46,383	15,615	68,879
Occupancy	9,990	67,340	22,670	100,000
Special Projects	1,078	7,266	2,446	10,790
Dues and Memberships	2,813	18,962	6,384	28,159
Legal	6,444	43,434	14,622	64,500
Liability Insurance	1,507	10,161	3,421	15,089
Supplies and Office Expense	789	5,317	1,790	7,896
Postage	1,527	10,292	3,465	15,284
Fees and Filings	2,330	15,706	5,288	23,324
Other	1,986	13,271	4,507	19,764
Total Operating Expenses	<u>\$ 56,041,733</u>	<u>\$ 3,420,801</u>	<u>\$ 1,363,877</u>	<u>\$ 60,826,411</u>

See accompanying Notes to Financial Statements.

**THRIVENT CHARITABLE IMPACT & INVESTING
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021**

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (88,468,533)	\$ 105,747,800
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Net Realized and Unrealized (Gain) Losses on Investments	113,903,317	(49,425,998)
Contribution of Investments	-	(43,283,777)
Other Forms of Contributions	(12,318,739)	(8,986,332)
Contributions for Charitable Remainder Trust Agreements	(2,317,771)	(3,308,989)
Change in Real Assets Held for Sale	-	(2,377,532)
Change in Cash Surrender Value of Life Insurance Contracts and Annuities	(4,085,282)	(4,459,237)
Changes in Operating Assets and Liabilities:		
Due from Brokers and Others	1,042,596	(298,814)
Contributions and Other Receivables	2,385,252	476,153
Beneficial Interest in Trust Held by Others	754,904	628,370
Prepaid General Expenses	(28,912)	7,807
Accounts Payable	177,337	751,848
Amounts Held for the Benefit of Others	(7,631,457)	8,422,166
Gift Annuities	(787,808)	(596,757)
Charitable Remainder Trust Agreements	(5,617,281)	3,372,158
Retained Life Estate	2,756	600
Net Cash Provided (Used) by Operating Activities	(2,989,621)	6,669,466
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(177,795,855)	(204,890,704)
Proceeds from Sale of Investments	172,408,407	206,016,492
Net Cash Provided (Used) by Investing Activities	(5,387,448)	1,125,788
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Contributions Restricted for Charitable Remainder Trust Agreements	1,692,441	2,683,659
NET CHANGE IN CASH AND CASH EQUIVALENTS	(6,684,628)	10,478,913
Cash and Cash Equivalents - Beginning of Year	27,134,751	16,655,838
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 20,450,123	\$ 27,134,751

See accompanying Notes to Financial Statements.

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 ORGANIZATION

Thrivent Charitable Impact & Investing (the Organization) is a Minnesota nonprofit corporation operated for charitable purposes. The Organization is dedicated to supporting the charitable, religious, and educational purposes and activities of congregations, institutions, and communities, and benefiting society in general. The Organization was incorporated on 1994. In March 2021, the Organization legally changed its name to Thrivent Charitable Impact & Investing and was formerly known as InFaith Community Foundation.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Organization's financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

Use of Estimates

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

Cash and Cash Equivalents

The Organization considers all highly liquid securities with an original maturity of 90 days or less to be cash equivalents, except for those short-term investments managed as part of the long-term investment strategies. At times, cash balances may be in excess of federally insured limits.

Investments

Investments in mutual and other investment funds and common stocks are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activities and change in net assets as a component of net investment income. Net realized capital gains and losses are determined on the first-in, first-out cost basis method. Other investment funds are comprised of limited partnership investments, limited liability companies, and open-ended investment companies. Refer to Note 7 for more information.

Fixed income investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activities and change in net assets as a component of net investment income. Net realized capital gains and losses are determined using the specific identification method.

Loans

Loan investments are reflected at their outstanding principal balance due to the Organization. Interest payments are reflected in the statements of activities and change in net assets as a component of net investment income.

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Life Insurance and Annuity Contracts

Contributed life insurance and annuity contracts are carried at fair value which is estimated using the stated cash surrender value of the contracts and are reported as unrestricted contributions. Cash surrender value is the amount available to the contract owner for withdrawal prior to the death of the insured and is valued after taking expense charges and investment credits into account.

Real Assets Held for Sale

Investments in real assets are classified as held-for-sale and recorded at the lower of cost or fair value less estimated costs to sell. Management is actively marketing the investment in real assets at reasonable sale prices based on the advice of active third-party sales professionals.

Due from Brokers and Others

Due from brokers and others represents receivable balances owed from brokers for investments that have been sold, or have matured, but have not yet settled.

Contributions and Other Receivables

Promises to make contributions to the Organization that are communicated to the Organization prior to December 31, but which are received after December 31, are recorded as contributions receivable at the cash value of the contribution. The Organization generally does not receive multi-year promises to give. Management considers these receivables to be fully collectible; accordingly, no allowance for doubtful accounts has been established. If amounts become uncollectible, they will be charged to operations when that determination is made.

Contributed Nonfinancial Assets

Contributed nonfinancial assets consist of in-kind gifts of real estate, equipment, and commodities. These are recorded at their estimated fair market value on the date of receipt through an appraisal or actual sales price. For the year ended December 31, 2022, real estate contributions were \$1,463,675 and commodities were \$34,796. For the year ended December 31, 2021, real estate contributions were \$1,722,311, equipment contributions totaled \$72,464 and commodities were \$18,939. Contributed nonfinancial assets for charitable trusts are considered with donor restrictions, and all others are considered without donor restrictions. The proceeds from the sale of these assets are utilized for program activities of the Organization.

Beneficial Interests in Trusts Held by Others

The Organization is the beneficiary of perpetual trusts held by a third party. Under the terms of the trust, the Organization has the irrevocable right to receive the income generated by the trust in perpetuity. The beneficial interest in the perpetual trusts is recorded at the fair value. Changes in the net assets of the trusts are recorded as gain or loss (change in value of trusts) on the statement of activities. Net assets and changes in the net assets are recorded with donor restrictions. Distributions received from these trusts are recorded as investment income without donor restrictions.

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Amounts Held for the Benefit of Others

The Organization accepts cash and other financial assets from certain donors and agrees to use those assets on behalf of or transfer those assets to specified beneficiaries. The Organization maintains legal ownership and variance power of these funds and continues to report the funds as assets of the Organization. However, in accordance with accounting standards, a liability is recorded for the amounts held for the benefit of others at the value of the related assets.

Gift Annuities and Charitable Remainder Trust Agreements

Liabilities for gift annuities and charitable remainder trust agreements represent the actuarial present value of amounts from contributed assets due to the donor. Liabilities are valued based on mortality and interest assumptions according to tables established by the Internal Revenue Service (IRS) and are calculated in a manner consistent with the assumptions underlying the American Council on Gift Annuities rates in effect at the time of issuance. The liabilities are revalued using updated IRS assumptions as of December 31 each year. The impact of the revaluation is reflected as a component of the Change in Value of Split-Interest Agreements on the statements of activities and change in net assets.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue and Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is communicated or received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Administrative fee revenue and other miscellaneous income is recognized over time when the related services have been provided and earned.

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment Income

Net investment income is comprised of dividend and interest income, realized and unrealized gains and losses on investments, and investment expenses. Dividend and interest income are recorded when earned. Realized gains and losses are recorded at the time of sale for the amount of the difference between the sale price and the cost basis of the investment. Unrealized gains and losses are recorded for the change in the fair value of the securities which are still held as of year-end. Investment expenses are recorded as incurred.

Functional Allocation of Expenses

The costs of providing programs and services have been summarized on a functional basis. Accordingly, certain costs have been allocated between program and the supporting services benefitted. All costs are allocated on the basis of estimates of time and effort.

Grants made by the Organization are recorded as program expense at the time the recipient is notified. Other expenses are recognized when incurred. Certain expenses, such as compensation, other employee benefits, and space rental, are allocated among program, administrative, and fundraising expenses, as they are not directly attributable to those functions.

Premiums on Life Insurance Contracts

Premiums on life insurance contracts relate to life insurance policies which have been absolutely assigned (donated) to the Organization. The Organization is the beneficiary of those policies and at the time of absolute assignment, the Organization becomes the owner of those policies. The insureds (donors) continue to make the policy premium payments. Income is recorded when the policy premiums are contributed, and a corresponding expense is recorded to premiums on life insurance contracts.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and only unrelated business income is subject to federal and state income tax. The Organization is a nonprivate foundation and contributions to the Organization qualify as a charitable tax deduction by the contributor.

The Organization follows the accounting standards for contingencies in evaluating uncertain tax positions. This guidance prescribes recognition threshold principles for the financial statement recognition of tax positions taken or expected to be taken on a tax return that are not certain to be realized. No liability has been recognized by the Organization due to the implementation of this standard. The Organization's tax returns are subject to review and examination by federal and state authorities.

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

The Organization reports certain assets and liabilities at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of the Organization's investment assets are classified within Level 1 because they comprise open-end mutual funds with readily determinable fair values based on daily redemption values. The fair values of beneficial interests in charitable trusts are determined by us using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets and are based on the fair values of trust investments as reported by the trustees. These are considered to be Level 3 measurements.

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements (Continued)

The Organization uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

Adoption of Accounting Principle

The Organization adopted Accounting Standards Updated (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets* during the year ended December 31, 2022. The accounting change has been retrospectively applied.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The reclassifications had no effect on the change in net assets or total net assets as previously reported.

Subsequent Events

The Organization has evaluated events and transactions for potential recognition or disclosure in these financial statements through May 15, 2023, the date the financial statements were available to be issued. There were no subsequent events or transactions which required recognition or disclosure.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for grants and general expenditure within one year of the statement of financial position date are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 20,450,123	\$ 27,134,751
Investments, Short-Term and Liquid	442,110,102	495,731,950
Pledges, Notes, and Other Receivables	3,134,311	6,517,933
Total	<u>\$ 465,694,536</u>	<u>\$ 529,384,634</u>

The assets above include donor funds subject to donor restrictions and recommendations as of December 31, 2022 and 2021. Donor funds are generally either permanent (endowed) or nonpermanent. Nonpermanent funds may be granted out at any time, subject to terms of the fund agreement and approval by the board of directors.

The Organization generally uses the assets held for donor advised funds for grantmaking based on donor recommendations although those funds are not donor-restricted.

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 3 LIQUIDITY AND AVAILABILITY (CONTINUED)

The Organization's core operations are funded primarily through asset-based administrative fees on the charitable funds under management, calculated as a percentage of market value. The Organization has established operating reserves to support operations during periods of market volatility, when administrative fees may fall short of budgeted expectations. Operating reserves of \$4,023,432 and \$3,623,057 at December 31, 2022 and 2021, respectively, are included in the amounts above and are invested in the Organization's multi-asset pool.

As part of the Organization's liquidity management, it has a policy to structure its financial assets to become available as its awarded grants, general expenditures, liabilities and other obligations become due. The Organization invests cash in excess of daily requirements in money markets, sweep accounts, certificates of deposit, and short-term investments.

NOTE 4 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are held in trust by the Organization. During the life of the trust, the Organization, as trustee, makes payments to the income beneficiary/beneficiaries. Trust termination occurs upon death of the income beneficiary/beneficiaries or in accordance with the trust agreement. Upon trust termination, the restriction is lifted on the Organization's use of principal and income remaining in accordance with the trust agreement. In each taxable year of the trusts until trust termination, the Organization will make payments to the income beneficiary/beneficiaries in an amount determined in accordance with the trust agreement, generally a percentage of the net fair market value of the assets of each trust valued as of the first day of each taxable year or the original date of the gift for unitrusts or annuity trusts, respectively. Net assets with donor restrictions shown in the statements of financial position and above are net of a related liability to income beneficiary/beneficiaries of \$24,998,835 and \$30,613,360 at December 31, 2022 and 2021, respectively.

Net assets with donor restrictions consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Charitable Remainder Trust Agreements	\$ 27,763,245	\$ 35,693,866
Beneficial Interest in Perpetual Trust	520,751	650,325
Real Estate Remainder Interest in Trust	164,256	142,312
Total	<u>\$ 28,448,252</u>	<u>\$ 36,486,503</u>

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 5 INVESTMENTS

Investments in mutual and other investment funds, common stocks, and fixed income investments are comprised of the following at December 31:

	<u>2022</u>	<u>2021</u>
Mutual Funds:		
Large Cap Equities	\$ 246,885,409	\$ 289,493,992
Mid Cap Equities	28,113,048	33,188,315
Small Cap Equities	8,865,460	9,505,105
Marketable Alternatives	1,279,207	372,983
Fixed Income	<u>79,714,605</u>	<u>85,587,215</u>
Total Mutual Funds	364,857,729	418,147,610
Common Stocks:		
Large Cap Stocks	12,396,858	11,594,262
Mid Cap Stocks	4,281,725	3,831,976
Small Cap Stocks	<u>9,697,669</u>	<u>11,751,043</u>
Total Common Stocks	26,376,252	27,177,281
Fixed Income Investments:		
U.S. Treasury Notes	8,952,065	6,870,809
Corporate Bonds	3,973,201	8,283,239
Municipal Bonds	1,758,984	1,789,966
Certificate of Deposit	<u>100,000</u>	<u>100,000</u>
Total Fixed Income Investments	14,784,250	17,044,014
Closely-Held Stock at Cost	4,212,336	3,635,544
Other Investment Funds	167,770,812	210,200,048
Cash and Cash Equivalents	<u>36,091,871</u>	<u>33,363,045</u>
Total Investments	<u>\$ 614,093,250</u>	<u>\$ 709,567,542</u>

Investment income (loss) is comprised of the following for the years ended December 31:

	<u>2022</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Dividends and Interest Income	\$ 11,891,074	\$ 258,258	\$ 12,149,332
Net Realized Gain (Loss) on Investments	4,469,077	(378,226)	4,090,851
Net Unrealized Gain (Loss) on Investments	(104,620,561)	(13,373,607)	(117,994,168)
Investment Expenses	<u>(1,033,203)</u>	<u>(322,912)</u>	<u>(1,356,115)</u>
Total	<u>\$ (89,293,613)</u>	<u>\$ (13,816,487)</u>	<u>\$ (103,110,100)</u>

THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
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NOTE 5 INVESTMENTS (CONTINUED)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
	Dividends and Interest Income	\$ 23,491,093	\$ 400,484
Net Realized Gain (Loss) on Investments	8,616,202	652,230	9,268,432
Net Unrealized Gain on Investments	35,147,354	6,304,906	41,452,260
Investment Expenses	(938,450)	(451,087)	(1,389,537)
Total	\$ 66,316,199	\$ 6,906,533	\$ 73,222,732

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value and estimated fair value of the Organization's financial instruments carried at fair value as of December 31 were as follows:

	2022			
	Level 1	Level 2	Level 3	Total
Investments and Assets at Fair Value:				
Mutual Funds:				
Large Cap Equities	\$ 246,885,409	\$ -	\$ -	\$ 246,885,409
Mid Cap Equities	28,113,048	-	-	28,113,048
Small Cap Equities	8,865,460	-	-	8,865,460
Marketable Alternatives	1,279,207	-	-	1,279,207
Fixed Income	79,714,605	-	-	79,714,605
Common Stocks:				
Large Cap Stocks	12,396,858	-	-	12,396,858
Mid Cap Stocks	4,281,725	-	-	4,281,725
Small Cap Stocks	9,697,669	-	-	9,697,669
Fixed Income Investments:				
U.S. Treasury Notes	8,952,065	-	-	8,952,065
Corporate Bonds	-	3,973,201	-	3,973,201
Municipal Bonds	-	1,758,984	-	1,758,984
Certificate of Deposit	-	100,000	-	100,000
Perpetual Trust	-	-	520,751	520,751
Total	\$ 400,186,046	\$ 5,832,185	\$ 520,751	406,538,982
Investments Measured at Net Asset Value or its Equivalent				167,770,812
Closely-Held Stock at Cost				4,212,336
Cash and Equivalents				36,091,871
Total Investments				\$ 614,614,001

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021**

NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

	2021			Total
	Level 1	Level 2	Level 3	
Investments and Assets at Fair Value:				
Mutual Funds:				
Large Cap Equities	\$ 289,493,992	\$ -	\$ -	\$ 289,493,992
Mid Cap Equities	33,188,315	-	-	33,188,315
Small Cap Equities	9,505,105	-	-	9,505,105
Marketable Alternatives	372,983	-	-	372,983
Fixed Income	85,587,215	-	-	85,587,215
Common Stocks:				
Large Cap Stocks	11,594,262	-	-	11,594,262
Mid Cap Stocks	3,831,976	-	-	3,831,976
Small Cap Stocks	11,751,043	-	-	11,751,043
Fixed Income Investments:				
U.S. Treasury Notes	6,870,809	-	-	6,870,809
Corporate Bonds	-	8,283,239	-	8,283,239
Municipal Bonds	-	1,789,966	-	1,789,966
Certificate of Deposit	-	100,000	-	100,000
Perpetual Trust	-	-	650,325	650,325
Total	<u>\$ 452,195,700</u>	<u>\$ 10,173,205</u>	<u>\$ 650,325</u>	<u>463,019,230</u>
Investments Measured at Net Asset Value or its Equivalent				210,029,938
Closely-Held Stock at Cost				3,635,544
Cash and Equivalents				<u>33,363,045</u>
Total Investments				<u>\$ 710,047,757</u>

There were no significant transfers into or out of Level 1 or Level 2 in 2022 and 2021. Transfers between fair value hierarchy levels are recognized at the date of the event or change in circumstance that caused the transfer.

Level 3 Rollforward

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended December 31:

	Beneficial Interest in Perpetual Trusts
Balance at December 31, 2020	\$ 645,944
Contributions of Investments	-
Investment Return, Net	<u>4,381</u>
Balance at December 31, 2021	650,325
Contributions of Investments	-
Investment Return, Net	<u>(129,574)</u>
Balance at December 31, 2022	<u>\$ 520,751</u>

THRIVENT CHARITABLE IMPACT & INVESTING
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NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 Rollforward (Continued)

The following tables describe the valuation techniques used to calculate fair value for assets in Level 3. There was no change in valuation techniques and related inputs from the prior year.

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at December 31, 2022	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Perpetual Trust	<u>\$ 520,751</u>	FMV of Trust Investments	Amount and Timing of Future Distributions

Quantitative Information About Level 3 Fair Value Measurements			
Type of Assets	Fair Value at December 31, 2021	Principal Valuation Technique	Unobservable Inputs
Beneficial Interest in Perpetual Trust	<u>\$ 650,325</u>	FMV of Trust Investments	Amount and Timing of Future Distributions

Investments in Entities that Calculate Net Asset Value Per Share (or its Equivalent)

The following tables include information related to investments in certain other invested assets whose fair value is measured on a recurring basis using the net asset value (NAV) per share as an expedient to measure fair value.

	Net Asset Value 2022	Unfunded Commitments at December 31, 2022	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Global Equities Collective Funds	\$ 19,330,172	\$ -	Quarterly	90 Days
Global Equities Collective Funds	63,932,301	-	Monthly	5 to 15 Days
Emerging Market Equities Collective F	15,325,176	-	Quarterly	90 Days
Emerging Market Equities Collective F	6,567,337	-	Monthly	10 to 60 Days
Fixed Income Collective Fund	10,846,328	-	Monthly	30 Days
Hedge Funds	6,353,852	-	Monthly	3 to 30 Days
Hedge Funds	21,458,365	-	Quarterly	60 Days
Hedge Funds	3,664,243	-	Annually	90 Days
Private Equity	20,001,850	13,067,072	N/A	N/A
REIT	291,188	-	N/A	N/A
Total	<u>\$ 167,770,812</u>	<u>\$ 13,067,072</u>		

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
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NOTE 6 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

**Investments in Entities that Calculate Net Asset Value Per Share (or its Equivalent)
(Continued)**

	Net Asset Value 2021	Unfunded Commitments at December 31, 2021	Redemption Frequency (If Currently Eligible)	Redemption Notice Period
Global Equities Collective Funds	\$ 26,539,891	\$ -	Quarterly	90 Days
Global Equities Collective Funds	87,825,000	-	Monthly	5 to 15 Days
Emerging Market Equities Collective F	18,413,724	-	Quarterly	90 Days
Emerging Market Equities Collective F	7,035,858	-	Monthly	10 to 60 Days
Fixed Income Collective Fund	10,085,832	-	Monthly	30 Days
Hedge Funds	4,410,875	-	Monthly	3 to 30 Days
Hedge Funds	21,604,295	-	Quarterly	60 Days
Hedge Funds	18,376,644	-	Annually	90 Days
Private Equity	15,737,819	10,291,342	N/A	N/A
REIT	170,110	-	N/A	N/A
Total	<u>\$ 210,029,938</u>	<u>\$ 10,291,342</u>		

Global Equities and Emerging Market Equities Collective Funds includes investments in funds that are invested in international developed and emerging markets common stocks. The unobservable inputs used to determine the fair value of the equity collective funds are based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Organization is able to verify its account balances.

Fixed Income Collective Funds includes investments in a diversified fixed income product that provides both financial return and positive economic and social impact. The investable universe is comprised of U.S. small businesses that have passed through a loan underwriting process and aims to construct a balanced investment portfolio of high-yield, short duration fixed income assets diversified by loan, sector, and geography.

The unobservable inputs used to determine the fair value of the fixed income collective funds are based on quoted market prices for the underlying securities which comprise the net asset value of the collective fund. The funds provide full disclosure of the underlying holdings, whereby the Organization is able to verify its account balances.

Hedge Funds are invested primarily in a diversified portfolio of directly originated loan investments, distressed corporate and mortgage bonds, long/short credit, long/short equity, global macro, event driven, and other strategies. The unobservable inputs used to determine the fair value of the fund of hedge funds in this category has been estimated using the net asset value per share of the investments.

Private Equity funds includes investments in venture capital, buy-outs, U.S. private equity, growth equity, and natural resources. The unobservable inputs used to determine the fair value of the fund of private equity funds and direct investments has been estimated based on the capital account balances reported by underlying partnerships subject to the private equity funds' management review and judgment.

**THRIVENT CHARITABLE IMPACT & INVESTING
NOTES TO FINANCIAL STATEMENTS
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NOTE 7 RELATED PARTY TRANSACTIONS

Effective January 1, 2021, the Organization entered into a master services agreement with Thrivent Financial for Lutherans for personnel, management, and administrative support, as well as occupancy and office expenses. The Organization reimbursed Thrivent Financial for Lutherans for services provided to the Organization for expenses totaling \$3,720,291 and \$3,504,659 for the years ended December 31, 2022 and 2021, respectively. Financial representatives of Thrivent Financial for Lutherans are involved in the generation of contributions to the Organization. Additionally, the Organization invests in Thrivent Mutual Funds advised by and held by Thrivent Asset Management, LLC and Thrivent Investment Management, Inc., wholly-owned subsidiaries of Thrivent Financial for Lutherans. These investments equate to approximately 54% and 53% of total investments at December 31, 2022 and 2021, respectively.



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