



**SOUTHERN NEW ENGLAND CONFERENCE OF
SEVENTH-DAY ADVENTISTS AND
SOUTHERN NEW ENGLAND CONFERENCE
ASSOCIATION OF SEVENTH-DAY ADVENTISTS**

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020, 2019, 2018, and 2017

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To the Constituents
Southern New England Conference of Seventh-day Adventists and
Southern New England Conference Association of Seventh-day Adventists
South Lancaster, Massachusetts

Opinion

We have audited the combined financial statements of Southern New England Conference of Seventh-day Adventists and Southern New England Conference Association of Seventh-day Adventists (Organizations), which comprise the combined statements of financial position as at December 31, 2021, 2020, 2019, 2018, and 2017, and the combined statements of financial activity, combined statements of changes in net assets, and combined statements of cash flows for the years then ended, and notes to the 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 financial statements present fairly, in all material respects, the combined financial position of the Organizations as at December 31, 2021, 2020, 2019, 2018, and 2017, and its combined financial performance and its combined 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.

Basis for Opinion

We conducted our audits in accordance with the 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 Financial Statements section of our report. We are independent of the Organizations in accordance with the ethical requirements that are relevant to our audits of the combined financial statements in 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.

Other Matter

In connection with our audits, we have also issued a report dated July 25, 2022, regarding compliance with the Working Policy of the General Conference of Seventh-day Adventists, North America Division.



Responsibilities of Management and Those Charged with Governance for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America adopted by the Seventh-day Adventist denomination, and for the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined financial statements, management is responsible for assessing the Organizations' ability to continue as a going concern for one year from the date the auditor's report is made available to release, 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 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 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 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 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 combined financial statements, including the disclosures, and whether the combined 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

July 25, 2022

SOUTHERN NEW ENGLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS
SOUTHERN NEW ENGLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statements of Financial Position
December 31, 2021, 2020, 2019, 2018, and 2017

ASSETS	Operating Fund	Plant Funds	SET Fund	Other Funds	Total 2021	Total 2020	Total 2019	Total 2018	Total 2017
Current assets									
Cash and cash equivalents (Note 2)	\$ 2,944,965	-	-	-	2,944,965	1,907,834	1,167,361	1,052,365	1,798,429
Securities and investments (Note 3)	3,139,448	-	-	-	3,139,448	3,020,639	2,847,397	2,643,368	2,607,745
Cash held for agency accounts (Note 2)	230,592	-	-	-	230,592	202,873	200,731	129,034	113,822
Remittances receivable	3,078,322	-	-	-	3,078,322	2,469,955	2,245,202	2,597,368	2,465,210
Accounts receivable, net (Note 4)	249,417	-	-	-	249,417	279,114	657,837	778,436	478,620
Notes and loans receivable (Note 5)	3,622,089	-	-	-	3,622,089	3,567,519	3,638,058	3,610,283	2,859,603
Inventory and Prepays	870,282	-	-	-	870,282	850,952	885,706	822,295	814,443
Total current assets	14,135,115	-	-	-	14,135,115	12,298,886	11,642,292	11,633,149	11,137,872
Land, buildings, and equipment, net (Note 6)									
For use by Conference, net	-	5,800,457	-	-	5,800,457	5,782,972	6,239,549	6,084,972	6,459,959
For use by affiliated entities, net	-	32,966,489	-	-	32,966,489	31,665,496	29,212,442	28,878,329	25,490,269
Total land, buildings, and equipment, net	-	38,766,946	-	-	38,766,946	37,448,468	35,451,991	34,963,301	31,950,228
Other assets									
Notes and loans receivable, long-term (Note 5)	15,431	-	-	-	15,431	45,579	35,159	33,434	45,501
For nonoperating funds:									
Revolving Fd. deposits held for agency accts., 1.25% Cash (Note 7)	84,613	-	-	-	84,613	83,564	80,050	32,756	32,350
Accounts receivable (Note 9)	-	304,848	62,265	84,439	451,552	403,030	298,713	395,124	715,541
Securities and investments (Note 3)	-	114,885	-	-	114,885	126,964	178,227	92,099	291,182
Notes and loans receivable (Note 8)	-	916,278	65,996	1,000,402	9,655,942	8,608,499	7,677,111	6,467,631	6,975,874
Other assets	29,125	-	84,798	-	113,923	44,655	93,896	45,088	39,692
Interfund receivables, long-term	913,118	-	-	80,243	*	*	*	*	*
Total other assets	1,042,287	1,336,011	9,648,049	1,386,036	12,419,022	10,446,944	9,918,973	8,790,731	10,205,189
Total assets	\$ 15,177,402	40,102,957	9,648,049	1,386,036	65,321,083	60,194,298	57,013,256	55,387,181	53,293,289
LIABILITIES									
Current liabilities									
Remittances payable	\$ 1,292,120	-	-	-	1,292,120	1,085,634	1,001,262	1,089,797	1,028,013
Accounts payable (Note 10)	1,250,631	-	-	-	1,250,631	1,253,349	1,161,285	967,950	858,774
Deferred income	20,740	-	-	-	20,740	21,063	19,871	21,504	21,073
Agency accounts	230,592	-	-	-	230,592	202,873	200,731	129,034	113,822
Other liabilities, current	27,446	-	-	-	27,446	24,086	32,314	16,209	12,619
Total current liabilities	2,821,529	-	-	-	2,821,529	2,587,005	2,415,463	2,224,494	2,034,301
Other liabilities									
For other than operating funds:									
Accounts payable (Note 10)	-	-	-	1,169	1,169	1,855	2,318	2,119	1,368
Agency accounts	-	466,251	-	-	466,251	495,036	1,171,892	746,599	1,520,043
Notes payable (Note 11)	-	773,581	-	-	773,581	679,484	595,126	6,341	15,625
Present value of annuity liability	-	-	-	194,281	194,281	202,039	209,746	217,391	285,384
Interfund payables, long-term	80,243	913,118	-	-	*	*	*	*	*
Total other liabilities	80,243	2,152,950	-	195,450	1,435,282	1,378,414	1,979,082	972,450	1,822,420
Total liabilities	2,901,772	2,152,950	-	195,450	4,256,811	3,965,419	4,394,545	3,196,944	3,856,721
NET ASSETS									
Unrestricted: Allocated	10,840,225	869,760	9,648,049	1,037,034	22,395,068	19,353,622	17,832,744	17,867,663	17,426,278
Unrestricted: Conference use net invested in plant	-	4,113,758	-	-	4,113,758	3,987,980	4,501,696	5,608,129	5,534,726
Unrestricted: Church and school net invested in plant	-	32,966,489	-	-	32,966,489	31,665,496	29,502,466	28,040,235	25,897,582
Total net assets without donor restrictions	10,840,225	37,950,007	9,648,049	1,037,034	59,475,315	55,007,098	51,836,906	51,516,027	48,858,586
Net assets with temporary donor restrictions (Note 12)	1,435,405	-	-	103,552	1,538,957	1,171,781	731,805	624,210	527,982
Net assets with permanent donor restrictions (Note 12)	-	-	-	50,000	50,000	50,000	50,000	50,000	50,000
Total net assets with donor restrictions	1,435,405	-	-	153,552	1,588,957	1,221,781	781,805	674,210	577,982
Total net assets	12,275,630	37,950,007	9,648,049	1,190,586	61,064,272	56,228,879	52,618,711	52,190,237	49,436,568
Total liabilities and net assets	\$ 15,177,402	40,102,957	9,648,049	1,386,036	65,321,083	60,194,298	57,013,256	55,387,181	53,293,289

* Interfund activity is eliminated in the combined totals.
See accompanying notes.



SOUTHERN NEW ENGLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS
SOUTHERN NEW ENGLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statements of Changes in Net Assets, Page 1 of 2
Years ended December 31, 2021, 2020, 2019, 2018, and 2017

CHANGES IN NET ASSETS

WITHOUT DONOR RESTRICTIONS

<u>Revenues and support without donor restrictions</u>	<u>Operating Fund</u>	<u>Plant Funds</u>	<u>SET Fund</u>	<u>Other Funds</u>	<u>Total 2021</u>	<u>Total 2020</u>	<u>Total 2019</u>	<u>Total 2018</u>	<u>Total 2017</u>
Gross tithe income	\$ 21,864,166	-	-	-	21,864,166	19,277,974	19,122,300	19,315,551	18,093,121
Tithe percentages to GC/Division	(3,311,426)	-	-	-	(3,311,426)	(3,012,129)	(3,017,175)	(3,087,205)	(2,917,308)
Tithe percentages to Union	(1,967,775)	-	-	-	(1,967,775)	(1,735,018)	(1,721,007)	(1,738,400)	(1,628,381)
Net tithe income	16,584,965	-	-	-	16,584,965	14,530,827	14,384,118	14,489,946	13,547,432
Offering and donations	3,778	-	-	-	3,778	16,974	51	313,076	-
Appropriations received	50,000	-	-	-	50,000	50,000	50,000	50,000	50,500
Direct operating income	4,048,351	-	-	-	4,048,351	4,310,079	5,212,709	5,387,426	5,305,469
Adventist Book Center gross gain (loss)(Note 20)	643,619	-	-	-	643,619	563,206	574,178	804,191	883,222
Investment earnings	115,644	-	-	-	115,644	120,940	129,978	118,638	97,442
Unrealized gain (loss) market value	91,773	-	-	-	91,773	74,081	176,901	(75,945)	92,645
Other income	347,147	-	-	-	347,147	283,636	379,024	236,821	498,700
Total revenues without donor restrictions	21,885,277	-	-	-	21,885,277	19,949,743	20,906,959	21,380,207	20,658,593
Released from net assets with donor restrictions	1,104,860	-	-	-	1,104,860	1,124,936	1,157,845	1,165,826	1,335,282
Total revenues and support without donor restrictions	<u>22,990,137</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,990,137</u>	<u>21,074,679</u>	<u>22,064,804</u>	<u>22,546,033</u>	<u>21,993,875</u>

Expenses and losses

Program services functions (Note 14)

Church ministries	8,500,403	154,909	-	-	8,655,312	8,704,988	10,335,481	9,973,005	9,306,867
Educational	5,806,731	-	-	-	5,806,731	5,670,134	5,984,278	5,966,542	6,488,791
Publishing	688,009	-	-	-	688,009	800,136	1,032,677	1,194,631	1,237,224
Other program services functions	415,318	-	-	-	415,318	383,606	350,964	370,603	2,366,793
Total program services functions	<u>15,410,461</u>	<u>154,909</u>	<u>-</u>	<u>-</u>	<u>15,565,370</u>	<u>15,558,864</u>	<u>17,703,400</u>	<u>17,504,781</u>	<u>19,449,881</u>

Supporting services functions (Note 14)

General administration	1,946,693	103,273	-	-	2,049,966	2,226,747	2,355,752	2,143,322	1,946,746
Conventions and meetings	722	-	-	-	722	13,331	20,582	19,588	41,720
Other supporting services	2,767,986	258,181	-	-	3,026,167	2,747,222	2,658,266	2,752,970	809,207
Total supporting services functions	<u>4,715,401</u>	<u>361,454</u>	<u>-</u>	<u>-</u>	<u>5,076,855</u>	<u>4,987,300</u>	<u>5,034,600</u>	<u>4,915,880</u>	<u>2,797,673</u>
Total expenses and losses	<u>20,125,862</u>	<u>516,363</u>	<u>-</u>	<u>-</u>	<u>20,642,225</u>	<u>20,546,164</u>	<u>22,738,000</u>	<u>22,420,661</u>	<u>22,247,554</u>

Net increase (decrease) from operations	<u>2,864,275</u>	<u>(516,363)</u>	<u>-</u>	<u>-</u>	<u>2,347,912</u>	<u>528,515</u>	<u>(673,196)</u>	<u>125,372</u>	<u>(253,679)</u>
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NONOPERATING ACTIVITY

WITHOUT DONOR RESTRICTIONS (Note 15)

Nonoperating revenue	-	2,336,588	730,066	6,428	3,073,082	3,660,972	1,743,569	1,265,354	372,651
Nonoperating expense	-	(800,209)	(255,273)	(370,468)	(1,425,950)	(1,450,586)	(1,320,612)	(414,845)	(529,513)
Net transfers between funds	(989,775)	611,927	-	377,848	-	-	-	-	-
Net gain (loss) on investment	-	-	702,548	21,393	723,941	708,673	839,043	(822,748)	443,264
Net gain (loss) on sale of assets	-	(252,000)	-	-	(252,000)	(279,134)	(270,341)	(76,565)	30,075
Released from restrictions - endowment (Note 12)	-	-	-	1,232	1,232	1,752	2,416	2,162	1,559
Net increase (decrease) from nonoperating activity	<u>(989,775)</u>	<u>1,896,306</u>	<u>1,177,341</u>	<u>36,433</u>	<u>2,120,305</u>	<u>2,641,677</u>	<u>994,075</u>	<u>(46,642)</u>	<u>318,036</u>
Increase (decr.) net assets without donor restrictions	<u>1,874,500</u>	<u>1,379,943</u>	<u>1,177,341</u>	<u>36,433</u>	<u>4,468,217</u>	<u>3,170,192</u>	<u>320,879</u>	<u>78,730</u>	<u>64,357</u>

See accompanying notes.



SOUTHERN NEW ENGLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS
SOUTHERN NEW ENGLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statements of Changes in Net Assets, Page 2 of 2
Years ended December 31, 2021, 2020, 2019, 2018, and 2017

	Operating Fund	Plant Funds	SET Fund	Other Funds	Total 2021	Total 2020	Total 2019	Total 2018	Total 2017
CHANGES IN NET ASSETS									
WITHOUT DONOR RESTRICTIONS									
Increase (decrease) net assets without donor restricti	\$ 1,874,500	1,379,943	1,177,341	36,433	4,468,217	3,170,192	320,879	78,730	64,357
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS									
Changes in net assets with temporary donor restrictions									
<u>Income with temporary donor restrictions</u>									
Subsidies	882,528	-	-	-	882,528	1,051,243	815,847	781,327	856,210
Offerings	416,190	-	-	-	416,190	448,616	413,376	439,994	453,142
Donations	46,649	-	-	-	46,649	14,464	31,338	35,862	60,035
Other restricted income	126,598	-	-	1,303	127,901	52,341	7,295	35,773	6,874
Total income with temp. donor restrictions received	1,471,965	-	-	1,303	1,473,268	1,566,664	1,267,856	1,292,956	1,376,261
Released from restricted - operating	(1,104,860)	-	-	-	(1,104,860)	(1,124,936)	(1,157,845)	(1,165,826)	(1,335,282)
Released from restricted - endowment	-	-	-	(1,232)	(1,232)	(1,752)	(2,416)	(2,162)	(1,559)
Incr. (decr.) net assets with temp. donor restrictions	367,105	-	-	71	367,176	439,976	107,595	124,968	39,420
Increase (decrease) in net assets	2,241,605	1,379,943	1,177,341	36,504	4,835,393	3,610,168	428,474	2,753,669	3,795,755
Net assets, beginning of year	10,034,025	36,570,064	8,470,708	1,154,082	56,228,879	52,618,711	52,190,237	49,436,568	45,640,813
Net assets, end of year	<u>\$ 12,275,630</u>	<u>37,950,007</u>	<u>9,648,049</u>	<u>1,190,586</u>	<u>61,064,272</u>	<u>56,228,879</u>	<u>52,618,711</u>	<u>52,190,237</u>	<u>49,436,568</u>

See accompanying notes.



SOUTHERN NEW ENGLAND CONFERENCE OF SEVENTH-DAY ADVENTISTS
SOUTHERN NEW ENGLAND CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statements of Cash Flows
Years ended December 31, 2021, 2020, 2019, 2018, and 2017

	Operating Fund	Plant Funds	SET Fund	Other Funds	Total 2021	Total 2020	Total 2019	Total 2018	Total 2017
CASH FLOWS FROM OPERATING ACTIVITIES									
Increase (decrease) in net assets	\$ 2,241,605	1,379,943	1,177,341	36,504	4,835,393	3,610,168	428,474	2,753,669	3,795,755
Adjustments to cash									
Depreciation expense	-	1,276,084	-	-	1,276,084	1,436,000	1,394,936	1,350,049	1,302,843
(Gain) loss on sale of plant assets	-	252,000	-	-	252,000	279,134	270,341	76,565	(30,075)
Annuity actuarial (gain) loss less payments	-	-	-	(7,761)	(7,761)	(7,707)	(7,645)	(67,993)	53,450
Unrealized market fluctuation (gain) loss	(91,976)	-	(553,491)	3,443	(642,024)	(763,713)	(1,012,851)	916,338	(471,969)
Church and school properties added, net	-	(2,312,711)	-	-	(2,312,711)	(3,440,527)	(1,287,364)	(3,122,292)	(4,630,616)
(Increase) decrease accounts receivable	(578,671)	12,088	-	-	(566,583)	205,233	386,572	(232,889)	(409,111)
(Incr.) decr. prepaid expenses and other current assets	-	-	-	-	-	22,338	(19,388)	(431)	(439)
(Increase) decrease in interfunds	(668,530)	(202,390)	(2,164)	873,084	-	-	-	-	-
(Increase) decrease inventory	(19,330)	-	-	-	(19,330)	12,416	(44,023)	(7,852)	126,105
(Increase) decrease other assets	(466)	-	(68,802)	-	(69,268)	49,241	(48,808)	(4,965)	20,895
Increase (decrease) accounts payable and deposits	203,765	-	-	(682)	203,083	175,973	104,998	171,713	(290,070)
Increase (decrease) agency accounts	27,719	(28,785)	-	-	(1,066)	(674,714)	496,990	(758,232)	1,530,494
Increase (decrease) other liabilities	3,037	-	-	-	3,037	(7,036)	14,547	4,021	939
Net cash provided (used) from operating	<u>1,117,153</u>	<u>376,229</u>	<u>552,884</u>	<u>904,588</u>	<u>2,950,854</u>	<u>896,806</u>	<u>676,779</u>	<u>1,077,701</u>	<u>1,406,858</u>
CASH FLOWS FROM INVESTING ACTIVITIES									
Proceeds from (to) cash	-	-	-	-	-	-	-	320,417	(508,327)
Proceeds from maturity of investments	212,897	-	168,442	28,499	409,838	358,190	261,407	570,398	177,804
Purchase of investments	(239,730)	8,870	(720,476)	(31,260)	(982,596)	(803,425)	(565,638)	(1,013,083)	(409,725)
Revolving fund deposits	(1,049)	-	-	-	(1,049)	(3,514)	-	(406)	-
New notes receivable issued	(166,895)	(9,965)	(850)	(902,922)	(1,080,632)	(47,008)	(716,502)	(1,233,002)	(1,591,239)
Payments received on notes receivable	142,474	64,621	-	1,095	208,190	528,291	808,474	873,798	885,063
Proceeds from sale of plant assets	-	-	-	-	-	-	57,300	23,458	29,876
Purchases of plant assets	-	(533,849)	-	-	(533,849)	(271,082)	(923,912)	(1,340,849)	(227,686)
Net cash provided (used) from investing	<u>(52,303)</u>	<u>(470,323)</u>	<u>(552,884)</u>	<u>(904,588)</u>	<u>(1,980,098)</u>	<u>(238,548)</u>	<u>(1,078,871)</u>	<u>(1,799,269)</u>	<u>(1,644,234)</u>
CASH FLOWS FROM FINANCING ACTIVITIES									
Proceeds from external borrowing	-	120,000	-	-	120,000	105,000	600,000	-	-
Principal payments on notes payable	-	(25,906)	-	-	(25,906)	(20,643)	(11,215)	(9,284)	(9,207)
Net cash provided (used) from financing	<u>-</u>	<u>94,094</u>	<u>-</u>	<u>-</u>	<u>94,094</u>	<u>84,357</u>	<u>588,785</u>	<u>(9,284)</u>	<u>(9,207)</u>
Net increase (decrease) cash equivalents	1,064,850	-	-	-	1,064,850	742,615	186,693	(730,852)	(246,583)
Cash and cash equivalents, beginning of year	<u>2,110,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,110,707</u>	<u>1,368,092</u>	<u>1,181,399</u>	<u>1,912,251</u>	<u>2,158,834</u>
Cash and cash equivalents, end of year	<u>\$ 3,175,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,175,557</u>	<u>2,110,707</u>	<u>1,368,092</u>	<u>1,181,399</u>	<u>1,912,251</u>
Supplementary schedule of cash flow information									
Interest paid	\$ -	37,057	-	9,736	46,793	32,774	9,736	1,404	4,358

See accompanying notes.



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Note 1 – Organization description and summary of significant accounting policies

Organization description

Seventh-day Adventist congregations within the states of Connecticut, Rhode Island, and Massachusetts have formed the Southern New England Conference of Seventh-day Adventists (Conference), and the Southern New England Conference Association of Seventh-day Adventists (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 Atlantic Union Conference of Seventh-day Adventists. The Association holds legal title to all denominational property in its territory, and performs certain fiduciary duties. The Organizations receive most of their revenue in the form of contributions from individuals in their constituent congregations.

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) 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 statements date up to July 25, 2022, which is the date the financial statements were available to be issued.

(b) 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 donor 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, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions, and reported in the Statement of Changes in Net Assets as net assets released from donor restrictions.

Endowment fund: The Organizations' endowment fund consists of 10 individual funds established primarily for the benefit of the Organizations' educational and youth programs. The endowments contain both net assets with permanent donor restrictions and net assets with temporary donor restrictions endowment funds as well as income generated from those funds. Secondary Education Trust (SET) Fund: Represents the net proceeds from the sale of Pioneer Valley Academy (PVA), which ceased its operations as of June 30, 1983. At the 1988 Constituency Meeting, it was voted to establish a quasi-endowment fund from the proceeds of the sale of PVA, the interest of which is to be used to assist secondary education students of the Conference. As required by accounting principles generally accepted by the Seventh-day Adventist denomination, net assets associated with endowment funds, including funds designated by the Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of state law regarding endowment assets

The Organizations' management has interpreted the Commonwealth of Massachusetts enacted version of the Uniform Prudent Management of Institutional Funds Act (MPMIFA) with an effective date of June 30, 2009, to eliminate the historical dollar threshold and establish prudent spending guidelines that consider both the duration and preservation of endowments. As a result of this enactment, subject to the donor's intent as expressed in a gift agreement or similar document, a Massachusetts charitable organization may now spend the amount of the principal and income of an endowment fund, even from a fund with deficiencies in assets compared to net assets, after considering the factors listed in the act.

As a result of this interpretation, the Organizations classify as net assets with permanent donor restrictions:

- (1) The original value of gifts donated to net assets with permanent donor restrictions,
- (2) The original value of subsequent gifts to the permanent endowment, and
- (3) 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 remaining portion of the donor-restricted endowments that are not classified in net assets with permanent donor restrictions are classified as net assets with temporary donor restrictions until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard of prudence prescribed by MPMIFA.

In accordance with MPMIFA, the Organizations consider the following factors in making a determination to appropriate or accumulate donor-restricted endowments:

- (1) The duration and preservation of the endowment
- (2) The purposes of the Organizations and of the donor-restricted endowment
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organizations
- (7) The investment policies of the Organizations.

Endowment investment policies – return objectives, risk parameters, and strategies

The Organizations' Association Board has adopted a formal investment policy. Donor-restricted endowment funds that can be used to support operations are invested in the Atlantic Union Revolving Fund (AURF) in order to generate income while ensuring the preservation of capital. Funds that are donor restricted for a specific use by the donor or by law, or those that are board designated, are invested in investment vehicles that afford opportunities for appreciation. In general, the endowment funds are invested for growth in government securities and mutual funds that all have net asset values that are available daily and which meet certain quality criteria.

Endowment spending policies and relation to investment objectives

The Organizations have a practice of endowment spending that directs it to appropriate for distribution each year an amount equal to 100% of its endowments' total earnings as funds are available, for the SET fund the board determines the yearly amounts to be spent. In establishing these policies, the Organizations considered the long-term expected return on its endowments. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.



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

Endowment net asset composition as of December 31, 2021

	Committee Designated	Temporary Donor Restrictions	Permanent Donor Restrictions	2021 Total Donor Restrictions
Endowment by type				
Donor-restricted endowments	\$ -	103,553	50,000	153,553
Committee-designated endowment	9,648,049	-	-	9,648,049
Total endowments, December 31, 2021	\$ 9,648,049	103,553	50,000	9,801,602
Changes in endowment net assets for the year ended December 31, 2021				
Endowment net assets, beginning of the year	\$ 8,470,708	103,482	50,000	8,624,190
Investment return:				
Investment income (interest, dividends)	730,066	1,303	-	731,369
Net appreciation (decline) consisting of net realized and unrealized	702,548	-	-	702,548
Total investment return	1,432,614	1,303	-	1,433,917
Appropriations of assets for expenditure	(255,273)	(1,232)	-	(256,505)
Endowment net assets, end of year	\$ 9,648,049	103,553	50,000	9,801,602

Endowment net asset composition as of December 31, 2020

	Committee Designated	Temporary Donor Restrictions	Permanent Donor Restrictions	2020 Total Donor Restrictions
Endowment by type				
Donor-restricted endowments	\$ -	103,482	50,000	153,482
Committee-designated endowment	8,470,708	-	-	8,470,708
Total endowments, December 31, 2020	\$ 8,470,708	103,482	50,000	8,624,190
Changes in endowment net assets for the year ended December 31, 2020				
Endowment net assets, beginning of the year	\$ 7,853,635	103,395	50,000	8,007,030
Investment return:				
Investment income (interest, dividends)	198,819	1,839	-	200,658
Net appreciation (decline) consisting of net realized and unrealized	687,107	-	-	687,107
Total investment return	885,926	1,839	-	887,765
Appropriations of assets for expenditure	(268,853)	(1,752)	-	(270,605)
Endowment net assets, end of year	\$ 8,470,708	103,482	50,000	8,624,190

Endowment net asset composition as of December 31, 2019

	Committee Designated	Temporary Donor Restrictions	Permanent Donor Restrictions	2019 Total Donor Restrictions
Endowment by type				
Donor-restricted endowments	\$ -	103,395	50,000	153,395
Committee-designated endowment	7,853,635	-	-	7,853,635
Total endowments, December 31, 2019	\$ 7,853,635	103,395	50,000	8,007,030
Changes in endowment net assets for the year ended December 31, 2019				
Endowment net assets, beginning of the year	\$ 6,788,221	103,341	50,000	6,941,562
Investment return:				
Investment income (interest, dividends)	442,339	2,470	-	444,809
Net appreciation (decline) consisting of net realized and unrealized	806,458	-	-	806,458
Total investment return	1,248,797	2,470	-	1,251,267
Appropriations of assets for expenditure	(183,383)	(2,416)	-	(185,799)
Endowment net assets, end of year	\$ 7,853,635	103,395	50,000	8,007,030

Endowment net asset composition as of December 31, 2018

	Committee Designated	Temporary Donor Restrictions	Permanent Donor Restrictions	2018 Total Donor Restrictions
Endowment by type				
Donor-restricted endowments	\$ -	103,339	50,000	153,339
Committee-designated endowment	6,788,220	-	-	6,788,220
Total endowments, December 31, 2018	\$ 6,788,220	103,339	50,000	6,941,559
Changes in endowment net assets for the year ended December 31, 2018				
Endowment net assets, beginning of the year	\$ 7,336,647	103,271	50,000	7,489,918
Investment return:				
Investment income (interest, dividends)	430,607	2,232	-	432,839
Net appreciation (decline) consisting of net realized and unrealized	(804,658)	-	-	(804,658)
Total investment return	(374,051)	2,232	-	(371,819)
Appropriations of assets for expenditure	(174,375)	(2,162)	-	(176,537)
Endowment net assets, end of year	\$ 6,788,221	103,341	50,000	6,941,562



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

Endowment net asset composition as of December 31, 2017

	Committee Designated	Temporary Donor Restrictions	Permanent Donor Restrictions	2017 Total Donor Restrictions
Endowment by type				
Donor-restricted endowments	\$ -	103,270	50,000	153,270
Committee-designated endowment	7,336,647	-	-	7,336,647
Total endowments, December 31, 2017	<u>\$ 7,336,647</u>	<u>103,270</u>	<u>50,000</u>	<u>7,489,917</u>
<u>Changes in endowment net assets for the year ended December 31, 2017</u>				
Endowment net assets, beginning of the year	\$ 6,774,420	103,201	50,000	6,927,621
Investment return:				
Investment income (interest, dividends)	348,814	1,628	-	350,442
Net appreciation (decline) consisting of net realized and unrealized	409,918	-	-	409,918
Total investment return	<u>758,732</u>	<u>1,628</u>	<u>-</u>	<u>760,360</u>
Appropriations of assets for expenditure	<u>(196,505)</u>	<u>(1,559)</u>	<u>-</u>	<u>(198,064)</u>
Endowment net assets, end of year	<u>\$ 7,336,647</u>	<u>103,270</u>	<u>50,000</u>	<u>7,489,917</u>

The Organizations report gifts of land, buildings, and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit donor 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 donor 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 activity without donor restrictions: Activity without donor restrictions is separated between operating and nonoperating 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 nonoperating activity.

Net assets without donor restrictions: The Executive Committee of the Organizations have several standing policies that affect the presentation of committee designations on net assets. Bequests without donor restrictions are designated for evangelism (allocated funds). Additionally, management maintains an operating reserve for working capital in accordance with guidelines of the North American Division Working Policy (see Note 22).

(d) Plant assets and depreciation: Uses of operating funds for plant acquisition 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 plant funds. Restricted proceeds from 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 as Capital Additions and Deductions. Plant assets are recorded at cost when purchased or at fair market value at date of gift when amount exceeds \$1,000.

Depreciation of land improvements, buildings, and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. See Note 6 for disclosure of the estimated useful lives the Organizations have established for their various classes of plant assets. Depreciation expense is included in operating expense reported by various program and supporting services in the Statement of Changes in Net Assets.

In its corporate capacity, the Association holds legal title to the church and school properties used by the local church congregations.

(e) Cash and cash equivalents: Cash equivalents are highly-liquid assets held for operating purposes, which are readily convertible to cash and have a maturity date of three months or less from date of acquisition. Cash and investments held for purposes 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.

(f) 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 gain or loss.

Notes and loans receivable and payable are valued at the amortized amount receivable at the reporting date. An allowance has been recorded based on an estimate of amounts which are not expected to be collected. Because these loans, by intent and practice, are expected to be held to maturity, the net total approximates the discounted value of future cash flows expected to be received or paid. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent substantiation, management has concluded that the amortized face value of loans receivable from or payable to related or affiliated entities approximates fair value. Further, because a reasonable estimate of fair value could not be made without incurring excessive costs, management has not attempted to estimate the fair value of loans payable to creditors that are not related or affiliated entities.

(g) 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: donor restricted to use for other than current operations, committee allocated for the acquisition or construction of plant assets or for the liquidation of plant fund debt, or held as agent for others. This excludes from current liabilities: long-term portion of all debt, plant fund debt payable within the next fiscal year to the extent covered by designated plant fund liquid assets or amounts held as fiscal agent for others. 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 funds are classified as current.

(h) Investment income: Ordinary income from investments, loans, and the like is accounted for in the fund owning the assets, except for the endowment fund. Income without donor restrictions on endowment fund investments is accounted for as income of the operating fund. Income with donor restrictions on endowment fund investments is accounted for as support with donor restrictions and net assets with temporary donor restrictions until spent for the restricted purpose designated by the endowment instrument.

(i) Split-interest agreements: The Organizations are at least a partial beneficiary in various kinds of trusts, annuities, and/or other split-interest agreements for which they act as trustee or administrator. Other organizations are partial beneficiaries of some of these agreements. For those agreements that are unconditional and irrevocable, assets are recorded by the Organizations at fair value at the date of gift or acceptance of agreement. For agreements that designate other beneficiaries, liabilities are recorded for the present value of the amount due to others. Conservative discount rates are used to compute such present value amounts. Standard actuarial tables and conservative interest rates are used to compute liabilities due to annuitants. The Organizations' remainder interest is classified as without donor restriction or with temporary donor restriction depending on the terms of each agreement. See Notes 12, and 18.



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

(j) **Affiliated organizations:** The Organizations operate through several organizations with which they are 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 these 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 and loans are detailed in Notes 5, 10, and 13 below. These other organizations are:

South Lancaster Academy (SLA) and Greater Boston Academy (GBA): Christian schools, which are separate unincorporated entities, governed by committees whose members include officers and staff of the Organizations. Legal title to real property used by SLA and GBA is vested in the Association. These asset values are included in the footnotes to the financial statements of the Association.

(k) **Fund accounting:** To ensure observance of limitations and donor 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 fund groups are described in further detail below.

Operating fund: Resources with and without donor restrictions available for current operations.

Plant funds: The unexpended plant and net invested in plant funds. The unexpended plant fund represents resources which were donor restricted or conference committee allocated for plant acquisitions. Since operating funds allocated by the conference committee can be returned to the operating funds by action of the committee, they are included in the net assets without donor restrictions section, and appear as associated net assets. This balance includes the unused portion of funded depreciation, additional funds transferred for plant acquisitions, proceeds from sale of plant assets, and plant fund investment earnings without donor restrictions. The net invested in plant fund represents plant assets acquired, respective accumulated depreciation, and any respective debt. A separate plant fund financial statement is prepared by the Association as supplementary information.

SET fund: Represents the net proceeds from the sale of PVA, which ceased its operations as of June 30, 1983. At the 1988 Constituency Meeting, it was voted to establish a quasi-endowment fund from the proceeds of the sale of PVA, the interest of which is to be used to assist secondary education students of the Conference.

Other funds include:

Endowment fund: Represents funds that are subject to donor restrictions of gift instruments requiring that the principal be held in perpetuity, be invested, and only the income from such investments be used. The principal of true endowments is reported as net assets with permanent donor restrictions. Committee-directed quasi-endowments are reported as allocated net assets without donor restrictions. The Organizations' endowment fund consists of nine individual funds established primarily for the benefit of the Organizations' educational and youth programs. The endowments contain both net assets with permanent donor restrictions and net assets with temporary donor restrictions endowment funds as well as income generated from those funds. As required by accounting principles generally accepted by the Seventh-day Adventist denomination, net assets associated with endowment funds, including funds designated by the Executive Committee to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Annuity fund: Represents funds that are subject to the conditions stated in the annuity agreements. By denominational policy all funds received are to be held until maturity, and no portion of such funds received may be used except to meet the regular annuity payments when they exceed the earnings from investment of annuity funds.

Trust fund: An Association fund where assets are held in a trustee capacity. This fund is limited to certain unconditional, irrevocable trust agreements that name the Organizations as beneficiaries.

(l) **New England Adventist Book Center (ABC):** A retail outlet for religious merchandise, is operated by the Organizations, it is a department of the Organizations, governed by a committee whose chairman is the president of the Organizations, and whose members include other officers of the Organizations. Inter-organization transactions are limited to those in the ordinary course of business.

Note 2 – Cash and cash equivalents

	2021	2020	2019	2018	2017
	Total	Total	Total	Total	Total
Operating					
Petty cash	\$ 5,650	5,650	5,850	7,150	7,300
Checking accounts	3,118,939	2,085,986	1,296,327	1,151,231	1,842,266
Money market accounts	50,968	19,071	65,915	23,018	62,685
Total cash and cash equivalents	\$ 3,175,557	2,110,707	1,368,092	1,181,399	1,912,251
Cash in current assets	\$ 2,944,965	1,907,834	1,167,361	400,540	1,798,424
Cash held for agency accounts	230,592	202,873	200,731	780,859	113,827
Total cash and cash equivalents	\$ 3,175,557	2,110,707	1,368,092	1,181,399	1,912,251

Note 3 – Investments - all funds

	2021			2020		
	Cost	Fair Value	Unrealized Appreciation or (Decline)	Cost	Fair Value	Unrealized Appreciation or (Decline)
Investments held for operating						
Government securities	\$ 558,226	530,940	(27,286)	546,135	542,150	(3,985)
Mutual funds	170,904	167,946	(2,958)	181,451	182,103	652
Corporate bonds	381,361	387,374	6,013	392,595	409,426	16,831
General Conference unitized bond fund	410,561	411,041	480	404,532	419,114	14,582
General Conference unitized income fund	873,479	1,079,809	206,330	852,382	1,031,149	178,767
General Conference unitized large cap equity fund	266,208	562,338	296,130	256,812	436,697	179,885
Total investment held for operating	\$ 2,660,739	3,139,448	478,709	2,633,907	3,020,639	386,732
Investments held for SET						
Mutual funds	\$ 6,805,398	9,434,990	2,629,592	6,313,439	8,389,540	2,076,101
Total investment held for SET	\$ 6,805,398	9,434,990	2,629,592	6,313,439	8,389,540	2,076,101
Investments held for other than operating						
Mutual funds	\$ 189,091	220,952	31,861	183,655	218,959	35,304
Total investment for other than operating	\$ 189,091	220,952	31,861	183,655	218,959	35,304



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Note 3 – Investments - all funds (continued)

	2019			2018		
	Cost	Fair Value	Unrealized Appreciation or (Decline)	Cost	Fair Value	Unrealized Appreciation or (Decline)
<u>Investments held for operating</u>						
Government securities	\$ 532,785	513,353	(19,432)	517,419	482,348.00	(35,071)
Mutual funds	15,164	15,264	100	40,000	39,824.00	(176)
Corporate bonds	498,185	506,031	7,846	502,969	499,276	(3,693)
General Conference unitized bond fund	396,834	395,416	(1,418)	387,641	371,699	(15,942)
General Conference unitized income fund	833,203	957,842	124,639	809,059	873,231	64,172
General Conference unitized large cap equity fund	248,841	448,920	200,079	240,757	366,498	125,741
Total investment held for operating	\$ 2,535,582	2,847,397	311,815	2,508,337	2,643,368	135,031
<u>Investments held for SET</u>						
Mutual funds	\$ 6,067,823	7,456,818	1,388,995	5,683,987	6,266,523	582,536
Total investment held for SET	\$ 6,067,823	7,456,818	1,388,995	5,683,987	6,266,523	582,536
<u>Investments held for other than operating</u>						
Mutual funds	\$ 186,679	220,293	33,614	197,104	201,108	4,004
Total investment for other than operating	\$ 186,679	220,293	33,614	197,104	201,108	4,004

	2017		
	Cost	Fair Value	Unrealized Appreciation or (Decline)
<u>Investments held for operating</u>			
Government securities	\$ 503,286	482,713	(20,573)
Mutual funds	244,012	236,300	(7,712)
Corporate bonds	261,650	262,548	898
General Conference unitized bond fund	379,348	369,924	(9,424)
General Conference unitized income fund	787,863	873,758	85,895
General Conference unitized large cap equity fund	232,146	382,502	150,356
Total investment held for operating	\$ 2,408,305	2,607,745	199,440

<u>Investments held for SET</u>			
Mutual funds	\$ 5,278,409	6,665,603	1,387,194
Total investment held for SET	\$ 5,278,409	6,665,603	1,387,194

<u>Investments held for other than operating</u>			
Government securities	\$ 5,991	6,092	101
Mutual funds	253,607	304,179	50,572
Total investment for other than operating	\$ 259,598	310,271	50,673

	Operating Activity	Nonoperating Activity	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
<u>Composition of investment return</u>							
Investment income (interest and dividends)	\$ 111,089	733,872	844,961	308,452	555,363	522,959	324,613
Realized gain (loss) on sale of investments	(203)	24,836	24,633	19,041	3,093	17,041	17,043
Unrealized gain (loss) in value of investments	91,975	550,047	642,022	763,714	1,012,852	(915,735)	472,573
Net gain (loss) on investments for which carrying value is fair value	91,772	574,883	666,655	782,755	1,015,945	(898,694)	489,616
Total investment return	\$ 202,861	1,308,755	1,511,616	1,091,207	1,571,308	(375,735)	814,229

The Organizations' investment strategy places all their 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.

The Organizations are subject to accounting principles that require disclosure about the information used to determine fair values for assets and liabilities that are subject to fair value accounting on either a recurring or non-recurring basis. This information is separated into three "levels" of inputs, as follows:

- Level 1: Observable quoted market process for identical items
- Level 2: Observable quoted market process for similar items and other observable market data correlated to specific assets
- Level 3: Unobservable other information from investment fund managers, which asserts that they use market data to determine the unit values which are communicated to investors

The Organizations used the following inputs to determine fair values of assets valued on a recurring basis:

	2021			2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments held at General Conference	\$ -	2,053,188	-	-	1,886,960	-
Other portfolio investments	530,940	10,211,262	-	542,150	9,200,028	-
Total Investments	\$ 530,940	12,264,450	-	542,150	11,086,988	-

Assets valued on a non-recurring basis

Real property and improvements received by donations from local church congregations, designated for their use						
Fair value based on formal appraisals and/or documented	\$ -	2,313,089	-	-	3,440,527	-
Totals	\$ -	2,313,089	-	-	3,440,527	-



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Note 3 – Investments - all funds (continued)

The Organizations used the following inputs to determine fair values of assets valued on a recurring basis:

	2019			2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Investments held at General Conference	\$ -	1,802,178	-	-	1,611,428	-
Other portfolio investments	513,353	8,208,977	-	482,348	7,017,223	-
Total Investments	\$ 513,353	10,011,155	-	482,348	8,628,651	-

Assets valued on a non-recurring basis

Real property and improvements received by donations from local church congregations, designated for their use
Fair value based on formal appraisals and/or documented

	2021	2020	2019	2018	2017	
Totals	\$ -	1,287,364	-	-	(896,816)	-
	\$ -	1,287,364	-	-	(896,816)	-

The Organizations used the following inputs to determine fair values of assets valued on a recurring basis:

	2017		
	Level 1	Level 2	Level 3
Investments held at General Conference	\$ -	1,626,184	-
Other portfolio investments	488,805	7,468,630	-
Total Investments	\$ 488,805	9,094,814	-

Note 4 – Accounts receivable, operating

	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
Churches	\$ 183,685	184,759	223,872	123,650	100,349
Church schools	176,735	193,488	496,018	637,995	405,479
Employee advances	670	6,018	5,060	7,159	7,253
Related institutions	176,244	157,320	140,636	127,933	7,111
ABC accounts receivable	88,809	80,973	92,592	158,469	184,509
Miscellaneous	(150,645)	(117,363)	(74,260)	(50,689)	-
Total accounts receivable	475,498	505,195	883,918	1,004,517	704,701
Allowance for uncollectable accounts	(226,081)	(226,081)	(226,081)	(226,081)	(226,081)
Accounts receivable, net	\$ 249,417	279,114	657,837	778,436	478,620

Note 5 – Notes and loans receivable, operating

	2021			2020		
	Current	Long-term	Total	Current	Long-term	Total
AURF, 1.25%	\$ 3,534,499	-	3,534,499	3,490,661	-	3,490,661
Employee loans	64,374	-	64,374	47,095	-	47,095
Other notes receivable, churches and schools	23,216	15,431	38,647	29,763	45,579	75,342
Total loans receivable, operating	\$ 3,622,089	15,431	3,637,520	3,567,519	45,579	3,613,098

	2019			2018		
	Current	Long-term	Total	Current	Long-term	Total
AURF, 2%	\$ 3,539,293	-	3,539,293	3,495,395	-	3,495,395
Employee loans	84,541	-	84,541	103,253	-	103,253
Other notes receivable, churches and schools	14,224	35,159	49,383	11,635	33,434	45,069
Total loans receivable, operating	\$ 3,638,058	35,159	3,673,217	3,610,283	33,434	3,643,717

	2017		
	Current	Long-term	Total
AURF, 2%	\$ 2,755,584	-	2,755,584
Employee loans	91,461	-	91,461
Other notes receivable, churches and schools	12,558	45,501	58,059
Total loans receivable, operating	\$ 2,859,603	45,501	2,905,104

Note 6 – Land, buildings, and equipment

	2021				2020			
	Cost	Accumulated Depreciation	Net Value	Depreciation Expense	Cost	Accumulated Depreciation	Net Value	Depreciation Expense
<u>Conference use</u>								
Land	\$ 2,190,891	-	2,190,891	-	2,092,451	-	2,092,451	-
Land improvements (lives of 5 to 20 years)	782,580	515,676	266,904	26,673	782,580	489,003	293,577	30,021
Buildings (lives of 20 to 75 years)	10,585,753	7,732,981	2,852,772	329,657	10,253,592	7,403,324	2,850,268	532,965
Equipment (lives of 3 to 10 years)	3,458,899	3,043,432	415,467	160,033	3,363,151	2,883,398	479,753	164,300
Work in progress	74,423	-	74,423	-	66,923	-	66,923	-
Total Conference use	\$ 17,092,546	11,292,089	5,800,457	516,363	16,558,697	10,775,725	5,782,972	727,286

Affiliated entities use

Land	\$ 6,348,585	-	6,348,585	-	6,501,585	-	6,501,585	-
Land improvements (lives of 5 to 20 years)	172,522	76,680	95,842	3,306	172,522	73,375	99,147	3,306
Buildings (lives of 20 to 75 years)	39,614,741	14,231,026	25,383,715	756,415	37,014,297	13,474,611	23,539,686	698,369
Equipment (lives of 8 years)	111,313	111,312	1	-	111,313	111,312	1	13,914
Work in progress	1,138,346	-	1,138,346	-	1,525,077	-	1,525,077	-
Total affiliated entities use	\$ 47,385,507	14,419,018	32,966,489	759,721	45,324,794	13,659,298	31,665,496	715,589



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Note 8 – Notes and loans receivable, nonoperating

	2021			2020		
	Current	Long-term	Total	Current	Long-term	Total
Nonoperating funds						
AURF, 1.25%	\$ 803,570	-	803,570	793,603	-	793,603
Plant funds-secured employee second mortg., 0%	-	201,728	201,728	-	266,349	266,349
Allowance for uncollectable accounts	-	(89,020)	(89,020)	-	(89,020)	(89,020)
Total plant funds loans receivable	803,570	112,708	916,278	793,603	177,329	970,932
SET, AURF, unsecured, 1.25%	65,996	-	65,996	65,146	-	65,146
Total SET loans receivable	65,996	-	65,996	65,146	-	65,146
Endowment fund, AURF, unsecured, 1.25%	1,000,402	-	1,000,402	98,575	-	98,575
Total loans receivable, nonoperating	\$ 1,869,968	112,708	1,982,676	957,324	177,329	1,134,653

	2019			2018		
	Current	Long-term	Total	Current	Long-term	Total
Nonoperating funds						
AURF, 2%	\$ 783,760	-	783,760	774,039	-	774,039
Plant funds SDA organizations, 5.25%	32,151	65,599	97,750	13,276	80,647	93,923
Plant funds-secured employee second mortg., 0%	-	334,392	334,392	-	347,928	347,928
Allowance for uncollectable accounts	-	(89,020)	(89,020)	-	(89,020)	(89,020)
Total plant funds loans receivable	815,911	310,971	1,126,882	787,315	339,555	1,126,870
SET, AURF, unsecured, 2%	330,433	-	330,433	87,375	-	87,375
SET, 7.1% - 4.5%, secured*	-	-	-	146,574	265,334	411,908
Total SET loans receivable	330,433	-	330,433	233,949	265,334	499,283
Endowment fund, AURF, unsecured, 2%	98,502	-	98,502	98,446	-	98,446
Total loans receivable, nonoperating	\$ 1,244,846	310,971	1,555,817	1,119,710	604,889	1,724,599

	2017		
	Current	Long-term	Total
Nonoperating funds			
AURF, 2%	\$ 935,182	-	935,182
Plant funds SDA organizations, 5.25%	14,321	93,276	107,597
Plant funds-secured employee second mortg., 0%	-	409,956	409,956
Allowance for uncollectable accounts	-	(89,020)	(89,020)
Total plant funds loans receivable	949,503	414,212	1,363,715
SET, AURF, unsecured, 2%	113,284	-	113,284
SET, 7.1% - 4.5%, secured*	129,585	400,106	529,691
Total SET loans receivable	242,869	400,106	642,975
Endowment fund, AURF, unsecured, 2%	98,359	-	98,359
Total loans receivable, nonoperating	\$ 1,290,731	814,318	2,105,049

Note 9 – Accounts receivable, plant funds

	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
Boston Spanish SDA Church	\$ -	-	-	-	11,015
Framingham Centre SDA Church	-	-	-	-	10,000
Attleboro Spanish SDA Church	-	-	-	(3,531)	-
Ephesus Haitian SDA Church	-	-	66,050	-	-
ABC	686	686	-	-	-
Lincoln SDA Church	-	5,929	-	-	-
New Bedford Spanish SDA Church	-	-	(4,036)	(10,700)	220,846
Lynn Spanish SDA Church	6,015	8,020	8,020	8,020	8,020
Boston Portuguese SDA Church	-	-	-	(1)	4,172
Three Angels SDA Church	-	-	-	-	37,130
Nuevo Amanecer Spanish SDA Church	-	4,145	-	-	-
Dedham Temple SDA Church	108,184	108,184	108,184	98,309	-
Total accounts receivable, plant funds	\$ 114,885	126,964	178,218	92,097	291,183

Note 10 – Accounts payable

	Operating Fund	SET and Other Funds	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
Related institutions	\$ 43,073	-	43,073	54,801	57,551	63,220	8,202
Commercial accounts	16,128	1,169	17,297	35,081	120,535	88,942	142,497
Accrued retirement	385,710	-	385,710	364,550	340,025	298,168	248,983
Accrued vacation	438,155	-	438,155	440,307	397,383	343,651	331,751
Accrued medical claims	296,565	-	296,565	298,878	185,452	129,390	109,411
Taxes	33,863	-	33,863	30,416	32,474	10,933	2,937
Medical flexible spending	33,325	-	33,325	25,600	29,014	24,646	16,716
Payroll deductions	1,951	-	1,951	1,898	1,169	812	-
Cash exchange	(25)	-	(25)	2,000	-	9,166	(355)
Employees	1,886	-	1,886	1,671	-	1,141	-
Total accounts payable	\$ 1,250,631	1,169	1,251,800	1,255,202	1,163,603	970,069	860,142



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Note 11 – Notes payable, nonoperating

	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
AURF; \$105,000, 4.0% interest, 240 monthly payments of \$636.28.	\$ 99,089	102,682	-	-	-
Mercedes-Benz financing; \$44,649, 7.7% interest, 120 monthly payments of \$7,362.64	-	-	-	6,341	15,625
AURF; \$120,000, 4.0% interest, 240 monthly payments of \$727.18	117,016	-	-	-	-
Clinton Savings Bank; \$600,000, 4.5% to FHLBB + 2.125% 120 monthly payments of \$3,927.33	557,476	576,802	595,126	-	-
Total notes payable, nonoperating	<u>\$ 773,581</u>	<u>679,484</u>	<u>595,126</u>	<u>6,341</u>	<u>15,625</u>
Total current	\$ 28,122	22,890	17,813	6,341	9,284
Total long-term	745,459	656,594	577,313	-	6,341
Total notes payable	<u>\$ 773,581</u>	<u>679,484</u>	<u>595,126</u>	<u>6,341</u>	<u>15,625</u>

Amounts due on principal during the next five years are as follows:	2022 \$	28,122
	2023	29,457
	2024	30,784
	2025	32,318
	2026	33,855
	Thereafter	619,045
	Total \$	<u>773,581</u>

Note 12 – Net assets with donor restrictions

	Balance 2017	Balance 2018	Balance 2019	Balance 2020	Restricted Income	Restrictions Released	Balance 2021
Temporary donor restrictions:							
<u>Operating fund</u>							
Trust funds	\$ -	-	-	-	115,082	(115,082)	-
Pastoral programs	-	-	-	6,180	12,515	(12,515)	6,180
General evangelism	285,279	454,446	495,616	885,200	437,369	(195,922)	1,126,647
Compassion Boston	-	-	-	-	1	(1)	-
Volunteer ministries	-	-	-	(40)	1	-	(39)
Deaf ministries	-	-	-	1,899	3,987	(1,982)	3,904
Hispanic ministries	(1,500)	(1,430)	-	923	-	-	923
Women's ministries	4,200	-	-	(165)	1,137	(8)	964
Men's ministries	-	-	-	-	70	-	70
Youth activities	-	(8,866)	-	20	-	-	20
Mission trips	-	(4,375)	-	202	15,000	-	15,202
Youth camp	-	-	-	(20)	660	(640)	-
Youth camp summer program	-	-	-	-	-	(4,330)	(4,330)
Summer camp	6,841	6,341	4,961	4,961	-	-	4,961
Camp meeting	-	(20)	-	(89)	402	(313)	-
Church building/Hispanic	103,887	66,358	109,411	131,768	62,259	(11,437)	182,590
Church building funding	8,371	-	-	10,754	89,101	(89,101)	10,754
Elementary school operating funding	-	-	-	(59,590)	413,039	(353,449)	-
Secondary school funding	-	-	-	-	11	(11)	-
Higher education funding	-	255	-	(6)	200	-	194
Worthy student	-	-	-	27,629	210,403	(210,403)	27,629
New Boston van	7,819	7,819	7,819	7,819	-	-	7,819
Community service	-	(7,583)	-	-	28,904	(28,904)	-
Church planting	-	-	-	16,670	27,670	(19,128)	25,212
Publishing	-	-	-	18,842	21,659	(36,844)	3,657
Haitian hurricane project	1,837	1,837	1,848	2,175	27,496	(24,790)	4,881
Religious liberty	3,620	-	-	-	-	-	-
Ingathering reversion	4,358	6,088	8,756	13,168	4,999	-	18,167
Total operating fund - net assets with donor restrictions	<u>\$ 424,712</u>	<u>520,870</u>	<u>628,411</u>	<u>1,068,300</u>	<u>1,471,965</u>	<u>(1,104,860)</u>	<u>1,435,405</u>
<u>Endowment fund</u>							
New London	\$ 4,999	4,999	4,983	4,999	63	(63)	4,999
AUC/SLA scholarship	6,000	6,000	6,000	6,000	8	(8)	6,000
Deninger scholarship	-	-	-	-	67	(67)	-
Browning scholarship	6,878	6,907	6,936	6,965	88	(58)	6,995
GBA scholarship	3,887	3,887	3,887	3,887	49	(49)	3,887
Cedar Brook	75,000	75,000	75,000	75,000	945	(945)	75,000
Student aid	6,506	6,547	6,588	6,630	83	(42)	6,671
Total endowment fund - net assets with donor restrictions	<u>\$ 103,270</u>	<u>103,340</u>	<u>103,394</u>	<u>103,481</u>	<u>1,303</u>	<u>(1,232)</u>	<u>103,552</u>
Total net assets with temporary donor restrictions	<u>\$ 527,982</u>	<u>624,210</u>	<u>731,805</u>	<u>1,171,781</u>	<u>1,473,268</u>	<u>(1,106,092)</u>	<u>1,538,957</u>
<u>Permanent donor restrictions</u>							
Evangelism	\$ 50,000	50,000	50,000	50,000	-	-	50,000
Total net assets with permanent donor restrictions	<u>\$ 50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
Total net assets with donor restrictions	<u>\$ 577,982</u>	<u>674,210</u>	<u>781,805</u>	<u>1,221,781</u>	<u>1,473,268</u>	<u>(1,106,092)</u>	<u>1,588,957</u>



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Note 13 – Related party transactions

As explained in Note 1, the Conference is affiliated with GBA and SLA. Balances receivable from and payable to the academies are disclosed in Note 4 and 10, respectively. During the years ending December 31, 2021, 2020, 2019, 2018, and 2017, respectively, payments were made to the academies as follows: operating subsidies of \$391,890, \$384,786, \$539,194, \$567,999, and \$545,958; SET scholarship funds of \$255,273, \$268,853, \$183,383, \$174,375, and \$196,505.

Note 14 – Analysis of expenses

	2021 Program Services				Total Program Services
	Church Ministries	Education	Publishing	Other	
Basic pay & allowances	\$ 6,306,727	4,582,330	491,285	157,764	11,538,106
Travel	375,787	18,883	-	5,251	399,921
Retirement plan contribution DB	-	76,366	-	-	76,366
Taxes & benefits	558,867	590,742	-	21,821	1,171,430
Plant operations	351,561	-	4,057	2,822	358,440
Appropriations	418,203	351,500	-	4,896	774,599
Depreciation expense	154,909	-	-	-	154,909
General	489,258	186,910	192,667	222,764	1,091,599
Total expenses	\$ 8,655,312	5,806,731	688,009	415,318	15,565,370

	2021 Supporting Services				2021 Total Program & Supporting Expenses
	Total Program Services	General Admin.	Conventions and Meetings	Other	
Basic pay & allowances	\$ 11,538,106	1,234,103	-	-	12,772,209
Travel	399,921	46,581	-	-	446,502
Retirement plan contribution DB	76,366	-	-	2,492,516	2,568,882
Taxes & benefits	1,171,430	127,240	-	-	1,298,670
Plant operations	358,440	7,013	-	156,961	522,414
Appropriations	774,599	-	-	115,082	889,681
Depreciation expense	154,909	103,273	-	258,181	516,363
General	1,091,599	531,756	722	3,427	1,627,504
Total expenses	\$ 15,565,370	2,049,966	722	3,026,167	20,642,225

	2020 Program Services				Total Program Services
	Church Ministries	Education	Publishing	Other	
Basic pay & allowances	\$ 6,335,359	4,221,334	555,256	138,974	11,250,923
Travel	341,806	14,173	-	5,358	361,337
Retirement plan contribution DB	-	90,474	-	-	90,474
Taxes & benefits	548,271	562,021	30	20,868	1,131,190
Plant operations	262,884	-	-	12,270	275,154
Appropriations	508,289	362,017	-	-	870,306
Depreciation expense	179,024	-	-	-	179,024
General	529,355	420,115	244,850	206,136	1,400,456
Total expenses	\$ 8,704,988	5,670,134	800,136	383,606	15,558,864

	2020 Supporting Services				2020 Total Program & Supporting Expenses
	Total Program Services	General Admin.	Conventions and Meetings	Other	
Basic pay & allowances	\$ 11,250,923	1,149,070	-	-	12,399,993
Travel	361,337	40,161	-	-	401,498
Retirement plan contribution DB	90,474	-	-	2,197,689	2,288,163
Taxes & benefits	1,131,190	119,065	-	-	1,250,255
Plant operations	275,154	590,450	-	154,779	1,020,383
Appropriations	870,306	-	-	-	870,306
Depreciation expense	179,024	156,646	-	391,616	727,286
General	1,400,456	171,355	13,331	3,138	1,588,280
Total expenses	\$ 15,558,864	2,226,747	13,331	2,747,222	20,546,164

	2019 Program Services				Total Program Services
	Church Ministries	Education	Publishing	Other	
Basic pay & allowances	\$ 6,708,812	4,491,080	704,913	144,270	12,049,075
Travel	457,749	26,958	-	13,346	498,053
Retirement plan contribution DB	-	83,256	-	-	83,256
Taxes & benefits	627,931	646,266	502	25,219	1,299,918
Plant operations	325,008	-	-	4,499	329,507
Appropriations	327,238	478,861	-	-	806,099
Depreciation expense	195,938	-	-	-	195,938
General	1,692,805	257,857	327,262	163,630	2,441,554
Total expenses	\$ 10,335,481	5,984,278	1,032,677	350,964	17,703,400



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Note 14 – Analysis of expenses (continued)

	2019 Supporting Services				Total Supporting Services	2020 Total Program & Supporting Expenses
	Total Program Services	General Admin.	Conventions and Meetings	Other		
Basic pay & allowances	\$ 12,049,075	1,122,092	-	-	1,122,092	13,171,167
Travel	498,053	86,413	-	-	86,413	584,466
Retirement plan contribution DB	83,256	-	-	2,179,943	2,179,943	2,263,199
Taxes & benefits	1,299,918	116,430	-	-	116,430	1,416,348
Plant operations	329,507	527,900	-	112,354	640,254	969,761
Appropriations	806,099	-	-	-	-	806,099
Depreciation expense	195,938	166,910	-	362,849	529,759	725,697
General	2,441,554	336,007	20,582	3,120	359,709	2,801,263
Total expenses	\$ 17,703,400	2,355,752	20,582	2,658,266	5,034,600	22,738,000

	2018 Program Services				Total Program Services
	Church Ministries	Education	Publishing	Other	
Basic pay & allowances	\$ 6,317,181	4,608,688	811,838	144,556	11,882,263
Travel	453,620	41,466	5,840	14,159	515,085
Retirement plan contribution DB	-	59,034	-	-	59,034
Taxes & benefits	578,153	651,968	3,808	22,339	1,256,268
Plant operations	348,527	-	-	1,378	349,905
Appropriations	518,545	357,625	-	-	876,170
Depreciation expense	209,985	-	-	-	209,985
General	1,547,418	251,682	373,145	184,249	2,356,494
Total expenses	\$ 9,973,429	5,970,463	1,194,631	366,681	17,505,204

	2018 Supporting Services				Total Supporting Services	2020 Total Program & Supporting Expenses
	Total Program Services	General Admin.	Conventions and Meetings	Other		
Basic pay & allowances	\$ 11,882,263	1,065,621	-	-	1,065,621	12,947,884
Travel	515,085	78,628	-	-	78,628	593,713
Retirement plan contribution DB	59,034	-	-	2,201,973	2,201,973	2,261,007
Taxes & benefits	1,256,268	121,675	-	-	121,675	1,377,943
Plant operations	349,905	548,105	-	158,702	706,807	1,056,712
Appropriations	876,170	-	-	-	-	876,170
Depreciation expense	209,985	178,876	-	388,861	567,737	777,722
General	2,356,494	149,994	19,588	3,434	173,016	2,529,510
Total expenses	\$ 17,505,204	2,142,899	19,588	2,752,970	4,915,457	22,420,661

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 Organizations. 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.

Note 15 – Nonoperating activity without donor restrictions

	2021 Total	2020 Total	2019 Total	2018 Total	2017 Total
Investment income	\$ 757,819	217,893	455,071	451,004	372,411
Church and schools properties added	2,313,089	3,440,527	1,287,364	813,674	-
Miscellaneous income	2,174	2,552	1,134	676	240
Nonoperating revenue	\$ 3,073,082	3,660,972	1,743,569	1,265,354	372,651
Interest paid on debt	\$ 37,057	32,774	9,736	1,404	4,358
SET distributions	255,273	268,853	183,383	174,375	196,505
Present value adjustment	(7,760)	(7,706)	(7,645)	(67,993)	53,450
Annuity payments	23,049	23,049	23,049	25,704	33,669
Depreciation on church and school property (Note 6)	759,721	715,589	669,239	-	-
Miscellaneous expense	358,610	418,027	442,850	281,355	241,531
Nonoperating expense	\$ 1,425,950	1,450,586	1,320,612	414,845	529,513
Realized gain (loss) investments	\$ 173,893	19,876	2,976	28,578	63,353
Unrealized gain (loss) investment value	550,048	688,797	836,067	(851,326)	379,911
Net gain (loss) on investments	\$ 723,941	708,673	839,043	(822,748)	443,264
Proceeds from sale of plant assets	\$ -	-	57,300	23,458	29,876
Value of assets sold	(252,000)	(279,134)	(327,641)	(100,023)	199
Net gain (loss) on sales	\$ (252,000)	(279,134)	(270,341)	(76,565)	30,075
Transfers between funds	\$ (977,848)	(985,559)	(1,214,425)	(1,324,410)	(896,816)
Other transfers	977,848	985,559	1,214,425	1,324,410	896,816
Net transfers	\$ -	-	-	-	-



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Note 16 – Contributed services

Under provisions of FASB Accounting Standards, contributions of services shall be recognized if the services received create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The Organizations use the services of the General Conference Auditing Service (GCAS) to perform the annual audit of its financial statements, and these services meet the definition of contributed services. The amount of contributed services - subsidized audit costs recognized for the years ended December 31, 2021, 2020, 2019, 2018, and 2017 are \$133,231, \$65,829, \$143,299, \$13,281, and \$157,390, respectively. The cost of these services is paid 50% by the Atlantic Union Conference of Seventh-day Adventists and 50% by the North American Division of the General Conference of Seventh-day Adventists. The amount recognized as contributed services subsidy revenue is also recognized and recorded as administrative expense.

Note 17 – Pension and other post-retirement benefits

Defined benefit plans

The Organizations participate 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 (NAPRP). This plan, which covers substantially all employees of the Organizations, is administered by the General Conference of Seventh-day Adventists, North America 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. This 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 Organizations continue 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 Organizations 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.

Required contributions from the Organizations:

	NADRP	RAHAP	Total
For the year ended 12-31-2021	\$ 1,836,890	655,925	2,492,815
For the year ended 12-31-2020	\$ 1,619,350	578,339	2,197,689
For the year ended 12-31-2019	\$ 1,606,273	573,669	2,179,942
For the year ended 12-31-2018	\$ 1,622,506	579,467	2,201,973
For the year ended 12-31-2017	\$ 1,519,822	542,794	2,062,616

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

Total contributions received from all employers

For the year ended 12-31-2019	\$ 116,270,125	42,839,391
For the year ended 12-31-2018	\$ 116,320,826	42,806,003

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

For the year ended 12-31-2019	Less than	Less than
For the year ended 12-31-2018	Less than	Less than

Plan net asset available for benefits:

For the year ended 12-31-2019	\$ 284,675,114	96,344,146
For the year ended 12-31-2018	\$ 243,287,022	79,634,931

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	12/31/2018	12/31/2018
Actuarial liability for future benefits	\$ 1,436,554,117	468,150,310
Value of net assets available for benefits	\$ 243,287,022	79,634,931
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 Organizations choose to stop participating in a multiemployer plan, the Organizations 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 Organizations' 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 Organizations have not paid any "surcharge" to either of the plans.
- No minimum contribution for future periods has been determined or required of the Organizations.



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

Defined contribution plan

Effective January 1, 2000, the Organizations participate in a defined contribution retirement plan known as "The Adventist Retirement Plan". This plan, which covers substantially all employees of the Organizations, is administered by the 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 Organizations contributed \$453,593, \$456,148, \$468,309, \$432,780, and \$390,854, to the plan for the years ended December 31, 2021, 2020, 2019, 2018, and 2017, respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of certain employee voluntary contributions. Administration of the accumulated contributions designated for each employee is provided under an agreement between NAD Corporation and Great-West Life & Annuity Insurance Company.

Note 18 – Split interest agreements

As of December 31, 2021, 2020, 2019, 2018, and 2017, the Conference did not serve as trustee of any remainder trusts, unconditional irrevocable trusts, conditional irrevocable trusts, and other irrevocable trusts. At December 31, 2021, 2020, 2019, 2018, and 2017, the Conference served as trustee of 0, 0, 0, 0, and 1 revocable trusts.

The Conference is generally a remainder beneficiary of at least a portion of these various trust assets. Also, the Conference may be a beneficiary of wills or trusts administered by other trustees, of which the Conference may not be aware. GCAS has performed a review of the Conference's fiduciary administration of the agreements for which the Conference is trustee, and has issued a separate report thereon dated August 21, 2018. GCAS has planned their next review of the Association's planned giving and trust services function during 2022.

Note 19 – Contingent liabilities and concentrations of risk

The Association has guaranteed certain liabilities of local church congregations and school constituencies payable to the AURF. These loans were used to acquire certain assets that are included within church and school properties. (Some of these properties are recorded as collateral for some of these loans.) The total balance due on these loans was \$9,822,228, \$9,670,399, \$9,787,876, \$9,951,557, and \$9,072,786, at December 31, 2021, 2020, 2019, 2018, and 2017, respectively. Principal and interest payments on these loans are scheduled to be made by the local congregations and

As of December 31, 2021, 2020, 2019, 2018, and 2017, there were 9, 12, 7, 6, and 10 church congregations, respectively, with outstanding balances totaling \$1,496,867, \$4,001,523, \$1,961,076, \$1,915,059, and \$867,132; their total delinquent balance was of \$43,119, \$57,779, \$23,787, \$16,345, \$10,474.

The Organizations receive most of their revenue in the form of contributions from members living within their territory. The amount of contributions are 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 numbers cease to be active members.

The Organizations' assets include \$5,522,241, \$4,601,473, \$4,881,894, \$4,942,829, and \$3,865,589 of notes receivable from related organizations and \$266,102, \$313,444, \$418,933, \$451,181, and \$501,417 of loans receivable from employees for the years ending December 31, 2021, 2020, 2019, 2018, and 2017, respectively. These loans represent 9%, 8%, 9%, 10%, and 8% of the Organizations' total assets for the years ending December 31, 2021, 2020, 2019, 2018, and 2017, respectively. Management's estimate of the collectability of these loans could be subject to similar economic impact as mentioned above for contribution revenue.

As disclosed in Note 8 to the financial statements, as of December 31, 2021, 2020, 2019, 2018, and 2017, respectively, the Association holds \$201,728, \$266,349, \$334,392, \$347,928, and \$409,956, in second mortgages made to employees. As a substitute for charging the employees a stated interest, the mortgage agreements provide that the Association will share in the appreciation gain realized on the sale of the home. The ultimate collectability and realization of income from these loans is closely linked to the residential real estate market in the geographic area of the Conference.

Note 20 – ABC operations

	2021	2020	2019	2018	2017
	Total	Total	Total	Total	Total
Sales	\$ 1,873,869	1,931,559	2,518,856	3,095,748	3,447,538
Cost of goods sold	(1,275,879)	(1,420,749)	(1,995,075)	(2,346,582)	(2,678,072)
Gross profit on sales	597,990	510,810	523,781	749,166	769,466
Other operating income	45,629	52,396	50,397	55,025	113,756
Gross gain (loss)	643,619	563,206	574,178	804,191	883,222
<u>Operating expenses</u>					
Worker salary, retirement, and benefits	491,285	555,256	698,353	783,958	777,200
Other expenses	177,677	244,703	308,811	326,094	404,749
Total operating expenses	668,962	799,959	1,007,164	1,110,052	1,181,949
Net gain (loss)	\$ (25,343)	(236,753)	(432,986)	(305,861)	(298,727)

Note 21 – Liquidity and availability

	2021	2020	2019	2018
Financial assets, at year-end*	** \$ 64,450,801	59,343,346	56,127,550	54,564,886
Less those unavailable for general expenditures within one year, due to:				
<u>Contractual or donor-imposed restrictions:</u>				
Cash held for agency accounts	(230,592)	(202,873)	(200,731)	(780,859)
Notes and loans receivable, noncurrent portion	(112,708)	(310,971)	(310,971)	(604,889)
Restricted by donor with time or purpose restrictions (Note 12)	(1,538,957)	(1,171,781)	(731,805)	(624,210)
<u>Board designations:</u>				
Funds allocated for specific operating purposes	(10,840,225)	(8,377,995)	(8,377,995)	(9,202,936)
Funds allocated for future plant acquisitions	(869,760)	(595,136)	(595,136)	(1,077,306)
Funds allocated for other funds liquidity	(10,685,083)	(8,859,613)	(8,859,613)	(7,587,421)
Financial assets available to meet cash needs for general expenditures within one year	\$ 40,173,476	39,824,977	37,051,299	34,687,264

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

**Calculation of financial assets at year-end:

Total assets	\$ 65,321,083	60,194,298	57,013,256	55,387,181
Inventory	(870,282)	(850,952)	(885,706)	(822,295)
Financial assets at year-end	\$ 64,450,801	59,343,346	56,127,550	54,564,886



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Note 22 – Working capital and liquidity, operating

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 specified levels of working capital and liquidity. This footnote summarizes the Organization'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.

	2021	2020	2019	2018	2017
	Total	Total	Total	Total	Total
<u>Working capital</u>					
Total current assets	\$ 14,135,115	12,298,886	11,642,292	11,633,149	11,137,872
Total current liabilities	(2,821,529)	(2,587,005)	(2,415,463)	(2,224,494)	(2,034,301)
Actual working capital	11,313,586	9,711,881	9,226,829	9,408,655	9,103,571
Less: recommended working capital*	(6,906,724)	(6,055,736)	(5,855,151)	(5,865,922)	(5,589,360)
Working capital excess (deficit)	\$ 4,406,862	3,656,145	3,371,678	3,542,733	3,514,211
Percentage of recommended working capital	164%	160%	158%	160%	163%
Current ratio	5.01	4.75	4.82	5.23	5.48
<u>Liquidity statement</u>					
Cash	\$ 2,944,965	1,907,834	1,167,361	1,052,365	1,798,429
Investments	3,139,448	3,020,639	2,847,397	2,643,368	2,607,745
AURF deposits	3,534,499	3,490,661	3,539,293	3,495,395	-
Accounts receivable, church remittances	3,078,322	2,469,955	2,245,202	2,597,368	2,465,210
Total liquid assets	12,697,234	10,889,089	9,799,253	9,788,496	6,871,384
<u>Less commitments</u>					
Current liabilities	2,821,529	2,587,005	2,415,463	2,224,494	2,034,301
Net assets with temporary donor restrictions**	1,435,405	1,068,300	628,411	520,870	424,712
Total commitments	4,256,934	3,655,305	3,043,874	2,745,364	2,459,013
Liquid assets surplus (deficit)	\$ 8,440,300	7,233,784	6,755,379	7,043,132	4,412,371
Percent liquid assets to commitments	298%	298%	322%	357%	279%
<u>* Calculation of recommended working capital</u>					
Total income without donor restrictions	21,885,277	19,949,743	20,906,959	21,380,207	20,658,593
25% of income without donor restrictions	5,471,319	4,987,436	5,226,740	5,345,052	5,164,648
Net assets with temporary donor restrictions**	1,435,405	1,068,300	628,411	520,870	424,712
Total recommended working capital	\$ 6,906,724	6,055,736	5,855,151	5,865,922	5,589,360

**Excludes restricted amounts that are covered by specific noncurrent assets.

