



**GEORGIA-CUMBERLAND CONFERENCE
OF SEVENTH-DAY ADVENTISTS**

**GEORGIA-CUMBERLAND ASSOCIATION
OF SEVENTH-DAY ADVENTISTS, INC.**

**CUMBERLAND CONFERENCE ASSOCIATION
OF SEVENTH-DAY ADVENTISTS, INC.**

**COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2023 and 2022**

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AUDITOR'S REPORT

To the Executive Committee
Georgia-Cumberland Conference of Seventh-day Adventists,
The Board of Directors
Georgia-Cumberland Association of Seventh-day Adventists, Inc., and
The Board of Trustees
Cumberland Conference Association of Seventh-day Adventists, Inc.
Calhoun, Georgia

Opinion

We have audited the combined special-purpose unconsolidated financial statements of Georgia-Cumberland Conference of Seventh-day Adventists, Georgia-Cumberland Association of Seventh-day Adventists, Inc., and Cumberland Conference Association of Seventh-day Adventists, Inc. (collectively, Organizations), excluding a department, which comprise the combined special-purpose unconsolidated statements of financial position as of December 31, 2023 and 2022, and the related combined special-purpose unconsolidated statements of changes in net assets and statements of cash flows for the years then ended, and the related notes to the combined special-purpose unconsolidated financial statements, including a summary of significant accounting policies.

In our opinion, as auditors of the General Conference of Seventh-day Adventists, the accompanying combined special-purpose unconsolidated financial statements present fairly, in all material respects, the combined special-purpose unconsolidated financial position of the Organizations as of December 31, 2023 and 2022, and their combined special-purpose unconsolidated financial performance and their combined special-purpose unconsolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America adopted by the Seventh-day Adventist denomination, except for the department that is excluded.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), except the ethical requirement for the appearance of independence. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Combined Special-Purpose Unconsolidated Financial Statements section of our report. We are independent of Organizations, in accordance with the ethical requirements that are relevant to our audits of the combined special-purpose unconsolidated financial statements in the United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements, except



the ethical requirement for the appearance of independence, because of our affiliation with the Seventh-day Adventist denomination. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to the combined special-purpose unconsolidated financial statements, which describes the basis of accounting. The combined special-purpose unconsolidated financial statements were prepared to present the financial statements of the Organizations as parent organizations only, and not consolidating the accounts and activity of related entities, and to present the major portion of the financial statements, excluding the accounts and activity of a department. As a result, these combined special-purpose unconsolidated financial statements are not intended to be a complete presentation of the Organizations' assets, liabilities, revenues, and expenses, in accordance with accounting principles generally accepted in the United States of America adopted by the Seventh-day Adventist denomination. Our report is intended solely for the information and use of the officers of the Organizations, their audit committee, their governing committees, and the officers and their designees of higher denominational organizations and should not be distributed to or used by anyone other than these specified parties. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Combined Special-Purpose Unconsolidated 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 adopted by the Seventh-day Adventist denomination, except for the requirements to consolidate other entities that qualify for consolidation and include the entire entity, and for the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of the combined special-purpose unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined special-purpose unconsolidated financial statements, management is responsible for assessing the Organizations' ability to continue as a going concern for the next year, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organizations or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organizations' financial reporting process.

Auditor's Responsibilities for the Audit of the Combined Special-Purpose Unconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined special-purpose unconsolidated 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. Risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the

aggregate, they would influence the judgment made by a reasonable user based on the combined special-purpose unconsolidated financial statements.

As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the combined special-purpose unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined special-purpose unconsolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organizations' ability to continue as a going concern for a reasonable period of time. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the combined special-purpose unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organizations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, and certain internal control-related matters, including any material weaknesses and significant deficiencies in internal control that we identify during our audit.

General Conference Auditing Service

General Conference Auditing Service

August 12, 2024

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
Combined Statements of Financial Position; Page 1
For the years ended December 31, 2023 and 2022**

	Operating Fund	Cohutta Springs	Plant Funds	Other Funds	2023 Total	2022 Total
ASSETS						
<u>Current assets</u>						
Cash and cash equivalents (Note 2)	18,322,224	1,775,605	0	0	20,097,829	23,924,317
Investments (Note 3) (amortized cost \$6,929,491, allowance for credit losses of \$0)	7,257,905	0	0	0	7,257,905	7,045,047
Accounts receivable (Note 4)	11,020,354	9,903	0	0	11,030,257	10,520,784
Cash held for agency (Note 2)	25,985	0	0	0	25,985	28,827
Notes receivable (Note 6) (Note 8)	8,333,686	101,560	0	0	8,435,246	5,863,438
Inventories, and prepaid expenses	2,300,228	148,011	0	0	2,448,239	1,921,579
Total current assets	47,260,382	2,035,079	0	0	49,295,461	49,303,992
 <u>Plant assets, net of depreciation (Note 7)</u>	 0	 0	 131,462,379	 0	 131,462,379	 122,688,185
 <u>Other assets</u>						
Property, long-term, operating	0	0	0	0	0	1,067,400
Notes receivable, long-term (Note 6)	26,800	0	0	0	26,800	32,706
For other than operating funds:						
Cash and investments (Note 3) (amortized cost \$55,171,000, allowance for credit losses of \$1,542,640)	0	0	54,080	54,639,642	54,693,722	41,186,213
Accounts receivable (Note 4)	0	0	0	151,968	151,968	193,880
Notes receivable (Note 8)	0	0	0	1,350,790	1,350,790	5,545,352
Unconditional irrevocable agreements	0	0	0	407,777	407,777	383,962
Inter-fund receivables* (Note 5)	0	74,696	5,382,917	0	0	0
Total other assets	26,800	74,696	5,436,997	56,550,177	56,631,057	48,409,513
Total assets	47,287,182	2,109,775	136,899,376	56,550,177	237,388,897	220,401,690

* Inter-fund borrowing is eliminated in combined totals

See accompanying notes.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.**
Combined Statements of Financial Position; Page 2
For the years ended December 31, 2023 and 2022

	Operating Fund	Cohutta Springs	Plant Funds	Other Funds	2023 Total	2022 Total
LIABILITIES						
<u>Current liabilities</u>						
Accounts payable (Note 9)	8,392,069	118,780	0	0	8,510,849	8,497,361
Deferred revenue	0	59,309	0	0	59,309	69,094
Agency funds	25,985	0	0	0	25,985	28,827
Inter-fund payables* (Note 5)	247,772	0	0	0	0	0
Total current liabilities	8,665,826	178,089	0	0	8,596,143	8,595,282
<u>Other liabilities</u>						
Present value, annuity liability (Note 10)	0	0	0	49,907	49,907	56,227
Liabilities for split-interest agreements	0	0	0	75,023	75,023	79,030
Accounts payable (Note 9)	0	0	0	10,603,899	10,603,899	9,167,411
Inter-fund payables* (Note 5)	0	0	0	5,209,841	0	0
Total other liabilities	0	0	0	15,938,670	10,728,829	9,302,668
Total liabilities	8,665,826	178,089	0	15,938,670	19,324,972	17,897,950
NET ASSETS						
Unrestricted: allocated	35,291,627	1,931,686	5,423,077	35,743,367	78,389,757	71,741,140
Unrestricted: net invested in plant	0	0	131,462,379	0	131,462,379	122,688,185
Total net assets without donor restrictions	35,291,627	1,931,686	136,885,456	35,743,367	209,852,136	194,429,325
Temporarily restricted (Note 13)	3,329,729	0	13,920	889,152	4,232,801	4,108,408
Permanently restricted (Note 13)	0	0	0	3,978,988	3,978,988	3,966,007
Total net assets with donor restrictions	3,329,729	0	13,920	4,868,140	8,211,789	8,074,415
Total net assets	38,621,356	1,931,686	136,899,376	40,611,507	218,063,925	202,503,740
Total liabilities and net assets	47,287,182	2,109,775	136,899,376	56,550,177	237,388,897	220,401,690

* Inter-fund borrowing is eliminated in combined totals

See accompanying notes.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
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Combined Statement of Changes in Net Assets; Page 1
For the years ended December 31, 2023 and 2022**

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	Operating Fund	Cohutta Springs	Plant Fund	Other Funds	2023 Total	2022 Total
<u>Revenue and support without donor restrictions</u>						
Gross tithe income	72,914,635	0	0	0	72,914,635	67,542,817
Tithe percentages passed on	16,952,921	0	0	0	16,952,921	16,040,824
Net tithe income	55,961,714	0	0	0	55,961,714	51,501,993
Subsidies and donations	41,810	0	0	0	41,810	933,640
Matured wills and trusts	219,560	0	0	0	219,560	109,564
Investment earnings	1,547,780	3,216	0	1,970,484	3,521,480	1,568,483
Churches & schools	12,810,912	0	0	0	12,810,912	11,451,023
Departmental fees/sales	2,523,128	936,567	0	0	3,459,695	3,046,015
Additions to quasi endowment principal	0	0	0	12,818	12,818	22,795
Changes in irrevocable agreements	0	0	0	25,112	25,112	(42,481)
Total revenue without donor restrictions	73,104,904	939,783	0	2,008,414	76,053,101	68,591,032
Released from net assets with donor restrictions (Note 13)	5,412,963	0	0	0	5,412,963	4,843,484
 Total revenues and support without donor restrictions	 78,517,867	 939,783	 0	 2,008,414	 81,466,064	 73,434,516
 <u>Expenses and losses</u>						
<u>Program service functions</u>						
Church ministries	29,744,497	1,954,913	690,317	0	32,389,727	27,673,862
Educational	22,716,078	0	0	0	22,716,078	19,419,132
Publishing	1,620,894	0	0	0	1,620,894	1,487,378
Health & humanitarian	471,054	0	6,646	0	477,700	534,536
Other	5,925,323	0	29,202	0	5,954,525	5,520,069
Total program service functions	60,477,846	1,954,913	726,165	0	63,158,924	54,634,977

See accompanying notes.

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Combined Statement of Changes in Net Assets; Page 2
For the years ended December 31, 2023 and 2022**

CHANGES IN UNRESTRICTED NET ASSETS	Operating Fund	Cohutta Springs	Plant Fund	Other Funds	2023 Total	2022 Total
<u>Supporting service functions</u>						
Administration - office resources	2,811,398	0	144,376	0	2,955,774	2,707,031
Retirement contribution to DB plan	8,312,269	0	0	0	8,312,269	7,699,882
Total supporting service functions	<u>11,123,667</u>	<u>0</u>	<u>144,376</u>	<u>0</u>	<u>11,268,043</u>	<u>10,406,913</u>
 Total expenses and losses	 71,601,513	 1,954,913	 870,541	 0	 74,426,967	 65,041,890
 Net increase (decrease) from operations	 <u>6,916,354</u>	 <u>(1,015,130)</u>	 <u>(870,541)</u>	 <u>2,008,414</u>	 <u>7,039,097</u>	 <u>8,392,626</u>
 <u>Nonoperating activity without donor restrictions</u>						
Nonoperating revenue (Note 15)	0	0	7,691	1,555,504	1,563,195	(2,432,925)
Contributions of nonfinancial assets (Note 16)	0	0	12,470,091	0	12,470,091	17,115,388
Nonoperating expense (Note 15)	0	0	(5,142,749)	(463,718)	(5,606,467)	(6,727,901)
Credit loss expenses (Note 15)	0	0	0	(870,240)	(870,240)	0
Net gain (loss) on sale of assets (Note 15)	0	0	592,980	0	592,980	1,602,272
Released from restriction (Note 13)	0	0	130,000	104,155	234,155	141,583
Transfers between funds (Note 15)	<u>(2,457,079)</u>	<u>1,556,792</u>	<u>1,173,637</u>	<u>(273,350)</u>	<u>0</u>	<u>0</u>
Net increase (decrease) from nonoperating activity	<u>(2,457,079)</u>	<u>1,556,792</u>	<u>9,231,650</u>	<u>52,351</u>	<u>8,383,714</u>	<u>9,698,417</u>
 Increase (decrease) net assets without donor restrictions	 <u>4,459,275</u>	 <u>541,662</u>	 <u>8,361,109</u>	 <u>2,060,765</u>	 <u>15,422,811</u>	 <u>18,091,043</u>

See accompanying notes.

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Combined Statement of Changes in Net Assets; Page 3
For the years ended December 31, 2023 and 2022

CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS	Operating Fund	Cohutta Springs	Plant Fund	Other Funds	2023 Total	2022 Total
Changes in net assets with temporary donor restrictions						
<u>Income with temporary donor restrictions</u>						
Subsidies	2,750,755	0	0	0	2,750,755	2,694,471
Offerings	1,902,830	0	0	0	1,902,830	1,514,358
Donations	393,248	0	0	0	393,248	383,661
Matured wills & trusts	172,153	0	0	0	172,153	277,071
Contributions of nonfinancial assets (Note 16)	97,223	0	0	0	97,223	71,414
Endowment income	0	0	0	205,893	205,893	(112,393)
Endowment Donations & Additions	0	0	0	3,912	3,912	3,571
Change in irrevocable agreements (Note 10)	0	0	0	13,065	13,065	38,445
Restricted capital additions	102,432	0	130,000	0	232,432	125,248
Total income with temporary donor restrictions (Note 13)	5,418,641	0	130,000	222,870	5,771,511	4,995,846
Released from restrictions - operating (Note 13)	(5,412,963)	0	0	0	(5,412,963)	(4,843,484)
Released from restrictions - capital (Note 13)	0	0	(130,000)	0	(130,000)	(15,000)
Released from restrictions - nonoperating (Note 13)	0	0	0	(104,155)	(104,155)	(126,583)
Increase (decrease) net assets with temp. donor restrictions	5,678	0	0	118,715	124,393	10,779
 Changes in net assets with permanent donor restrictions						
<u>Income with permanent donor restrictions</u>						
Endowment donations & additions	0	0	0	12,981	12,981	62,861
Increase (decrease) in net assets with perm. donor restrictions	0	0	0	12,981	12,981	62,861
Increase (decrease) in net assets with donor restrictions	5,678	0	0	131,696	137,374	73,640
Increase (decrease) in net assets	4,464,953	541,662	8,361,109	2,192,461	15,560,185	18,164,683
Net assets, beginning	34,156,403	1,390,024	128,538,267	38,419,046	202,503,740	184,339,057
Net assets at end of year	38,621,356	1,931,686	136,899,376	40,611,507	218,063,925	202,503,740

See accompanying notes.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.**

**Combined Statement of Cash Flows; Page 1
For the years ended December 31, 2023 and 2022**

	Operating Fund	Cohutta Springs	Plant Fund	Other Funds	2023 Total	2022 Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Increase (decrease) in net assets	4,464,953	541,662	8,361,109	2,192,461	15,560,185	18,164,683
Adjustments to reconcile change in net assets to net cash provided:						
Depreciation expense	0	0	4,219,979	0	4,219,979	3,727,359
Provision for credit losses	0	0	0	1,542,640	1,542,640	0
(Gain) loss on sale of plant assets	0	0	(592,980)	0	(592,980)	(1,602,272)
(Gain) loss on gift annuities	0	0	0	(10,355)	(10,355)	29,845
Local church and school properties added	0	0	(12,470,091)	0	(12,470,091)	(17,115,388)
Unrealized (gain) loss in market value	(216,067)	0	0	(1,771,950)	(1,988,017)	3,583,960
(Inc) dec - account receivable	(566,560)	57,087	0	0	(509,473)	(865,333)
(Inc) dec - inventory and prepaid expense	(537,253)	10,593	0	0	(526,660)	(92,284)
(Inc) dec - non-matured trusts receivable	0	0	0	(23,815)	(23,815)	(27,206)
(Inc) dec - agency cash	2,842	0	0	0	2,842	(3,338)
Inc (dec) - account payable	13,520	(32)	0	1,436,489	1,449,977	2,099,413
Inc (dec) - deferred revenue	0	(9,785)	0	0	(9,785)	21,163
Inc (dec) - agency accounts	(2,842)	0	0	0	(2,842)	(602,463)
Net cash provided or (used) from operating	3,158,593	599,525	(481,983)	3,365,470	6,641,605	7,318,139

See accompanying notes.

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CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
Combined Statement of Cash Flows; Page 2
For the years ended December 31, 2023 and 2022**

	Operating Fund	Cohutta Springs	Plant Fund	Other Funds	2023 Total	2022 Total
CASH FLOWS FROM INVESTING ACTIVITIES						
Proceeds from maturity of investments	1,887,414	0	227,965	24,727,381	26,842,760	8,370,301
Purchase of investments	(1,884,204)	0	0	(38,233,547)	(40,117,751)	(8,994,607)
Proceeds from sale of plant assets	0	0	677,800	0	677,800	2,956,800
Purchase of plant assets	0	0	(608,902)	0	(608,902)	(402,151)
(Inc) dec - other properties	1,067,400	0	0	0	1,067,400	(767,400)
(Inc) dec - other receivables	0	0	0	41,911	41,911	(173,058)
New notes and mortgages receivable issued	(18,136,890)	(101,562)	0	(305,436)	(18,543,888)	(15,314,614)
Payments received on notes receivable	15,672,549	0	0	4,500,000	20,172,549	15,132,609
Net cash provided or (used) from investing	<u>(1,393,731)</u>	<u>(101,562)</u>	<u>296,863</u>	<u>(9,269,691)</u>	<u>(10,468,121)</u>	<u>807,880</u>
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds (payments) on inter-fund borrowing	(6,092,174)	2,861	185,120	5,904,193	0	0
Proceeds from investing gift annuities	0	0	0	9,530	9,530	(7,192)
Annuity payments	0	0	0	(5,495)	(5,495)	(6,685)
Matured gifts distributed	0	0	0	0	0	(37,781)
Change in liabilities for split-interest agreements	0	0	0	(4,007)	(4,007)	1,397
Net cash provided or (used) from financing	<u>(6,092,174)</u>	<u>2,861</u>	<u>185,120</u>	<u>5,904,221</u>	<u>28</u>	<u>(50,261)</u>
Net inc (dec) cash and cash equivalents	(4,327,312)	500,824	0	0	(3,826,488)	8,075,758
Cash and cash equivalents, beginning of year	<u>22,649,536</u>	<u>1,274,781</u>	<u>0</u>	<u>0</u>	<u>23,924,317</u>	<u>15,848,559</u>
Cash and cash equivalents, end of year	<u>18,322,224</u>	<u>1,775,605</u>	<u>0</u>	<u>0</u>	<u>20,097,829</u>	<u>23,924,317</u>

See accompanying notes.

**GEORGIA-CUMBERLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS,
GEORGIA-CUMBERLAND ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.,
CUMBERLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS, INC.
Notes to the Combined Financial Statements
For the years ended December 31, 2023 and 2022**

Note 1 - Organization description and summary of significant accounting policies

Organization Description

Seventh-day Adventist congregations within Georgia, Cherokee County in North Carolina, and Eastern Tennessee (the western boundary being the northern and/or western line of the counties of Pickett, Overton, Putnam, White, Warren, Grundy, and Marion) have formed the Georgia-Cumberland Conference of Seventh-day Adventists (the Conference), the Georgia-Cumberland Association of Seventh-day Adventists, Inc. and Cumberland Conference Association of Seventh-day Adventists, Inc. (the Association). Because the Conference and the Association are commonly controlled, their financial statements are combined (Organizations).

The Organizations' primary purpose is to spread the gospel of Jesus Christ throughout its territory. The Conference supports the operation of all churches and schools in its territory and is a member organization of the Southern Union Conference of Seventh-day Adventists. The Association holds legal title to all denominational property located within its territory and performs certain fiduciary duties. (The Conference also operates the Georgia-Cumberland Adventist Book Center (ABC) as a department. The ABC sells religious literature and related merchandise to constituents and their families.) The Conference receives most of its revenue in the form of contributions from individuals in its constituent congregations. (The ABC receives most of their revenue from the sale of merchandise.)

The Organizations are religious not-for-profit organizations, and are exempt from Federal, state, and local income taxes under the provisions of Section 501 (c) (3) of the Internal Revenue Code and corresponding sections of applicable state and local codes; except for taxes on Unrelated Business Income as described in Sections 511-514 of the Internal Revenue Code.

Summary of Significant Accounting Policies

(a) Basis of accounting: The significant accounting policies of the Organizations are essentially the same as generally accepted accounting principles for not-for-profit organizations as promulgated by the Financial Accounting Standards Board. The significant policies are described below to enhance the usefulness of the financial statements. The financial statements of the Organizations have been prepared on the accrual basis of accounting. In conformity with the accrual basis of accounting, the Organizations have evaluated events that occurred subsequent to the financial statement date, up to August 12, 2024, which is the date the financial statements were available to be issued.

(b) Use of estimates: The preparation of financial statements in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Restricted resources: The Organizations report gifts of cash and other assets as restricted support 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organizations report gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organizations report expirations of donor restrictions when the donated or acquired long lived assets are placed in service.

Components of Unrestricted Activity: Unrestricted activity is separated between operating and non-operating activity. Operating activity is defined as the regular recurring revenue and expense related to the core ministries of the Organizations. Other activity, such as transfers between funds, additions and deletions related to church and school properties, and most of the activity of funds other than the operating fund, is classified as non-operating activity.

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Note 1 - Organization description and summary of significant accounting policies (continued)

(d) Net assets without donor restrictions: The executive committee of Georgia-Cumberland Conference has several standing policies that affect the presentation of committee designations on net assets. Bequests without donor restrictions are designated for evangelism (allocated funds). The committee has established quasi-endowments for student scholarships. Additionally, management maintains an operating reserve for working capital in accordance with guidelines of the North American Division Working Policy (see Note 21).

(e) Plant assets and depreciation: Plant assets are recorded at cost when purchased or at fair value at date of gift when donated. Plant assets that cost less than \$2,000 are not capitalized but are charged to expense. Depreciation of land improvements, buildings, and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis, typically 10 - 30 years for land improvements, 5 – 75 years for buildings, 5 years for finance leases, and 2 - 20 years for equipment and vehicles. Depreciation expense is recorded in the plant fund and is distributed among the operating expense reported in the Statements of Changes in Net Assets by the various program and supporting services functions that use those assets.

In its corporate capacity, the Corporation holds legal title to properties that are used by local congregations and other affiliated entities. The historical cost of these properties, and related accumulated depreciation, is included in the plant fund, and the related depreciation expense is recorded as nonoperating expense in the Statements of Changes in Net Assets.

Uses of operating funds for plant acquisitions and debt service payments are accounted for as committee approved transfers to plant funds. Such transfers include depreciation funding as well as additional movements of operating funds to the plant fund. Restricted proceeds from the sale of assets and restricted income from plant fund investments are recorded as restricted support. Both principal and interest payments made to retire plant fund debt are recorded in the plant fund.

(f) Cash and equivalents: Cash equivalents are highly-liquid assets of the operating funds, which are readily convertible to cash and have a maturity date of three months or less from date of acquisition. Cash and investments of funds other than operating are not classified as cash and cash equivalents. The increase or decrease in nonoperating cash and investments is reported in the statement of cash flows as proceeds or purchases of investments.

(g) Fair value of financial instruments: Following are the major methods and assumptions used to estimate fair values. Short-term financial instruments are valued at their carrying amounts included in the statement of financial position, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments. This applies to cash, cash equivalents, accounts receivable, and certain current liabilities.

Investment securities are valued at quoted market price or other reasonably obtainable market value estimate at the reporting date for those or similar securities. The difference between aggregate market value and historical cost for each type of security is recorded in a valuation account. The change in this account during each period is recognized as a gain or loss.

Notes receivable are valued at the amortized amount receivable at the reporting date. Allowance has been made for notes which are not expected to be repaid. The net total approximates the discounted value of future cash flows expected to be received. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent substantiation, management has not attempted to estimate the fair value of loans receivable from related or affiliated entities. Such loans, by intent and practice, are expected to be held to maturity and are valued at face value.

Notes payable are valued at the amortized amount payable as of the reporting date. Because these loans, by intent and practice, are expected to be amortized to maturity, the carrying amount approximates the discounted value of the future cash flows expected to be paid. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent verification, management has concluded that the amortized face value of notes payable to related or affiliated entities approximates their fair value. Further, because a reasonable estimate of fair value could not be made

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Note 1 - Organization description and summary of significant accounting policies (continued)

without incurring excessive costs, management has not attempted to estimate the fair value of any notes payable to creditors that are not related or affiliated entities.

(h) Current assets and liabilities: Assets and liabilities are classified as current or long-term, depending on their characteristics. This excludes from current assets, cash and claims to cash that are restricted to use for other than current operations, or are committed for the acquisition or construction of plant assets or for the liquidation of plant fund debt. This excludes from current liabilities the long-term portion of all debt, and plant fund debt payable within the next fiscal year to the extent covered by designated plant fund liquid assets. Working capital (current assets less current liabilities) for the Organizations usually reflects working capital of only the operating funds, since usually no assets or liabilities of the plant, pooled investment, endowment, or annuity funds are classified as current.

(i) Inventory and supplies: Inventory is valued at the lower of cost or market, under the first-in, first-out method. Merchandise and materials held for sale are classified as inventory. Supplies held for future consumption are classified as prepaid expense.

(j) Investment income: Ordinary income from investments, loans, and the like is accounted for in the fund owning the assets, except for the endowment fund. Unrestricted income on endowment fund investments is accounted for as income of the operating fund. Restricted income on endowment fund investments is accounted for as restricted support and temporarily restricted net assets until spent for the restricted purpose designated by the endowment instrument.

(k) Split-interest agreements: The Association acts as a trustee of and/or has a beneficial interest in various kinds of trust, annuities, and/or other split-interest agreements. Other organizations are partial beneficiaries of some of these agreements. For those agreements that are irrevocable, the respective donated assets are recorded by the Association at fair value at the date of gift or acceptance of agreement. For those agreements, liabilities are recorded for the present value of the amount due to income beneficiaries and other remainder beneficiaries. Conservative discount rates are used to compute the present value of such liabilities. Standard actuarial tables and conservative interest rates are used to compute liabilities due to annuitants. For those irrevocable agreements that are unconditional, the Association's remainder interest is classified as unrestricted or temporarily restricted depending on the terms of each agreement. For those irrevocable agreements that are conditional, a liability is recorded as a refundable advance in an amount to the value of the respective trust assets. (For additional details see Notes 10 and 11).

(l) Affiliated organizations: The Organizations operate through several organizations with which it is affiliated by reason of economic interest and/or shared membership on the respective governing committees. The financial statements of these other organizations are not consolidated with the Organizations. Inter-organization transactions carried on in the ordinary course of business are handled through current accounts receivable and payable, and are settled generally on a monthly basis. Other financial transactions involving appropriations, plant assets, and loans are detailed in Notes 6, 7, and 14 below. These other organizations are:

Georgia Cumberland Academy: A Christian secondary school, which is a separate unincorporated organization serving the Georgia-Cumberland Conference's territory. It is governed by a committee of the Georgia-Cumberland Conference. Legal title to real property used by the Academy is vested in the Association. The value of that property is included in the financial statements of the Association.

Collegedale Academy: A Christian secondary school, which is a separate unincorporated organization serving part of the Georgia-Cumberland Conference's territory. It is governed by a committee that is chosen by the members of certain constituent churches within Georgia-Cumberland Conference's territory. Select Conference officers serve on the committee.

Atlanta Adventist Academy: A Christian secondary school which serves the Georgia-Cumberland Conference, with a special focus on the greater metropolitan Atlanta area. Prior to February 16, 2006, the Academy was governed by committees chosen by members of certain constituent churches in the greater Atlanta area within the Georgia-Cumberland Conference territory. On February 16, 2006, the constituency took an action to dissolve itself and requested the Conference to assume full management of the academy. Since that date, the Academy has been governed by a committee of the Georgia-Cumberland Conference.

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The Academy shares all real property with existing Georgia-Cumberland Conference local churches and schools, on three campuses in the greater Atlanta area and holds no separate real property of its own.

The Samaritan Center, Inc. (the Center): A not-for-profit organization, formerly known as, and still doing business as, the Samaritan Center, Inc., was merged with InAsMuch, Inc. during 2012. The purpose of the Center is to provide practical assistance towards self-sufficiency for residents of Southeastern Hamilton County in Tennessee by focusing on basic needs through its principal programs: (1) thrift shop, (2) counseling and support groups, and (3) direct assistance (food, clothing, utilities, etc.). The Conference Executive Committee serves as the constituency of the Samaritan Center, Inc.

Home Health Education Service (HHES): HHES is a religious not-for-profit organization operated by the Georgia-Cumberland Conference of Seventh-day Adventists to sell and distribute Christian literature and related merchandise to members of the general public within the southeastern United States. The HHES receives most of its revenue in the form of sales of its merchandise. It also receives operating and/or capital subsidies from the member Conferences.

(m) Fund accounting: To ensure observance of limitations and restrictions placed on the use of resources available to the Organizations, the accounts are maintained in accordance with the principles of fund accounting. Resources are classified for accounting and reporting into funds established according to their nature and purposes. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds have been combined into groups, and totals are presented for the Organizations as a whole. The funds and groups are described in further detail below.

Operating fund: Unrestricted and restricted resources available for current operations. This fund group reflects the operating activity of the Conference Operating Fund.

Cohutta Springs fund: Unrestricted resources available for current operations. This fund group reflects the operating activity of the Cohutta Springs Youth Camp.

Plant funds: A combination of the Unexpended Plant and Net Invested in Plant Funds of the Association and Cohutta Springs. The Unexpended Plant Fund represents resources that were donor restricted or committee allocated for plant acquisitions. Since operating resources allocated by the committee can be returned to the Operating Funds by action of the committee, they are included in the Unrestricted section of Net Assets and appear as Allocated Net Assets. This balance includes the unused portion of funded depreciation, additional funds transferred for plant acquisitions, proceeds from sale of plant assets, and unrestricted plant fund investment earnings. The Net Invested in Plant Fund represents plant assets acquired, respective accumulated depreciation, and any respective debt. Separate Plant Fund financial statements are prepared by the Association and Cohutta Springs as supplementary information.

Other funds: A combination of the Pooled Investment, Annuity, Endowment, and Irrevocable Funds. Separate financial statements for each of these funds are prepared by the Association as supplementary information. Following are descriptions of them.

Pooled investment fund: An accounting entity regulated by the investment policies of the denomination. When desired and permissible, this fund pools assets of irrevocable trusts, and endowment and annuity funds. Under certain conditions, it can also hold assets of revocable trusts. It does not accept investments from operating fund. The pooled assets are held on a demand, interest-bearing basis, with the rate not to exceed specified limits. This is not a unitized fund; it can accumulate income in excess of interest paid to depositors and is responsible for all losses from investment and operating. Excesses of income over expense are reported as operating income and appear as allocated net assets until transferred to another fund by committee action. Any losses in excess of allocated net assets would be covered by a transfer from operating funds.

Annuity fund: Represents funds that are subject to the conditions stated in Annuity Agreements. By denominational policy all funds received are to be held until maturity, and no portion of such funds received

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Note 1 - Organization description and summary of significant accounting policies (continued)

may be used except to meet the regular annuity payments when they exceed the earnings from investment of Annuity Funds.

Endowment fund: Represents funds that are subject to restrictions of gift instruments requiring that the principal be held in perpetuity, be invested, and only the income from such investment be used. The principal of true endowments is reported as Permanently Restricted Net Assets. Committee-directed quasi-endowments are reported as Allocated Unrestricted Net Assets. Further information about endowments is included in paragraphs (n) through (p) below.

Irrevocable Fund: An accounting entity for assets that are held in a trustee capacity. This fund is limited to certain conditional and unconditional trust agreements that name the Organization as the trustee.

(n) Basis of special presentation: The accompanying combined special-purpose unconsolidated financial statements include all the accounts and activity of Georgia-Cumberland Conference of Seventh-day Adventists, Georgia-Cumberland Association of Seventh-day Adventists, Inc., and Cumberland Conference Association of Seventh-day Adventists, Inc., except for the accounts and activity of Georgia-Cumberland Adventist Book Center and Home Health Educational Services, which are departments of the Conference. Compliance with FASB Accounting Standards Codification (FASC) 958-210-45 would require Georgia-Cumberland Adventist Book Center and Home Health Educational Services to be included in general-use financial statements of the Organizations.

The accompanying combined special-purpose unconsolidated financial statements do not include any accounts or activity of, or investment in, Atlanta Adventist Academy, Georgia-Cumberland Academy, and The Samaritan Center, Inc., which are related entities controlled by the Conference. The accompanying financial statements include the cost of land that is owned by the Associations, but which is used by these related entities. In accordance with a written agreement, the related entities also present the cost and accumulated depreciation of buildings and land improvements owned by the Associations, but used by them, in their financial statements. Compliance with FASC 958-810 would require a consolidated statement when presenting complete financial statements of the Organizations.

The Organizations believe this special presentation is useful to analyze the financial statements of the parent Organizations, excluding Georgia-Cumberland Adventist Book Center and Home Health Educational Services, and not consolidating Atlanta Adventist Academy, Georgia-Cumberland Academy, and The Samaritan Center, Inc.

(o) Adoption of new accounting standards: Effective January 1, 2023, the Organizations adopted ASU 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, as amended, which expands the information entities are required to consider when estimating credit losses and lowers the threshold for recognized losses on financial instruments not measured at fair value. Under the new model, nonprofit organizations will measure expected credit losses (rather than probable losses) based on historical experience, current conditions, and reasonable and supportable forecasts. The Organizations adopted this new guidance utilizing the modified retrospective transition method. There is no effect on the balance sheet at the beginning of the 2022 period due to all elements that would have been classified as allowance for credit losses in 2023 were already recorded in 2022 as unrealized gains and losses. Financial assets held by the Organizations that are subject to ASU 2016-13 include accounts receivable and investments.

(p) Interpretation of state law regarding endowment assets: The Organization's Executive Committee has interpreted the Georgia Prudent Management of Institutional Funds Act (GPMIFA) to require the preservation of the purchasing power (inflation-adjusted real value) of donor-restricted endowments, unless explicit donor stipulations provide otherwise.

As a result of this interpretation, the Organization classifies as permanently restricted net assets:

- (a) The original value of gifts donated as permanent endowments,
- (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 endowment. The undistributed earnings are retained as temporarily restricted until allocated for distribution.

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(p) Endowment investment policies – return objectives, risk parameters, and strategies: The Organizations have not yet formulated investment policies.

(q) Endowment spending policies and relation to investment objectives: The Organizations have an endowment spending policy of 1) ninety percent of the previous year's earnings is available to be spent for Education as approved by the Board of Education and 2) ten percent is added to the corpus.

Underwater endowment funds

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organizations to retain as a fund of perpetual duration. The Organizations have a policy that prohibits spending from underwater endowments as long as it is in an underwater condition.

	2023	2022
	Total	Total
Note 2 - Cash and cash equivalents - operating funds		
Operating		
Imprest cash	375	500
Checking accounts	3,675,367	2,285,858
GC money fund	44,103	6,859,894
Investment accounts - cash equivalent	14,602,379	13,503,284
Total operating fund	<u>18,322,224</u>	<u>22,649,536</u>
Cohutta Springs		
Imprest cash	200	200
Checking accounts	1,775,405	1,274,581
Total Cohutta Springs	<u>1,775,605</u>	<u>1,274,781</u>
Total cash and cash equivalents	<u>20,097,829</u>	<u>23,924,317</u>
 Cash held for agency accounts	 <u>25,985</u>	 <u>28,827</u>

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Note 3 - Investments - all funds

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Carrying amount and fair value				
<u>Investments held for operating purposes</u>				
Corporate bonds*	562,435	568,586	751,680	750,649
Government bonds*	26,265	12,623	136,449	68,745
Fixed income securities	5,671,958	5,671,959	5,395,636	5,395,635
General Conference unitized fund	668,833	1,004,737	648,935	830,018
Total cost - for operating purposes	6,929,491	7,257,905	6,932,700	7,045,047
Less: allowance for credit losses	0	0		
Unrealized appreciation (decline) in value	328,414	0	112,347	0
Carrying amount at fair value	7,257,905	7,257,905	7,045,047	7,045,047
<u>Cash and investments held for plant fund</u>				
Checking account - Cohutta	54,080	54,080	282,045	282,045
	54,080	54,080	282,045	282,045
<u>Cash and investments held for other funds</u>				
Imprest cash	5,000	5,000	5,000	5,000
Checking account	1,427,731	1,427,731	1,048,897	1,048,897
Mutual funds	90,243	91,068	186,639	155,987
Money market accounts	4,285,070	4,285,072	3,008,722	3,008,722
Corporate bonds *	504,584	507,440	1,206,183	1,179,455
Fixed income securities	31,417,449	30,187,638	23,357,746	22,507,544
Equity securities	13,640,323	14,422,488	8,398,283	8,164,820
Real estate investment trust	3,746,520	3,713,205	4,399,286	4,833,743
Total cost - for other than operating	55,116,920	54,639,642	41,610,756	40,904,168
Less: allowance for credit losses	(1,542,640)	0		
Unrealized appreciation (decline) in value	1,065,362	0	(706,588)	0
Carrying amount at fair value	57,724,922	54,639,642	40,904,168	40,904,168
Total investments for all funds	65,036,907	61,951,627	48,231,260	48,231,260

* Net of premiums and discounts

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Note 3 - Investments - all funds (continued)

	2023		2022	
	Operating Activity	Nonoperating Activity	Operating Activity	Nonoperating Activity
Composition of Investment Return:				
Investment income (interest and dividends)	1,374,813	2,176,377	702,674	1,220,264
Realized gain (loss) on sale of investments	(43,100)	447,362	(307,901)	343,628
Unrealized gain (loss) in value of investments	216,067	1,771,950	(159,318)	(3,424,642)
Net gain (loss) on investments for which carrying value is fair value*	172,967	2,219,312	(467,219)	(3,081,014)
Total investment return	1,547,780	4,395,689	235,455	(1,860,750)

* The Organizations did not have any gain or loss on investments for which carrying value is not fair value.

The Organizations' investment strategy places all its investments (except loans receivable and debt securities that qualify as "held to maturity") in a class for which accounting standards require the carrying value to be at fair value.

Fair values at year end are determined by reference to the following "levels" of information:

	2023 Total	2022 Total
Level 1: Observable quoted market prices for identical items	17,797,254	10,997,382
Level 2: Observable quoted market prices for similar items, and other observable market data correlated to specific assets	38,044,052	30,888,033
Level 3: Unobservable other information from investment fund managers, which assets they use market data to determine the unit values which are communicated to investors	6,110,321	6,345,845
Total investments at year end	61,951,627	48,231,260

For investments valued with level 3 inputs:

Beginning balance	6,345,845	7,340,531
Total gains or losses (net)	(5,149,347)	(1,274,550)
Total purchases and sales (net)	4,913,823	279,864
Ending balance	6,110,321	6,345,845

The Organizations provide for expected credit losses through a debit to credit loss expense and a credit to a valuation allowance based on the expectation to receive 10% to 30% of their original costs for investments from GWG Holdings, an entity that filed for Chapter 11 bankruptcy on April 20, 2022. The percentages were estimated by the Organizations' counsel in collaboration with the Organizations' management. Changes in the valuation allowance have resulted in material reclassifications to the financial statements.

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Note 3 - Investments - all funds (continued)

The following table presents the changes in the allowance for credit losses by major security type for the year ended December 31, 2023:

Allowance for credit losses:	Fixed Income Securities	2023 Total
Beginning balance	0	0
Impact of the adoption of the new credit loss standard	672,400	672,400
Provision for credit losses	870,240	870,240
Write-offs	0	0
Recoveries	0	0
Balance, ending	<u>1,542,640</u>	<u>1,542,640</u>

Note 4 - Accounts receivable

	2023 Total	2022 Total
Operating fund		
Church remittances	10,127,744	9,717,898
Local churches & schools	66,628	19,882
Academies	461,964	434,768
Ga.-Cumberland Conf. Adventist Book Center	23,441	14,129
Higher SDA organizations (Southern Union & NAD)	43,750	0
Other SDA organizations	63,798	19,970
Employee accounts	60,830	83,356
Miscellaneous accounts	172,199	163,791
Less: allowance for credit losses	0	0
Total operating accounts receivables	<u>11,020,354</u>	<u>10,453,794</u>
Cohutta Springs		
Accounts receivable	<u>9,903</u>	<u>66,990</u>
Total operating funds accounts receivable	<u>11,030,257</u>	<u>10,520,784</u>
Other funds	<u>151,968</u>	<u>193,880</u>
Total accounts receivable	<u>11,182,225</u>	<u>10,714,664</u>

The Organizations provide for expected credit losses through a debit to credit loss expense and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts. Balances that are still outstanding after the Organizations' management has used reasonable collection efforts are written off through a debit to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

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Note 4 - Accounts receivable (continued)

The following table presents the changes in the allowance for credit losses for the year ended December 31, 2023:

Allowance for credit losses:	2023 Total
Beginning balance	0
Impact of the adoption of the new credit loss standard	0
Provision for credit losses	0
Write-offs	0
Recoveries	0
Balance, ending	0

Note 5 - Inter-fund receivable (payable)

	2023		2022
	Current	Long-Term	Total
<u>Operating fund inter-fund receivable (payable)</u>			
Plant fund	0	(326,093)	(326,093)
Cohutta Springs	(74,696)	0	(74,696)
Endowment fund	0	(2,983)	(2,983)
Investment fund	156,000	0	156,000
Total operating inter-fund rec. (payable)	81,304	(329,076)	(247,772)
<u>Cohutta Springs inter-fund receivable (payable)</u>			
Operating fund	74,696	0	74,696
Total Cohutta Springs inter-fund rec. (payable)	74,696	0	74,696
<u>Plant fund inter-fund receivable (payable)</u>			
Operating fund	326,093	0	326,093
Endowment Fund	247,706	0	247,706
Investment fund	4,809,118	0	4,809,118
Total plant inter-fund rec. (payable)	5,382,917	0	5,382,917
<u>Investment fund inter-fund receivable (payable)</u>			
Operating fund	0	(156,000)	(156,000)
Plant fund	0	(4,809,118)	(4,809,118)
Total investment inter-fund rec. (payable)	0	(4,965,118)	(4,965,118)
<u>Endowment fund inter-fund receivable (payable)</u>			
Operating fund	2,983	0	2,983
Plant fund	0	(247,706)	(247,706)
Total endowment inter-fund rec. (payable)	2,983	(247,706)	(244,723)
Total other funds inter-fund rec. (payable)	2,983	(5,212,824)	(5,209,841)

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Note 6 - Notes receivable - operating

	2023			2022
	Current	Long-term	Total	Total
Conference operating fund (unsecured)				
Southern Union Revolving Fund @ 4.00%	2,324,155	0	2,324,155	3,251,882
Church building loan advances @ 7.00%	3,471,031	26,800	3,497,831	2,555,202
Professional & Business Association @ 3.50%	2,538,500	0	2,538,500	89,060
Less: allowance for credit losses	0	0	0	0
Total notes receivable, operating 12-31-23	8,333,686	26,800	8,360,486	
Total notes receivable, operating 12-31-22	5,863,438	32,706		5,896,144

The Organizations provide for expected credit losses through a debit to credit loss expense and a credit to a valuation allowance based on historical experience, current conditions, and reasonable and supportable forecasts. Balances that are still outstanding after the Organizations' management has used reasonable collection efforts are written off through a debit to the valuation allowance and a credit to notes receivable. Changes in the valuation allowance have not been material to the financial statements.

The following table presents the changes in the allowance for credit losses for the year ended December 31, 2023:

Allowance for credit losses:	2023 Total
Beginning balance	0
Impact of the adoption of the new credit loss standard	0
Provision for credit losses	0
Write-offs	0
Recoveries	0
Balance, ending	0

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Note 7 - Plant assets

<u>2023</u>	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
Land	410,390	0	410,390	0
Land improvements	392,645	281,260	111,385	20,805
Buildings	2,990,346	1,314,521	1,675,825	91,057
Equipment	1,806,135	1,215,685	590,450	95,906
Total for conference use, 2023	<u>5,599,516</u>	<u>2,811,466</u>	<u>2,788,050</u>	<u>207,768</u>
Affiliated organizations - land	47,008	0	47,008	0
Affiliated organizations - land improvements	46,905	46,905	0	0
Affiliated organizations - buildings	226,963	113,615	113,348	1,386
Local church & school - land	23,040,966	0	23,040,966	0
Local church & school - buildings	144,424,114	49,473,670	94,950,444	3,373,550
Total for affiliated entities use*, 2023	<u>167,785,956</u>	<u>49,634,190</u>	<u>118,151,766</u>	<u>3,374,936</u>
Total conference plant assets, 2023	<u>173,385,472</u>	<u>52,445,656</u>	<u>120,939,816</u>	<u>3,582,704</u>
Cohutta Springs - land	1,313,959	0	1,313,959	0
Cohutta Springs - land improvements	4,551,745	2,751,244	1,800,501	133,422
Cohutta Springs - construction in progress	12,684	0	12,684	0
Cohutta Springs - buildings	12,017,082	5,308,136	6,708,946	293,246
Cohutta Springs - equipment & vehicles	3,351,818	2,665,345	686,473	210,607
Total for Cohutta Springs use, 2023	<u>21,247,288</u>	<u>10,724,725</u>	<u>10,522,563</u>	<u>637,275</u>
Total plant assets, 2023	<u>194,632,760</u>	<u>63,170,381</u>	<u>131,462,379</u>	<u>4,219,979</u>

* Generally accepted accounting principles require the Association to include in its financial statements all real properties which are deeded in its name. Therefore, the real property for approximately 200 local churches and schools are included in this schedule.

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Note 7 - Plant assets (continued)

<u>2022</u>	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
Land	410,390	0	410,390	0
Land improvements	392,645	260,455	132,190	20,869
Buildings	2,962,500	1,223,464	1,739,036	98,951
Equipment	1,626,050	1,278,240	347,810	93,468
Total for conference use, 2022	<u>5,391,585</u>	<u>2,762,159</u>	<u>2,629,426</u>	<u>213,288</u>
Affiliated organizations - land	47,008	0	47,008	0
Affiliated organizations - land improvements	46,905	46,905	0	0
Affiliated organizations - buildings	226,963	112,229	114,734	1,437
Local church & school - land	20,954,182	0	20,954,182	0
Local church & school - buildings	134,247,163	46,225,366	88,021,797	2,872,946
Total for affiliated entities use*, 2022	<u>155,522,221</u>	<u>46,384,500</u>	<u>109,137,721</u>	<u>2,874,383</u>
Total conference plant assets, 2022	<u>160,913,806</u>	<u>49,146,659</u>	<u>111,767,147</u>	<u>3,087,671</u>
Cohutta Springs - land	1,313,959	0	1,313,959	0
Cohutta Springs - land improvements	4,310,893	2,617,822	1,693,071	126,362
Cohutta Springs - construction in progress	86,903	0	86,903	0
Cohutta Springs - buildings	12,009,910	5,014,890	6,995,020	301,485
Cohutta Springs - equipment & vehicles	3,286,823	2,454,738	832,085	211,841
Total for Cohutta Springs use, 2022	<u>21,008,488</u>	<u>10,087,450</u>	<u>10,921,038</u>	<u>639,688</u>
Total plant assets, 2022	<u>181,922,294</u>	<u>59,234,109</u>	<u>122,688,185</u>	<u>3,727,359</u>

* Generally accepted accounting principles require the Association to include in its financial statements all real properties which are deeded in its name. Therefore, the real property for approximately 200 local churches and schools are included in this schedule.

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Note 7 - Plant assets (continued)

<u>Changes in cost, 2023</u>	Cost 2022	Additions	Deletions	Cost 2023
Land	410,390	0	0	410,390
Land improvements	392,645	0	0	392,645
Buildings	2,962,500	27,846	0	2,990,346
Equipment	1,626,050	342,255	162,170	1,806,135
Total for conference use, 2023	<u>5,391,585</u>	<u>370,101</u>	<u>162,170</u>	<u>5,599,516</u>
Affiliated organizations - land	47,008	0	0	47,008
Affiliated organizations - land improvements	46,905	0	0	46,905
Affiliated organizations - buildings	226,963	0	0	226,963
Local church & school - land	20,954,182	2,114,224	27,440	23,040,966
Local church & school - buildings	134,247,163	10,355,867	178,916	144,424,114
Total for affiliated entities use, 2023	<u>155,522,221</u>	<u>12,470,091</u>	<u>206,356</u>	<u>167,785,956</u>
Total conference plant assets, 2023	<u>160,913,806</u>	<u>12,840,192</u>	<u>368,526</u>	<u>173,385,472</u>
Cohutta Springs - land	1,313,959	0	0	1,313,959
Cohutta Springs - land improvements	4,310,893	240,852	0	4,551,745
Cohutta Springs - construction in progress	86,903	146,433	220,652	12,684
Cohutta Springs - buildings	12,009,910	7,172	0	12,017,082
Cohutta Springs - equipment & vehicles	3,286,823	64,995	0	3,351,818
Total for Cohutta Springs use, 2023	<u>21,008,488</u>	<u>459,452</u>	<u>220,652</u>	<u>21,247,288</u>
Total plant assets, 2023	<u>181,922,294</u>	<u>13,299,644</u>	<u>589,178</u>	<u>194,632,760</u>

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Note 7 - Plant assets (continued)

	Accumulated Depreciation 2022	Additions	Deletions	Accumulated Depreciation 2023
<u>Changes in accumulated depreciation, 2023</u>				
Land improvements	260,455	20,805	0	281,260
Buildings	1,223,464	91,057	0	1,314,521
Equipment	1,278,240	95,906	158,461	1,215,685
Total for conference use, 2023	<u>2,762,159</u>	<u>207,768</u>	<u>158,461</u>	<u>2,811,466</u>
 Affiliated organizations - land improvements	 46,905	 0	 0	 46,905
Affiliated organizations - buildings	112,229	1,386	0	113,615
Local church & school - buildings	46,225,366	3,373,550	125,246	49,473,670
Total for affiliated entities use, 2023	<u>46,384,500</u>	<u>3,374,936</u>	<u>125,246</u>	<u>49,634,190</u>
 Total conference plant assets, 2023	 <u>49,146,659</u>	 <u>3,582,704</u>	 <u>283,707</u>	 <u>52,445,656</u>
 Cohutta Springs - land improvements	 2,617,822	 133,422	 0	 2,751,244
Cohutta Springs - buildings	5,014,890	293,246	0	5,308,136
Cohutta Springs - equipment & vehicles	2,454,738	210,607	0	2,665,345
Total for Cohutta Springs Use, 2023	<u>10,087,450</u>	<u>637,275</u>	<u>0</u>	<u>10,724,725</u>
 Total plant assets, 2023	 <u>59,234,109</u>	 <u>4,219,979</u>	 <u>283,707</u>	 <u>63,170,381</u>

Note 8 - Notes receivable - other than operating

	2023			2022
	Current	Long-Term	Total	Total
Cohutta Springs				
Southern Union Revolving Fund @ 4.00%	101,560	0	101,560	0
Total Cohutta Springs notes receivable	101,560	0	101,560	0
Investment fund				
Southern Union Revolving Fund @ 4.00%	1,337,347	0	1,337,347	5,532,296
Total investment fund notes receivable	1,337,347	0	1,337,347	5,532,296
Endowment fund				
Southern Union Revolving Fund @ 4.00%	13,443	0	13,443	13,056
Total endowment fund notes receivable	13,443	0	13,443	13,056
Total other funds notes receivable	1,350,790	0	1,350,790	5,545,352
Total notes receivable, 12-31-23	1,452,350	0	1,452,350	
Total notes receivable, 12-31-22	5,545,352	0		5,545,352

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Note 9 - Accounts payable - all funds			2023 Total	2022 Total
<u>Accounts payable - operating</u>				
Southern Union Conference, tithe & offerings			3,773,930	3,759,162
SDA academies			272,692	632,787
Commercial accounts			23,509	48,756
Miscellaneous			1,264,473	1,102,675
Accrued payables			<u>3,057,465</u>	<u>2,835,169</u>
Total operating accounts payable			<u>8,392,069</u>	<u>8,378,549</u>
<u>Accounts payable - Cohutta Springs</u>				
Commercial accounts			41,768	53,438
Wages payable			<u>77,012</u>	<u>65,374</u>
Total Cohutta Springs accounts payable			<u>118,780</u>	<u>118,812</u>
<u>Accounts payable - other funds</u>				
SDA organizations			<u>10,603,899</u>	<u>9,167,411</u>
Total other funds accounts payable			<u>10,603,899</u>	<u>9,167,411</u>
Note 10 - Change in irrevocable split-interest agreements			2023 Total	2022 Total
<u>Changes in gift portion</u>				
<u>irrevocable agreements fund</u>				
	Unrestricted	Temporarily Restricted		
Actuarial adjustment from (to) present value	<u>14,757</u>	<u>13,065</u>	27,822	(25,809)
Net adjustment to value			<u>27,822</u>	<u>(25,809)</u>
Increase (decrease) for the year			<u>27,822</u>	<u>(25,809)</u>
<u>Changes in gift portion - annuity fund</u>				
Investment income on irrevocable assets			9,530	(7,192)
Actuarial adjustment from (to) present value			6,320	21,813
Required payments to income beneficiaries			<u>(5,495)</u>	<u>(6,685)</u>
Net adjustment to value of annuities			10,355	7,936
Gift portion of new annuities added			<u>0</u>	<u>0</u>
Changes in gift portion - annuities			10,355	7,936
Transfer of unrestricted maturities to operating fund			<u>0</u>	<u>(37,781)</u>
Increase (decrease) for the year			10,355	(29,845)
Net assets, beginning			<u>35,353</u>	<u>65,198</u>
Net assets, ending			<u>45,708</u>	<u>35,353</u>
<u>Changes in liability to annuitants</u>				
Present value of liability, beginning			56,227	78,040
Actuarial adjustments (including maturities/excluding additions)			<u>(6,320)</u>	<u>(21,813)</u>
Liability to new annuities added			<u>0</u>	<u>0</u>
Present value of liability, ending			<u>49,907</u>	<u>56,227</u>

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Note 11 - Split-interest agreements

As of December 31, 2023 and 2022, respectively, the Organization served as trustee of 1 and 1 revocable trusts. Since the trustors of these agreements have reserved the right to direct and control the investment of the related assets, no assets or liabilities related to these trusts are included in the financial statements.

The Organization is generally a remainder beneficiary of at least a portion of the trust assets. Also, the Organization may be beneficiary of wills or trusts administered by other trustees of which the Organization may not be aware.

The General Conference Auditing Service has performed a review of the Organization's administration of the agreements for which it is trustee and has issued a separate report thereon dated January 25, 2024.

Note 12 - Endowment net asset composition and activity

Endowment net asset composition as of December 31, 2023

<u>Endowments by type</u>	<u>Committee Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Donor Restricted</u>
Donor-restricted endowments	0	588,027	3,978,988	4,567,015
Committee-designated endowments	22,158,773	0	0	0
Total endowments	22,158,773	588,027	3,978,988	4,567,015

Changes in endowment net assets for the year ended December 31, 2023

<u>Activity by type</u>	<u>Committee Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Donor Restricted</u>
Net assets, beginning of year	21,076,077	482,377	3,966,007	4,448,384
Investment return:				
Investment income (interest and dividends)	1,187,638	158,086	0	158,086
Net appreciation or (decline) (Consisting of net realized and unrealized)	359,154	47,807	0	47,807
Total investment return	1,546,792	205,893	0	205,893
Contributions	12,818	3,912	12,981	16,893
Appropriation of assets for expenditure	104,155	(104,155)	0	(104,155)
Transfers in (out) to create or use committee-designated endowments	(908,453)	0	0	0
	327,384	0	0	0
Endowment net assets, end of year	22,158,773	588,027	3,978,988	4,567,015

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Note 12 - Endowment net asset composition and activity (continued)

Endowment net asset composition as of December 31, 2022

<u>Endowments by type</u>	<u>Committee Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Donor Restricted</u>
Donor-restricted endowments	0	482,377	3,966,007	4,448,384
Committee-designated endowments	21,076,077	0	0	0
Total endowments	21,076,077	482,377	3,966,007	4,448,384

Changes in endowment net assets for the year ended December 31, 2022

<u>Activity by type</u>	<u>Committee Designated</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total Donor Restricted</u>
Net assets, beginning of year	22,604,720	717,783	3,903,146	4,620,929
Investment return:				
Investment income (interest and dividends)	1,011,869	123,925	0	123,925
Net appreciation or (decline) (Consisting of net realized and unrealized)	(1,929,571)	(236,319)	0	(236,319)
Total investment return	(917,702)	(112,394)	0	(112,394)
Contributions	22,795	3,571	62,861	66,432
Appropriation of assets for expenditure	126,583	(126,583)	0	(126,583)
Transfer to maintain purchasing power	0	0	0	0
Transfers in (out) to create or use committee-designated endowments	(960,319)	0	0	0
	200,000	0	0	0
Endowment net assets, end of year	21,076,077	482,377	3,966,007	4,448,384

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Note 13 - Net assets with donor restrictions

	2022 Balance	Restricted Income	Restrictions Released	Transfers In (Out)	2023 Balance
Pastors and bible workers	17,375	50,500	67,875	0	0
Ministerial interns	0	92,331	92,331	0	0
Evangelism - general	2,119,877	2,343,377	1,925,272	(437,325)	2,100,657
Evangelism bible workers	0	0	295,184	295,184	0
Latin American ministries	5,000	0	0	0	5,000
Refugee ministries	0	2,430	0	0	2,430
E P E L (salt)	1,828	0	1,828	0	0
Children's ministries	750	0	0	0	750
Family ministries	0	771	771	0	0
Personal ministries	6,221	425	6,646	0	0
Pathfinders	0	202	202	0	0
Pathfinders Mission Challenge	114,084	0	0	0	114,084
Youth camp	0	23,818	36,238	12,420	0
Youth camp donations	312,506	86,035	8,623	(12,420)	377,498
Young adult ministries	6,914	0	6,914	0	0
Youth administration	18,700	0	18,700	0	0
Campmeeting	0	1,298	1,298	0	0
Cohutta Adventist Convention Center	0	107,927	107,927	0	0
Church building appropriations	95,000	141,307	236,307	0	0
Hispanic church building appropriations	81,922	102,432	102,432	0	81,922
Church benefits	25,000	0	0	0	25,000
K-12 operations	0	1,453,083	1,575,224	122,141	0
Atlanta Adventist Academy	0	79,386	79,386	0	0
Collegedale Academy	0	32,198	32,198	0	0
Georgia-Cumberland Academy	0	222,829	222,829	0	0
College & university operations funding	0	46,823	46,823	0	0
Miscellaneous education projects	0	131,363	29,863	0	101,500
Miscellaneous literature evangelism programs	457,030	90,000	68,732	0	478,298
Literature evangelist administration	0	46,836	46,836	0	0
Community service administration	14,221	56,293	90,689	31,496	11,321
Ingathering reversion	45,777	104,109	87,121	(31,496)	31,269
Doss productions	1,846	531	2,377	0	0
Communication & PR administration	0	22,097	42,097	20,000	0
Trust services maturities	0	83,017	83,017	0	0
Administration support	0	97,223	97,223	0	0
Total operating fund - net assets with donor restrictions	<u>3,324,051</u>	<u>5,418,641</u>	<u>5,412,963</u>	<u>0</u>	<u>3,329,729</u>
Plant fund:					
Capital projects - pathfinders	13,920	0	0	0	13,920
Capital projects - office operation	0	15,000	15,000	0	0
Capital projects - community services	0	115,000	115,000	0	0
Total plant fund - net assets with donor restrictions	<u>13,920</u>	<u>130,000</u>	<u>130,000</u>	<u>0</u>	<u>13,920</u>

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Note 13 - Net assets with donor restrictions (continued)

	2022	Restricted	Restrictions	Transfers	2023
	Balance	Income	Released	In (Out)	Balance
Other funds:					
Endowment - evangelism	211,004	3,912	0	0	214,916
Endowment - Cohutta health center maintenance	77,856	0	0	40,517	118,373
Endowment - earnings	0	205,893	0	(205,893)	0
Endowment - AAA scholarship	193,517	0	88,744	149,965	254,738
Endowment - Collegedale Academy	0	0	86,979	86,979	0
Endowment - Collegedale Academy (perm earnings)	0	0	(86,979)	(86,979)	0
Endowment - GCA Scholarship	0	0	14,331	14,331	0
Endowment - GAA Worthy Student	0	0	1,080	1,080	0
Irrevocable agreements fund	288,060	13,065	0	0	301,125
Total other funds - net assets with donor restrictions	770,437	222,870	104,155	0	889,152
Total net assets with temporary donor restrictions	4,108,408	5,771,511	5,647,118	0	4,232,801

	Balance	Restricted	Restrictions	Transfers	Balance
	12/31/22	Income	Released		12/31/23
Permanent restrictions					
Contributions	3,966,007	12,981	0	0	3,978,988
Total net assets with permanent donor restrictions	3,966,007	12,981	0	0	3,978,988

Note 14 - Related party transactions

As explained in Note 1, the Organizations are affiliated with the Georgia-Cumberland Adventist Book Center (ABC), Atlanta Adventist Academy, Georgia-Cumberland Academy, Collegedale Academy and The Samaritan Center, Inc. Balances receivable from the academies and the ABC are disclosed in Note 4. During the year 2023 and 2022, appropriations were made as follows:

	2023	2022
	Total	Total
<u>Academies</u>		
Operating subsidy	1,809,228	1,549,698
Worthy student scholarships	215,000	205,000
Special operating appropriations	1,013,448	570,977
Capital appropriations	55,000	55,000
Total academy appropriations	3,092,676	2,380,675
<u>Georgia Cumberland ABC</u>		
Operating subsidies and special operating appropriations	253,992	253,643
Total ABC appropriations	253,992	253,643

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**Note 15 - Nonoperating activity
without donor restrictions**

	Operating Funds	Cohutta Springs	Plant Funds	Other Funds	2023 Total	2022 Total
Miscellaneous income	0	0	7,691	0	7,691	39,469
Realized gain (loss) on investments	0	0	0	447,362	447,362	343,628
Unrealized gain (loss) in investment value	0	0	0	1,108,142	1,108,142	(2,816,022)
Nonoperating revenue	0	0	7,691	1,555,504	1,563,195	(2,432,925)
Depreciation on affiliated properties	0	0	(1,386)	0	(1,386)	(1,437)
Depreciation on church & school properties	0	0	(3,373,550)	0	(3,373,550)	(2,872,947)
Appropriations to local churches	0	0	(1,369,448)	0	(1,369,448)	(2,946,900)
Endowment distribution	0	0	0	(463,718)	(463,718)	(455,932)
General expenses	0	0	(398,365)	0	(398,365)	(450,685)
Nonoperating expense	0	0	(5,142,749)	(463,718)	(5,606,467)	(6,727,901)
Credit loss expenses	0	0	0	(870,240)	(870,240)	0
Credit loss expenses	0	0	0	(870,240)	(870,240)	0
Proceeds from sale of plant assets	0	0	677,800	0	677,800	2,956,800
Net value of plant assets sold	0	0	(84,820)	0	(84,820)	(1,354,528)
Net gain (loss) on sale of plant assets	0	0	592,980	0	592,980	1,602,272
Plant acquisition and other funding	(2,457,079)	0	1,173,637	(273,350)	(1,556,792)	(1,452,430)
Transfer to/from Cohutta Springs	0	1,556,792	0	0	1,556,792	1,452,430
Unexpended plant resources spent	0	0	(608,902)	0	(608,902)	(402,151)
Purchases added to net invested in plant	0	0	608,902	0	608,902	402,151
Net transfer between funds	(2,457,079)	1,556,792	1,173,637	(273,350)	0	0

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Note 16 – Contributed nonfinancial assets

For the years ended December 31, contributed nonfinancial assets recognized within the Statements of Changes of Net Assets included:

	Operating Funds	Cohutta Springs	Plant Funds	Other Funds	2023 Total	2022 Total
Church & school properties	0	0	12,470,091	0	12,470,091	17,115,388
Services	97,223	0	0	0	97,223	71,414
Total contributed nonfinancial assets	97,223	0	12,470,091	0	12,567,314	17,186,802

The Organizations recognized contributed nonfinancial assets within revenue, including contributed church and school properties and contributed services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

The contributed church and school properties will be used for congregational worship and educational purposes. In valuing the contributed buildings, the Organizations estimated the fair value on the basis of recent comparable sales prices in the related local real estate market.

Contributed services recognized comprise professional services from auditors performing financial audits. Contributed services are valued and are reported at the estimated fair value based on the auditors' cost recovery rate and their number of hours worked. See Note 22 for further information regarding contributed services.

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Note 17 - Pension and other post-retirement benefits

Defined benefit plans

The Organization participates in the following non-contributory, defined benefit plans:

1. The defined benefit pension plan known as the Seventh-day Adventist Retirement Plan of the North American Division (NADRP). This plan, which covers substantially all employees of the Organization, is administered by the General Conference of Seventh-day Adventists, North American Division (NAD), in Columbia, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency. The plan provides primarily monthly pension benefits based on years of service and other factors.

The NAD Committee voted to freeze accrual of service credit in NADRP effective December 31, 1999, except for employees who chose the career completion option, and to start a new defined contribution plan effective January 1, 2000. Certain employees will continue to be eligible for future benefits under this plan. The Organization continues to make contributions to this plan, at rates determined annually by the plan.

2. The defined benefit health care plan known as the General Conference of Seventh-day Adventist North American Division Retiree Auxiliary Healthcare Assistance and Death Benefit Plan (RAHAP). This plan, which covers substantially all employees of the Organizations, is administered by NAD in Columbia, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency. This plan provides primarily health-care benefits which supplement Medicare benefits. The extent of these benefits is based on years of service and the beneficiary's monthly contribution.

Accounting standards define these plans as "multiemployer" plans. As such, it is not required, nor is it possible, to determine the actuarial value of accumulated benefits or plan net assets for employees of the Organization apart from other plan participants.

Information about the required contributions to these plans, the actuarial obligation for future benefits, and the funded status of these plans, is presented in the tables below.

<u>Required contributions from the Organization:</u>	NADRP	RAHAP	TOTAL
For the year ended 12/31/2023	\$6,124,830	\$2,187,439	\$8,312,269
For the year ended 12/31/2022	\$5,673,597	\$2,026,285	\$7,699,882
Because the following information is not publicly available, it is required to be disclosed on the basis of information received from each plan.			
<u>Total contributions received from all employers:</u>			
For the plan year ended 12/31/2022	\$121,177,397	\$44,486,345	
For the plan year ended 12/31/2021	\$120,772,828	\$44,236,352	

Whether the Organization's contributions were more than or less than 5% of the total contributions received by each plan:

For the plan year ended 12/31/2022	Less Than	Less Than
For the plan year ended 12/31/2021	Less Than	Less Than

Plan net assets available for benefits:

For the plan year ended 12/31/2022	\$324,907,063	\$124,818,366
For the plan year ended 12/31/2021	\$360,211,817	\$132,382,939

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Note 17 - Pension and other post-retirement benefits (continued)

Actuarial obligation and funded status

Because the following information is not publicly available, it is required to be disclosed on the basis of information received from each plan.

	NADRP	RAHAP
Date of plan year-end for latest actuarial information	12/31/2021	12/31/2021
Actuarial liability for future benefits	\$1,347,230,797	\$377,651,008
Value of net assets available for benefits	\$324,907,063	\$124,818,366
Plan funded status as of date of last actuarial data	Less than 65%	Less than 65%

Risks and other information

The risks of participating in multiemployer plans are different from single-employer plans, in the following aspects:

- Assets contributed to a multiemployer plan by one employer may be used to provide benefits to employees of other participating employers
- If a participating employer stops contributing to a plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If the Organization chooses to stop participating in a multiemployer plan, the Organization may be required to pay the plan an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

Other information about risks and contingencies related to these plans are as follows:

- Information about the plans is not publicly available, so no "certified zone status" has been determined.
- The Organization's required contributions are not the subject of any collective bargaining agreement.
- No funding improvement plans, or rehabilitation plans had been implemented or were pending.
- The Organization has not paid any "surcharge" to either of the plans.
- No minimum contribution for future periods has been determined or required of the Organization.

Defined contribution plan

Effective January 1, 2000, the Organization participates in a defined contribution retirement plan known as The Adventist Retirement Plan. This plan, which covers substantially all employees of the Organization, is administered by NAD in Columbia, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a "multiple-employer" plan of a church-related agency.

The Organization contributed \$2,709,137 and \$2,265,544 to the plan for the years ended December 31, 2023 and 2022 respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of employee voluntary contributions. Administration of the accumulated contributions designated for each employee is provided under an agreement between the NAD Corporation and Great-West Life & Annuity Insurance Company.

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Note 18 - Contingent liabilities and concentration of risk

The Organization has guaranteed certain liabilities of the local church congregations and school constituencies payable to Professional and Business Associates and the Southern Union Revolving Fund. These loans were used to acquire certain assets that are included within church and school properties in Note 7. (Some of these properties are recorded as collateral for some of these loans.) The total balance due on these loans was \$19,665,945 and \$16,251,677 at December 31, 2023 and 2022, respectively. Principal and interest payments on these loans are scheduled to be made by the local congregations and constituencies. At December 31, 2023, no church congregations were delinquent on their payment schedules.

The Organization receives most of their revenue in the form of contributions from members living within their territory. The amount of contributions is subject to economic conditions that could cause loss of income among church members. The amount of contributions could also be subject to decrease if any significant number of individuals cease to be active members.

The Organization's assets included \$7,172,776 and \$11,352,437 of loans receivable from related organizations and \$0 and \$0 of loans and mortgages receivable from employees at December 31, 2023 and 2022, respectively. These loans represent 3.02% and 5.15% of the Organization's total assets as of December 31, 2023 and 2022, respectively. Management's estimate of the collectability of these loans could be subject to the same economic impact as mentioned above for contribution revenue.

Cash, which exceeded the federally insured limits at certain times during the year and at year end, is deposited with high-credit-quality financial institutions. The total cash balances are insured by the FDIC up to \$250,000 per financial institution.

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Note 19 – Analysis of expenses

	2023 Program Services					
	Church Ministries	Education	Publishing	Health & Humanitarian	Other	Total Program Services
Salaries, benefits and taxes	17,000,505	11,851,355	404,542	176,539	4,576,457	34,009,398
Travel expenses	2,686,067	893,856	156,958	52,450	276,009	4,065,340
Medical expense	2,919,998	2,987,494	169,615	32,225	354,253	6,463,585
Utilities, repairs & maintenance	767,013	27,139	82,844	8,299	62,190	947,485
Depreciation	664,820	0	0	6,646	29,202	700,668
Evangelism	1,984,471	0	0	0	0	1,984,471
Appropriations	1,692,451	6,396,839	635,382	99,621	85,260	8,909,553
General department expenses	4,674,402	559,395	171,553	101,920	571,154	6,078,424
Total expenses	32,389,727	22,716,078	1,620,894	477,700	5,954,525	63,158,924

	2023 Supporting Services					
	Total Program Services	Admin. & Office Resources	Rental Properties & Misc.	Retirement Contribution to DB Plan	Total Supporting Services	2023 Total Program & Supporting Expenses
Salaries, benefits, and taxes	34,009,398	1,335,974	0	0	1,335,974	35,345,372
Travel expenses	4,065,340	325,072	0	0	325,072	4,390,412
Medical expense	6,463,585	155,818	0	0	155,818	6,619,403
Utilities, repair & maintenance	947,485	199,029	0	0	199,029	1,146,514
Depreciation	700,668	144,376	0	0	144,376	845,044
Evangelism	1,984,471	0	0	0	0	1,984,471
Appropriations	8,909,553	0	0	0	0	8,909,553
Retirement plan contribution DB	0	0	0	8,312,269	8,312,269	8,312,269
Supplies & general	6,078,424	795,505	0	0	795,505	6,873,929
Total expenses	63,158,924	2,955,774	0	8,312,269	11,268,043	74,426,967

Methods used for allocation of expenses among program and supporting services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include depreciation, health care benefits, and plant maintenance. Depreciation and plant maintenance are allocated based on a square footage basis, and health care benefits are allocated as a percentage of payroll costs.

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Note 19 – Analysis of expenses (continued)

	2022 Program Services					Total Program Services
	Church Ministries	Education	Publishing	Health & Humanitarian	Other	
Salaries, benefits and taxes	14,397,943	9,919,448	378,839	173,775	4,020,109	28,890,114
Travel expenses	2,318,981	507,122	135,139	37,247	186,048	3,184,537
Medical expense	2,740,062	2,951,230	162,404	32,383	366,102	6,252,181
Utilities, repairs & maintenance	739,037	69,039	66,869	5,714	53,269	933,928
Depreciation	671,808	0	0	0	33,743	705,551
Evangelism	1,505,209	0	0	0	0	1,505,209
Appropriations	1,220,587	5,502,867	567,041	205,052	217,525	7,713,072
General department expenses	4,080,235	469,426	177,086	80,365	643,273	5,450,385
Total expenses	27,673,862	19,419,132	1,487,378	534,536	5,520,069	54,634,977

	2022 Supporting Services					2022 Total Program & Supporting Expenses
	Total Program Services	Admin. & Office Resources	Rental Properties & Misc.	Retirement Contribution to DB Plan	Total Supporting Services	
Salaries, benefits, and taxes	28,890,114	1,215,020	0	0	1,215,020	30,105,134
Travel expenses	3,184,537	260,232	0	0	260,232	3,444,769
Public relations	6,252,181	134,492	0	0	134,492	6,386,673
Utilities, repair & maintenance	933,928	201,908	0	0	201,908	1,135,836
Depreciation	705,551	147,424	0	0	147,424	852,975
Evangelism	1,505,209	0	0	0	0	1,505,209
Appropriations	7,713,072	0	0	0	0	7,713,072
Retirement plan contribution DB	0	0	0	7,699,882	7,699,882	7,699,882
Supplies & general	5,450,385	747,955	0	0	747,955	6,198,340
Total expenses	54,634,977	2,707,031	0	7,699,882	10,406,913	65,041,890

Methods used for allocation of expenses among program and supporting services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organization. Those expenses include depreciation, health care benefits, and plant maintenance. Depreciation and plant maintenance are allocated based on a square footage basis, and health care benefits are allocated as a percentage of payroll costs.

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Note 20 - Liquidity and availability

	2023	2022
Financial assets, at year-end*	103,478,279 **	94,724,526 **
Less those unavailable for general expenditures within one year, due to:		
<u>Contractual or donor-imposed restrictions:</u>		
Cash held for agency funds	(25,985)	(28,827)
Notes and loans receivable, noncurrent portion (Note 6)	(26,800)	(32,706)
Restricted by donor for permanent endowment (Note 13)	(3,978,988)	(3,966,007)
Restricted by donor with time or purpose restrictions (Note 13)	(4,232,801)	(4,108,408)
Assets held for split-interest agreements, excluding land and buildings	(95,615)	(105,136)
<u>Board designations:</u>		
Funds allocated for specific operating purposes	(37,223,313)	(32,222,376)
Funds allocated for future plant acquisitions	(5,423,077)	(5,836,162)
Funds allocated for other funds liquidity	(35,743,367)	(33,682,602)
Financial assets available to meet cash needs for general expenditures within one year	<u>16,728,333</u>	<u>14,742,302</u>

* Total assets, less nonfinancial assets (e.g. PPE, inventory, prepaids)

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments. Additionally, the Organization has quasi-endowments of \$22,158,773. Although the Organization does not intend to spend from its quasi-endowment other than amounts appropriated for general expenditure as part of its annual budget approval and appropriation, amounts from its quasi-endowment could be made available if necessary.

**Calculation of financial assets at year-end:

	2023	2022
Total assets	237,388,897	220,401,690
Plant assets	(131,462,379)	(122,688,185)
Inventory/prepaids	(2,448,239)	(1,921,579)
Property, long-term	0	(1,067,400)
Financial assets at year-end	<u>103,478,279</u>	<u>94,724,526</u>

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Note 21 - Conference working capital and liquidity

In order that adequate financial resources will be available for the sound and effective operation of all organizations, the Seventh-day Adventist denominational policy recommends organizations maintain specific levels of working capital and liquidity. This note summarizes the academy's operating fund working capital and liquidity as compared to the policy recommendation stated in the North American Division of the General Conference of Seventh-day Adventists Working Policy and the Seventh-day Adventist Accounting Manual.

WORKING CAPITAL	2023	2022
Core expenses		
Operating expenses	73,581,923	64,188,915
<i>Total core expenses</i>	<u>73,581,923</u>	<u>64,188,915</u>
Available working capital		
Current assets *	49,295,461	49,303,992
Minus: current liabilities *	<u>(8,596,143)</u>	<u>(8,595,282)</u>
<i>Working capital</i>	40,699,318	40,708,710
Minus: current assets held for donor restrictions	<u>(3,329,729)</u>	<u>(3,324,051)</u>
<i>Available working capital</i>	<u>37,369,589</u>	<u>37,384,659</u>
Recommended minimum available working capital		
Six months of total core expenses	36,790,962	32,094,458
Surplus/(Shortfall) in <i>recommended minimum available working capital</i>	578,628	5,290,201
<i>Available working capital in months</i> (a minimum of six months recommended)	6.1	7.0 Months
LIQUIDITY	2023	2022
Available liquid assets		
Cash and cash equivalents	20,097,829	23,924,317
Cash held for agency	25,985	28,827
Local church remittances, as applicable	10,127,744	9,717,898
Investments	7,257,905	7,045,047
Receivable from higher organization	<u>43,750</u>	<u>0</u>
Total liquid current assets	37,553,213	40,716,089
Minus: current liabilities *	<u>(8,596,143)</u>	<u>(8,595,282)</u>
Minus: current assets held for donor restrictions	<u>(3,329,729)</u>	<u>(3,324,051)</u>
<i>Available liquid assets</i>	<u>25,627,341</u>	<u>28,796,756</u>
Recommended minimum available liquid assets		
Three months of total core expenses	18,395,481	16,047,229
Surplus/(Shortfall) in <i>recommended minimum available liquid assets</i>	7,231,860	12,749,527
<i>Available liquid assets in months</i> (a minimum of three months recommended)	4.2	5.4 Months

* Inter-fund receivable and payable balances have been eliminated in the calculation of working capital.

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Note 22 – Contributed services – subsidized audit costs

Under provisions of the FASB's Accounting Standards Codification Section 958-605-25-16, contributions of services shall be recognized if the services received create or enhance nonfinancial assets or require a special skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organizations have received the services of the General Conference Auditing Service, who has audited the financial statements for the years ended December 31, 2023 and 2022. The cost of these services, as stated below, is paid 50% by General Conference of Seventh-day Adventists, North American Division and 50% by Southern Union Conference of Seventh-day Adventists. The amount recognized as contributed services subsidy revenue is also recognized and recorded as administrative expense.

The amount of contributed services recognized as revenues for the period are \$97,223 and \$71,414 for the years ended December 31, 2023 and 2022, respectively. These amounts are the product of the number of person-hours spent in performing the audit and the cost-recovery rate established by the General Conference of Seventh-day Adventists.