

# **Adventist Development and Relief Agency International**

Report of Independent Auditors on  
Financial Statements  
For the Years Ended December 31, 2019 and 2018

**Adventist Development and Relief Agency International**  
**Index**  
**December 31, 2019**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Adventist Development and Relief Agency International

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Adventist Development and Relief Agency International (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Adventist Development and Relief Agency International as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Prior Period Financial Statements***

The financial statements of Adventist Development and Relief Agency International as of December 31, 2018, were audited by other auditors whose report dated June 11, 2019, expressed an unmodified opinion on those statements. The summarized comparative information presented in the statement of activities and functional expense for the year ended December 31, 2018 is consistent with the audited financial statements from which it has been derived.

*Manes Costeiran PC*

March 28, 2022

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**STATEMENTS OF FINANCIAL POSITION**

**as of December 31, 2019 and December 31, 2018**

ASSETS		
	2019	2018
Cash and cash equivalents	\$ 10,513,583	\$ 5,433,356
Investments	46,467,739	43,147,904
Net amount due from affiliates	7,452,488	2,381,886
Loans to affiliates	53,278	59,212
Amount due from government agency, net of allowance	2,791,368	835,681
Other receivables	298,498	917,157
Loans to other	5,429	-
Contributions receivable, net of allowances	360,419	682,349
Inventories	199,701	221,604
Prepaid expenses	275,052	200,803
Furniture and equipment, net of accumulated depreciation	544,716	684,137
Agency funds	1,066,407	1,288,402
Contributions receivable - long-term, net of allowances	1,490,826	1,246,750
Loans to affiliates - long term	419,950	458,888
 Total assets	 \$ 71,939,454	 \$ 57,558,129
LIABILITIES		
Accounts payable	\$ 905,281	\$ 782,208
Accrued expenses	5,682,102	4,234,354
Amount due to affiliates	1,286,391	1,164,314
Amount due to government agency	5,118,638	2,615
Amount due to other	2,744,045	2,150,951
Agency funds	1,066,407	1,288,402
 Total liabilities	 16,802,864	 9,622,844
NET ASSETS		
Without donor restrictions		
Undesignated	31,519,162	23,317,716
Designated by the Board <i>(Note 19)</i>	3,572,009	5,423,628
Total net assets without donor restrictions	35,091,171	28,741,344
With donor restrictions		
Restricted to purpose	18,209,173	17,621,481
Restricted to time	1,836,246	1,572,460
Total net assets with donor restrictions	20,045,419	19,193,941
 Total net assets	 55,136,590	 47,935,285
 Total liabilities and net assets	 \$ 71,939,454	 \$ 57,558,129

*The accompanying notes are an integral part of these financial statements.*

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**  
**STATEMENT OF ACTIVITIES**  
**for the year ended December 31, 2019**  
**(with summarized financial information for the year ended December 31, 2018)**

	2019			2018
	Without donor restrictions	With donor restrictions	Total	Total
Support and revenue:				
U.S. Government support:				
Commodities - distributed	\$ -	\$ -	\$ -	\$ 492,324
Ocean and inland freight	-	-	-	149,765
Grants - direct	52,365,884	-	52,365,884	32,062,761
Grants - sub-awards	4,193,038	-	4,193,038	3,309,826
Public support:				
Seventh-day Adventist Church	5,741,348	-	5,741,348	5,980,331
Contributions	10,299,731	7,568,035	17,867,766	15,945,851
Donated materials	-	4,903,251	4,903,251	4,231,895
Grants - other	1,865,579	300,000	2,165,579	3,110,372
Freight and handling fees reimbursement	1,253	-	1,253	3,096
Investment, net	1,025,849	216,766	1,242,615	731,971
Other revenue	473,813	1,683	475,496	202,991
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>12,138,257</u>	<u>(12,138,257)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>\$ 88,104,752</u>	<u>\$ 851,478</u>	<u>\$ 88,956,230</u>	<u>\$ 66,221,183</u>

*The accompanying notes are an integral part of these financial statements.*

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**  
**STATEMENT OF ACTIVITIES (CONT.)**  
**for the year ended December 31, 2019**  
**(with summarized financial information for the year ended December 31, 2018)**

	2019		2018
	Without donor restrictions	With donor restrictions	Total
	Total		Total
Expenses:			
Programs	\$ 80,641,203	\$ -	\$ 80,641,203
Fundraising	1,670,318	-	1,670,318
Public relations	1,726,692	-	1,726,692
Management and general	<u>2,669,329</u>	<u>-</u>	<u>2,669,329</u>
Total expenses	<u>86,707,542</u>	<u>-</u>	<u>86,707,542</u>
Net Increase (decrease) from operations	1,397,210	851,478	2,248,688
Nonoperating activity:			
Realized/unrealized gain/(loss) on investment	4,952,617	-	4,952,617
Change in net assets	6,349,827	851,478	7,201,305
Net assets, at beginning of year	<u>28,741,344</u>	<u>19,193,941</u>	<u>47,935,285</u>
Net assets, at end of year	<u>\$ 35,091,171</u>	<u>\$ 20,045,419</u>	<u>\$ 55,136,590</u>

*The accompanying notes are an integral part of these financial statements.*

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**for the year ended December 31, 2019**  
**(with summarized financial information for the year ended December 31, 2018)**

	2019				2018	
	Humanitarian Programs	Fundraising	Public Relations	Management and General	Total	Total
Program services	\$ 62,216,398	\$ -	\$ -	\$ -	\$ 62,216,398	\$ 48,087,263
General and administrative costs:						
Personnel and related costs	12,798,884	437,085	857,994	1,325,636	15,419,599	13,183,425
Travel	1,443,987	76,503	146,026	113,068	1,779,584	1,532,884
Rent	357,642	33,772	63,792	586,507	1,041,713	1,357,626
Depreciation	132,496	2,671	5,041	14,634	154,842	94,395
Maintenance and repairs	203,606	-	-	23,099	226,705	174,849
Management and administration	1,611,678	13,941	844	182,840	1,809,303	865,121
Materials and supplies	289,778	14,003	2,334	32,875	338,990	347,137
Postage and telecommunications	187,318	21,965	42,079	21,251	272,613	214,574
Professional services	1,334,670	268,238	107,161	151,413	1,861,482	2,010,396
Public education/awareness	34,407	-	-	3,903	38,310	15,168
Publication and printing	28,235	802,140	131,813	3,203	965,391	1,530,300
Transportation, handling and warehousing	2,104	-	-	239	2,343	33,260
Other	-	-	369,608	210,661	580,269	732,469
<b>Total expenses</b>	<b>\$ 80,641,203</b>	<b>\$ 1,670,318</b>	<b>\$ 1,726,692</b>	<b>\$ 2,669,329</b>	<b>\$ 86,707,542</b>	<b>\$ 70,178,867</b>

*The accompanying notes are an integral part of these financial statements.*



**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**STATEMENTS OF CASH FLOWS**

**for the years ended December 31, 2019 and December 31, 2018**

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 7,201,305	\$ (6,868,524)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	\$ 154,842	\$ 94,395
(Gain) loss on sale of fixed assets	(4,875)	(200)
Dividends reinvested	(827,276)	(890,869)
Realized/Unrealized (gain) loss on securities	(4,952,617)	2,909,439
Receipt of contributed securities	(215,229)	(190,551)
Sale of contributed securities	220,688	196,520
Bad debt expense	4,400	(1,520)
(Increase) decrease in net amounts due from affiliates	(5,070,602)	(392,651)
(Increase) decrease in amounts due from government agency	(1,955,687)	158,160
(Increase) decrease in other receivables	614,259	(69,066)
(Increase) decrease in contributions receivable	321,930	(429,570)
(Increase) decrease in inventories	21,903	735,289
(Increase) decrease in prepaid expenses	(74,249)	60,246
(Increase) decrease in agency funds - asset	221,995	190,807
(Increase) decrease in contributions receivable - long term	(244,076)	96,732
Increase (decrease) in accounts payable	123,073	(246,952)
Increase (decrease) in accrued expenses	1,447,748	378,623
Increase (decrease) in amounts due to affiliates	122,077	(28,278)
Increase (decrease) in amounts due to government agency	5,116,023	(211,217)
Increase (decrease) in amounts due to other	593,094	578,933
Increase (decrease) in agency funds - liability	(221,995)	(190,807)
Total adjustments	(4,604,574)	2,747,463
Net cash provided by (used in) operating activities:	\$ 2,596,731	\$ (4,121,061)
Cash flows from investing activities:		
Purchase of securities	\$ (10,535,401)	\$ -
Sales of securities	12,990,000	-
Payments from affiliates	44,872	39,086
Loans to other	(5,429)	-
Purchases of furniture and equipment	(15,421)	(304,012)
Proceeds from sale of fixed assets	4,875	200
Net cash provided by (used in) investing activities:	\$ 2,483,496	\$ (264,726)
Net increase (decrease) in cash and cash equivalents	5,080,227	(4,385,787)
Cash and cash equivalents at beginning of year	5,433,356	9,819,143
Cash and cash equivalents at end of year	\$ 10,513,583	\$ 5,433,356
Supplemental disclosure of cash flow information		
Non cash investing activities:		
Donated Securities	\$ 215,229	\$ 190,551
Reinvested dividends and interest	\$ 827,276	\$ 890,869

*The accompanying notes are an integral part of these financial statements.*

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### 1. Organization and Purpose

The Adventist Development and Relief Agency International (ADRA) is a not-for-profit corporation organized under the District of Columbia law. ADRA was established by the Seventh-day Adventist Church for the purpose of providing aid to charitable, educational and developmental endeavors throughout the world, without regard to race, gender, political or religious affiliation. ADRA maintains an active relationship with the General Conference of Seventh-day Adventist, which is the headquarters for the Seventh-day Adventist Church. Activity with the General Conference and its other church related entities are classified as affiliates and disclosed in Note 8.

### 2. Summary of Significant Accounting Policies

#### **Basis of Accounting**

ADRA's financial statements have been prepared on the accrual basis of accounting in accordance with the generally accepted accounting principles (GAAP) in the United States of America.

The accompanying financial statements do not include the revenue, expenses, assets, liabilities, and net assets of ADRA's affiliate implementing partners. ADRA's implementing partners include some subrecipient non-government organizations and ADRA affiliate implementing partners operating outside of the United States. This subset of ADRA's implementing partners, referred to herein as affiliate implementing partners although related to the Seventh-day Adventist Church, are not under the control of ADRA and therefore are not consolidated.

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with ADRA's financial statements for the year ended December 31, 2018, from which the summarized information was derived.

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The amounts ADRA will ultimately realize could differ from the estimates in the near term. Significant estimates include assessing the fair value of investments, contributions receivables, gifts-in-kind, inventory related to commodities.

#### **Reclassifications**

Certain prior year financial information has been reclassified to conform to the current year presentation.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### **Cash and Cash Equivalents**

Cash and cash equivalents include checking account balances in various banks and money market funds invested in the General Conference (GC) Money Fund with original maturities of ninety days or less. Cash equivalents held in the GC Money fund are classified as level 2 under the Financial Accounting Standards Board Financial Accounting Standards Codification Topic 820 Fair Value Measurement (ASC 820) fair value hierarchy.

### **Fair Value of Financial Instruments**

The value of all financial instruments on the Statement of Financial Position is approximated at fair value, including in-kind donations of stock.

ASC 820 requires additional disclosure about the sources of information used to determine the fair values of assets and liabilities and expands disclosure about fair value measurements. ASC 820 also establishes a hierarchy of valuation methodologies based on the extent to which asset valuations are observable in the marketplace. The following describes the hierarchy of methodologies used to measure fair value:

- Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active;
- Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

### **Investments**

The fair values of the investments in the General Conference Corporation of the Seventh-day Adventist Church (General Conference) unitized funds are based on the unit value of each fund and the number of units owned. Unit values are calculated each month by the Investment Office of the General Conference, based on portfolio values provided by the funds' custodian, the net asset value of other assets and the total number of units held by the participants. The General Conference is the trustee of the unitized funds. The fair value of investment in the GC Unitized funds is assessed on a recurring basis and the inputs utilized in determining fair value are summarized in the additional disclosure presented in Note 7.

### **Split-interest Agreements**

Contributions receivable representing split-interest agreements where ADRA is a beneficiary of a charitable gift annuity or trust held by a third party are initially recorded at fair value and re-measured annually based on valuations provided by the third-party administrator which factor in net present value of future cash flows. Split interest agreements are classified as level 3, as presented in Note 6.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### **Inventories**

Purchased inventory, which includes pre-positioned inventory, is carried at original cost by applying the specific identification method except for premiums inventory which is valued using the weighted average cost method. Other donated materials are valued at estimated fair value at the date of receipt through reference to available fair values for similar items. Valuation of donated food commodities from the U.S. Government for distribution is provided by the Commodity Credit Corporation (CCC).

### **Furniture and Equipment**

Furniture and equipment are capitalized at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets, which range from three to ten years. Grant related fixed asset procurements are expensed in the year of acquisition. The donor, at its discretion, determines whether furniture and equipment procured using grant funds are to be returned or retained by ADRA for use in similar programs upon grant conclusion.

### **Agency Funds**

From time to time ADRA holds funds on behalf of the unconsolidated affiliates in an agency capacity to facilitate office transactions. A corresponding payable is recorded on the Statement of Financial Position for these funds on their behalf.

### **Public Support**

Donations with and without donor restrictions are recognized as support when received.

All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor for either purpose or time. The net assets without donor restrictions are used to account for resources over which ADRA's Board of Directors has discretionary control for use within the limitations imposed by its charter and bylaws.

A donor restriction expires when a stipulated time restriction ends or when a purpose restriction is accomplished. Upon expiration, net assets with donor restrictions are reclassified to net assets without donor restriction and are reported in the Statement of Activities as net assets released from restrictions. Contributions with donor restrictions received in the same year in which the restrictions are met are recorded as an increase to support at the time of receipt and as net assets released from restrictions.

ADRA reports gifts of long-lived assets 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 donated assets must be used and gifts of cash and 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, ADRA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Government grants are considered to be contribution transactions, the majority of which are cost-reimbursable conditional grants. Generally, grant expenses are incurred when grant funds are disbursed to implementing partners and adjusted for unexpended amounts at the period end. Revenue, including approved indirect cost recovery, is recognized when allowable cost have been

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

incurred. ADRA's cost incurred under its government grants are subject to an audit by government agencies. Management believes that disallowance of cost, if any, would not be material to the financial position or changes in net assets of ADRA.

Other privately funded grants are both unconditional and conditional contributions. Unconditional grants are recognized as contributions at the time of the grant agreement, if restrictions exist, they are recorded as contributions with donor restrictions. Conditional grants are recognized when grant funds are disbursed to implementing partners and adjusted for unexpended amount at the period end.

**Donated Materials**

ADRA receives donations of food commodities, educational material, medical equipment and supplies, clothing, and other commodities for use in relief and development programs.

ADRA accounts for donated materials in accordance with generally accepted accounting principles and also applies the industry standards developed by an interagency taskforce appointed by the Association of Evangelical Relief and Development Organization (AERDO), the Interagency Gifts In Kind Standards. ADRA only records the value of gifts-in-kind for which ADRA was either the original recipient of the gift, was involved in partnership with another end-user agency organization for distribution internationally, or if gifts-in-kind are used in ADRA programs.

ADRA retains final discretion over their ultimate disposition. Contributions of donated materials are recognized as support without donor restrictions when received, expensed when disbursed to programs, and are recorded at their estimated fair value.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### **Functional Expenses**

ADRA allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and/or support service are charged directly to the functional program or supporting service. Rent and Depreciation have a two-step allocation method.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Program services	Direct
Personnel and related costs	Time and effort
Travel	Time and effort
Rent	Square footage/functional time and effort
Depreciation	Cost center/functional time and effort
Maintenance and repairs	Direct functional
Management and administration	Direct functional
Materials and supplies	Direct functional
Postage and telecommunications	Direct functional
Professional services	Direct functional
Public education/awareness	Direct functional
Publication and printing	Direct functional
Transportation, handling and warehousing	Direct functional
Other	Direct functional

### **Income Taxes**

ADRA is a not-for-profit corporation whose revenue is derived from contributions and other fundraising activities and is exempt from federal and state income taxes in accordance with Section 501(c)(3) of the Internal Revenue Code.

### **Advertising**

Expenses for advertising to promote ADRA's image is recognized in the period incurred and recorded in the Statement of Functional Expenses under Public Relations.

### **Recently Adopted Accounting Pronouncements**

In June 2018, the FASB issued ASU 2018-08, clarifying the scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic ASC 958). This standard clarifies how to account for grants and contracts and what makes a contribution conditional. The outcome of this guidance is to provide symmetry in recognition of contributions regardless of the type of donor. ADRA adopted this standard, effective January 1, 2019. Due to this adoption, the majority of the ADRA's grant transactions are no longer considered exchange transactions and are now primarily deemed conditional contributions, where revenue recognized equals the expenses, under the simultaneous release provision. The adoption of this standard did not have a material effect on the financial statements.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### **Recently Issued Accounting Pronouncements**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic ASC 606). The standard is comprehensive, industry-neutral and intended to increase financial statement comparability across companies and industries. Under this standard revenue will be recognized as performance obligations are satisfied. Additionally, the standard requires enhanced disclosure of revenue arrangements. This standard will be effective for ADRA January 1, 2020. Management is currently evaluating the impact of ASU 2014-09 on ADRA's financial statements that may include changes to information technology systems, processes, contractual terms and internal controls because of the new standard and its disclosure requirements.

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic ASC 842). This standard amends the existing accounting principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. Leases for a term greater than one year will now be classified as financing leases and required to be capitalized and disclosed in the statement of Financial Position, with a right-of-use asset and a lease liability. Only short-term leases will remain as operating leases and expensed as incurred. This standard is required to be adopted retrospective for comparative financial statements. This standard will be effective for ADRA January 1, 2021. Management is currently evaluating the impact of ASU 2016-02 on ADRA's financial statements that will include changes in processes, and internal controls because of the new standard.

### **Subsequent Events**

Subsequent events have been evaluated through March 28, 2022, which is the date the financial statements were available to be issued.

In March of 2020 the COVID-19 coronavirus was classified as a pandemic. The response in the United States to the outbreak caused financial disruption to our contributors. The extent of the impact of COVID-19 on our operations and financial performance will depend on certain developments, including the duration and spread, as well as impacts on our funders and private donors. At this point, the extent to which COVID-19 may impact our financial condition or results of our operations is uncertain.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### 3. U.S. Government Grants

ADRA receives various grants from agencies of the U.S. Government for the purpose of furthering its development and relief efforts in various countries throughout the world. These grants are principally received from the U.S. Agency for International Development (USAID) and typically have performance periods of multiple years. As a significant portion of the revenue for ADRA is derived from one source, USAID, there exists concentration risk for ADRA. During 2019 and 2018 respectively, ADRA received 59% and 52% of its total revenue from USAID directly, and 5% each year from sub-awards revenue whose source of funding is USAID. The grants are administered by ADRA, which generally disburses funds or renders commodities received to affiliate implementing partners, which are under the direction of the local division of the Seventh-day Adventist Church. The implementing partners are responsible to ADRA for fulfillment of the grant requirements and for reporting and control of related expenditures.

### 4. Concentration of Credit Risk

Cash and cash equivalents include demand deposits which are maintained at various financial institutions in the United States. Significant portions of the cash are held with the General Conference unitized investment funds and in a money market fund as detailed in Note 6 and 7, respectively. The total deposits at times exceed FDIC insurance limits. As of December 31, 2019, and 2018, deposits of \$9,827,057 and \$4,780,850, respectively, were in excess of FDIC insurance. ADRA has not experienced a loss due to concentration of credit risk and does not expect such a loss to occur.



**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

**5. Liquidity and Availability of Resources**

The table below represents financial assets available for general expenditures within one year at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 10,513,583	\$ 5,433,356
Investments	46,467,739	43,147,904
Net amount due from affiliates	7,452,488	2,381,886
Loan to affiliates - current portion	53,278	59,212
Net amounts due from government agencies	2,791,368	835,681
Other receivables	298,498	917,157
Loans to other	5,429	-
Contribution receivables	360,419	682,349
Total financial assets	<u>\$ 67,942,802</u>	<u>\$ 53,457,545</u>
Less board designations not available to be used within one year	<u>1,000,000</u>	<u>2,000,000</u>
Financial assets available to meet general expenditures within one year	<u>\$ 66,942,802</u>	<u>\$ 51,457,545</u>

ADRA had assets available for limited use with donor restrictions of \$18,209,173 and \$17,621,481 as of December 31, 2019, and 2018 respectively. These assets that fulfill the designated purpose were available and have been included in the available financial assets for general expenditures within one year.

A portion of the ADRA Board Allocations are for activities that general expense would be incurred for and available in the current year. The amount of \$2,572,009 and \$3,423,628, was included in the assets available for general expenditure as of December 31, 2019, and 2018, respectively. Board allocations focused on implementation of a new strategic framework, support for the Sunplus accounting program, Advocacy and funding for ADRA Mauritia property are included as available funds.

ADRA invests cash in excess of its immediate requirements in the GC Money Fund that is classified as a cash equivalent in the statement of Financial Position. These funds are also available for cash flow management. ADRA holds investments in the General Conference Unitized Funds. These investments are available to supplement liquidity needs to maintain smooth operations.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### 6. Fair Value

ADRA has adopted FASB guidance on fair value measurements and disclosures. This standard establishes a framework for measuring fair value, establishes a fair value hierarchy described in Note 2, and expands disclosure requirements for fair value measurements. As defined in the guidance, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). Items subject to fair value measurements include the General Conference Money Fund - a cash equivalent, Investments - includes various unitized funds for which the General Conference is trustee and donated stock, and split-interest agreements held by a third party.

For the General Conference Money Fund and investments, the valuations are calculated by the investment manager based on the number of units owned in each fund. Valuation techniques take into account each fund's underlying assets and include traditional valuation methods such as cost and market approaches. Investment funds that are valued and redeemable at Net Asset Value, require no adjustments to the valuation provided by the General Conference and have no redemption restrictions, are classified as level 2. Donated stock that are publicly traded are classified as level 1.

Split-interest agreements held by a third party are valued at the present value of future cash flows. Charitable gift annuities valuations are performed by the third-party administrator who factors in net present value of future cash flows expected to be received over the term of the agreement. ADRA relies on the valuations presented by the third party that are independently audited. Change in value of split-interest are recorded annually, with the exception of maturities that are recorded when they occur. ADRA monitors that new gifts reflect its percentage of the remainder, and distributions occur in accordance with the activity voted by the Trust Service Committee of the General Conference, of which ADRA has representation. Since the valuation requires judgment and estimates, ADRA's interests in these agreements are included in level 3.

The methods described above may produce fair value calculations that may not be indicative of net realizable or reflective of future fair values. Furthermore, while ADRA believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date.

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

The following table presents the financial instruments carried at fair value as of December 31, 2019 and 2018, by level within the fair value hierarchy, as defined in Note 2.

	2019			Total
	Level 1	Level 2	Level 3	
General Conference Money Fund <sup>1</sup>	\$ -	\$ 3,364,974	\$ -	\$ 3,364,974
Investments ( <i>see note 7</i> )	-	46,464,394	3,345	46,467,739
Split-interest <sup>2</sup>	-	-	1,180,851	1,180,851
Total assets measured at fair value	\$ -	\$ 49,829,368	\$ 1,184,196	\$ 51,013,564

  

	2018			Total
	Level 1	Level 2	Level 3	
General Conference Money Fund <sup>1</sup>	\$ -	\$ 1,840,360	\$ -	\$ 1,840,360
Investments ( <i>see note 7</i> )	-	43,146,503	1,401	43,147,904
Split-interest <sup>2</sup>	-	-	1,003,250	1,003,250
Total assets measured at fair value	\$ -	\$ 44,986,863	\$ 1,004,651	\$ 45,991,514

<sup>1</sup> General Conference Money Fund is included in cash and cash equivalents in the Statement of Financial Position, and further described in Note 8.

<sup>2</sup> Split-interest are a part of contributions receivable, and contributions receivable-long term in the Statement of Financial Position.

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**NOTES TO FINANCIAL STATEMENTS**  
**for the years ended December 31, 2019 and December 31, 2018**

**7. Investments**

Investments as of December 31, 2019 and 2018, which consist of units held in various unitized funds for which the General Conference is the trustee, are summarized below. The fair value measurement of the unitized funds is based on their net asset values which is a level 2 input as per Note 2.

	2019			2018		
	Cost	Fair Value	Accumulated Unrealized Appreciation (Decline)	Cost	Fair Value	Accumulated Unrealized Appreciation (Decline)
Unitized GC Large Cap/U.S Equity Fund	\$ 5,319,088	\$ 10,296,493	\$ 4,977,405	\$ 8,075,171	\$ 11,319,243	\$ 3,244,072
Unitized GC International fund	8,055,777	4,995,722	(3,060,055)	9,826,260	6,373,469	(3,452,791)
Unitized GC Small Cap/US Equity Fund	1,929,192	2,549,588	620,396	2,395,274	2,628,991	233,717
Unitized GC Emerging Markets Fund	2,246,850	1,441,062	(805,788)	2,805,500	1,907,414	(898,086)
Unitized GC Income Fund	7,673,718	8,310,637	636,919	9,652,741	9,765,946	113,205
Unitized GC Bond Fund	4,032,898	4,070,453	37,555	4,676,003	4,564,256	(111,747)
Unitized Capital Preservation Fund	1,826,353	1,797,624	(28,729)	2,366,649	2,313,731	(52,918)
Unitized Global Opportunities Fund	3,446,502	3,744,556	298,054	4,300,000	4,273,454	(26,546)
Unitized GC Tactical Fund	8,799,000	9,258,259	459,259	-	-	-
Donated Stock & Other Securities	3,345	3,345	-	1,401	1,401	-
	\$ 43,332,723	\$ 46,467,739	\$ 3,135,016	\$ 44,098,998	\$ 43,147,904	\$ (951,094)

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

**8. Transactions with Affiliated Entities**

Amounts due from (to) affiliates at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Net amounts due from affiliates:		
ADRA – Bangladesh	\$ 19,819	\$ 24,760
ADRA – Canada	7,875	11,656
ADRA – Democratic Republic of Congo	958	-
ADRA – Ghana	-	3,280
ADRA – India	5,597	23,427
ADRA – Madagascar	2,130	-
ADRA – Middle East and North Africa Regional Office	-	2,991
ADRA – Sudan	1,560	1,219
ADRA – Syria	997,288	22,463
ADRA – Venezuela	7,779	2,384
ADRA – Yemen	-	633,979
ADRA – Zimbabwe	-	10,733
General Conference	922,835	164,065
North American Division	10,331	423,843
Other affiliated organizations	<u>5,476,316</u>	<u>1,057,086</u>
	<u>\$7,452,488</u>	<u>\$2,381,886</u>

Amounts due to affiliates:		
ADRA – Africa Regional Office	\$ 66,555	\$ 62,468
ADRA – Asia Regional Office	83,764	34,469
ADRA – Ghana	9,862	-
ADRA – Kenya	6,627	3,032
ADRA – Madagascar	-	28,676
ADRA – Mozambique	1,093	13,589
ADRA – Somalia	-	7,214
ADRA – Yemen	53,625	-
Other affiliated organizations	<u>1,064,865</u>	<u>1,014,866</u>
	<u>\$1,286,391</u>	<u>\$1,164,314</u>

Other affiliated organizations in amounts due from affiliates is comprised of other Seventh-day Adventist church entities and divisions. A component of due from affiliates is for grant project funds advanced and unexpended of \$5,465,574 and \$1,028,336 as of December 31, 2019 and 2018, respectively.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

Amounts due from the General Conference, include direct and indirect public support collected by the General Conference for ADRA. The amount due from the General Conference is net of amounts due to the General Conference for services provided by the General Conference to ADRA, such as utilities, facility operation, and general services. Total amounts billed to ADRA for these services were \$648,304 and \$794,769, resulting in a net receivable of \$922,835 and \$164,065 for the years ended December 31, 2019 and 2018, respectively.

ADRA has its principal office in the facility owned by the General Conference. The rental value of that facility has been recognized as an in-kind donation in the Statement of Activities and is included in the Seventh-day Adventist Church public support. The amount was \$393,409 and \$562,856 for the years ended December 31, 2019 and 2018, respectively.

Investment income earned on the General Conference Money Fund for the years ended December 31, 2019 and 2018 was \$67,648 and \$81,828 respectively, which is included in investment and other revenue, net in the Statement of Activities. These earnings were generated from the General Conference Money Fund ending balances as of December 31, 2019 and 2018 totaling \$3,364,974 and \$1,840,360, respectively, and which are reflected in the Statement of Financial Position as part of cash and cash equivalents.

Investment income earned on unitized funds for which the General Conference is trustee for the years ended December 31, 2019 and 2018 was \$827,276 and \$890,869 respectively, which is included in Investment and other revenue in the Statement of Activities. These earnings relate to investments held as of December 31, 2019 and 2018 totaling \$46,464,394 and \$43,146,504 respectively. See Note 7 for additional disclosures.

Contributions from the Seventh-day Adventist Church are reflected in the Statement of Activities for the years ended December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Disaster and famine relief offering	\$ 2,127,721	\$ 2,086,326
Institutional Support	6,241	57,659
Tithe	224,381	224,381
Non tithe	486,228	794,769
Rent	393,409	562,856
Appropriations for field offices	<u>2,503,368</u>	<u>2,254,340</u>
	<u>\$ 5,741,348</u>	<u>\$ 5,980,331</u>

As of December 31, 2019, and 2018, ADRA passed through \$44,360,648 and \$27,835,114, respectively, of U.S. government grants to affiliate implementing partners as sub recipients of their federal awards.

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**  
**NOTES TO FINANCIAL STATEMENTS**  
**for the years ended December 31, 2019 and December 31, 2018**

**9. Amounts Due from Government Agency**

Amounts due from government agency at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Amount due from government agency	\$ 2,929,346	\$ 973,659
Less allowance for uncollectible receivables	<u>(137,978)</u>	<u>(137,978)</u>
	<u>\$ 2,791,368</u>	<u>\$ 835,681</u>

**10. Contributions Receivable**

Contributions receivable consist of estates, installment pledges, and irrevocable split-interest agreements including charitable gift annuities and trusts in which ADRA has either lead or remainder interest. These amounts are recorded at the present value of future cash flows, which is based on the actuarial calculations using fair market value of the assets, IRS life expectancy tables and industry standards for discount rates.

	<u>2019</u>	<u>2018</u>
<u>Less than one year</u>		
Estates and installments	\$ 345,419	\$ 674,849
Split-interest agreements	<u>15,000</u>	<u>\$7,500</u>
Contributions receivable - short term	\$ 360,419	\$ 682,349
<u>One to five years</u>		
Estates and installments	\$ 308,491	\$ 234,871
Split-interest agreements	1,165,851	995,750
<u>More than five years</u>		
Estates and installments	<u>16,484</u>	<u>16,129</u>
Contributions receivable – long term, net	\$ 1,490,826	\$ 1,246,750
	<u>\$ 1,851,245</u>	<u>\$ 1,929,099</u>

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**NOTES TO FINANCIAL STATEMENTS**

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Contributions receivable are presented net of present value adjustments and allowances for uncollectible pledges.

Present value adjustments	\$	103,841	\$	50,156
Allowance for uncollectible pledged contributions	\$	(1,205,625)	\$	(621,443)

In 2018, ADRA received a multiyear conditional pledge to be paid out over five years for a school feeding program and sponsorship of a youth mission program. As of December 31, 2019, and 2018, the outstanding pledge were \$1,950,000 and \$2,600,000 respectively.

ADRA had \$95,533,194 of conditional grant contributions that were conditioned on incurring qualifying expenses, as of December 31, 2019.

**11. Inventories**

Inventories at December 31, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Purchased	\$ 135,470	\$ 144,965
Donated	<u>64,231</u>	<u>76,639</u>
	<u>\$ 199,701</u>	<u>\$ 221,604</u>

**12. Furniture and Equipment**

Furniture and equipment at December 31, 2019 and 2018 consists of the following:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 1,243,000	\$ 812,345
Less accumulated depreciation	(698,284)	(690,577)
Assets under construction	<u>-</u>	<u>562,369</u>
	<u>\$ 544,716</u>	<u>\$ 684,137</u>



**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

**13. Net Assets with Donor Restrictions**

Net assets with donor restrictions as of December 31, 2019 and 2018 are available for the following purposes:

	<u>2019</u>	<u>2018</u>
Africa	\$ 251,483	\$ 240,279
Asia	301,828	246,365
Central America	241,247	215,879
Europe	28,690	48,640
North America	825,182	849,284
South America	14,871	16,214
South Pacific	90,876	90,787
Children	1,324,035	1,500,740
Economic development	10,507	28,602
Education	148,451	86,036
Emergency - disaster	3,292,068	2,256,934
Food	7,432,400	8,200,659
Health	2,953,540	2,796,821
Restricted as to time	1,836,246	1,572,460
Term endowment	75,198	95,515
Other	<u>1,218,797</u>	<u>948,726</u>
	<u>\$ 20,045,419</u>	<u>\$ 19,193,941</u>

Net assets released from donor restrictions during the years ended December 31, 2019 and 2018 as follows:

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions	\$ 12,057,111	\$ 8,914,067
Expiration of time restrictions	<u>81,146</u>	<u>14,689</u>
	<u>\$ 12,138,257</u>	<u>\$ 8,928,756</u>

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### 14. Program Expense Allocation

ADRA's Humanitarian Programs include direct programmatic expenses incurred for activities related to field office support in educational and developmental and emergency needs throughout the world. Program services and general administrative support expenses are allocated to individual programs on the basis detailed in Note 2. Funding for Humanitarian Programs comes from various sources, as outlined in the table below.

Salaries and other compensation that is constituted as programmatic in nature are allocated on the basis of actual time and effort reporting. Employee fringe benefits are allocated proportionately to salaries. Rent is allocated by square footage to the cost centers assigned and proportionately allocated across functions based on functional allocation of time and effort reporting. Depreciation is allocated by cost center and proportionally allocated across functions based on functional allocations of time and effort reporting.

Most of ADRA's US government grants have an overhead recovery component, which is an indirect cost reimbursement of management and general supporting costs to administer the programs. For purposes of ADRA's functional expense presentation, general and administrative cost have been allocated to Humanitarian Programs based on the allowable indirect cost overhead recovery. The overhead component has been allocated as an indirect cost allocation to the applicable programs that provide such a recovery. The overhead allocated on a proportional basis to grants in a given fiscal year is allocated across the various indirect cost categories such as personnel and related costs, travel, rent, depreciation, maintenance and repairs, professional services, publication and printing, etc. Indirect cost allocations are applied in the year they occur based on the provisional rate approved by USAID for the governmental grants, and adjusted to actual overhead incurred per year at the finalization and closeouts of grants occurring in subsequent fiscal years based on final indirect cost rates.

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	2019							2018	
	Grants Direct	Grants Sub-awards	ADRA Funding	Development and Relief Projects and Disaster Assistance	Donated Materials	Non-Governmental Grants	Freight and Handling Fees	Total	Total
Program services	\$ 36,741,788	\$ 2,999,375	\$ 1,202,465	\$ 14,312,928	\$ 4,901,475	\$ 2,057,114	\$ 1,253	\$ 62,216,398	\$ 48,087,263
General and administrative costs allocation:									
Personnel and related cost	10,658,639	815,318	31,678	1,287,342	-	5,907	-	12,798,884	7,321,355
Travel	1,204,187	110,356	8,976	119,820	-	648	-	1,443,987	887,692
Rent	194,605	13,866	-	149,171	-	-	-	357,642	554,464
Depreciation	120,413	8,579	-	3,504	-	-	-	132,496	51,203
Maintenance and repairs	190,064	13,542	-	-	-	-	-	203,606	97,608
Management and administration	1,504,484	107,194	-	-	-	-	-	1,611,678	425,259
Materials and supplies	270,505	19,273	-	-	-	-	-	289,778	164,092
Postage and telecommunications	174,859	12,459	-	-	-	-	-	187,318	101,757
Professional services	1,245,900	88,770	-	-	-	-	-	1,334,670	880,457
Public education/awareness	32,119	2,288	-	-	-	-	-	34,407	8,467
Publication and printing	26,357	1,878	-	-	-	-	-	28,235	6,790
Transportation, handling and warehousing	1,964	140	-	-	-	-	-	2,104	18,567
Total overhead allocation	<u>\$ 15,624,096</u>	<u>\$ 1,193,663</u>	<u>\$ 40,654</u>	<u>\$ 1,559,837</u>	<u>\$ -</u>	<u>\$ 6,555</u>	<u>\$ -</u>	<u>\$ 18,424,805</u>	<u>\$ 10,517,711</u>
Total program services expense	<u>\$ 52,365,884</u>	<u>\$ 4,193,038</u>	<u>\$ 1,243,119</u>	<u>\$ 15,872,765</u>	<u>\$ 4,901,475</u>	<u>\$ 2,063,669</u>	<u>\$ 1,253</u>	<u>\$ 80,641,203</u>	<u>\$ 58,604,974</u>

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

**NOTES TO FINANCIAL STATEMENTS**

**for the years ended December 31, 2019 and December 31, 2018**

**15. Retirement Plan**

Eligible ADRA employees are covered by the Seventh-day Adventist Retirement Plan of the North America Division. The Retirement Plan is a multi-employer, defined benefit retirement plan for employees of the General Conference and its affiliates. The Retirement Plan provides for assistance of eligible employees, their spouses, and dependent children, and the eligible spouses and children of deceased participants. Benefits of the Retirement Plan include retirement allowance for the employee and the qualifying spouse, health care assistance, and death benefits.

The Retirement Plan was active through 1999, and continues to be funded by contributions of the participating entities. The contributions are calculated as a percentage of audited remuneration data for the fiscal year ending two years prior to the billing period. ADRA's exposure is their share of the unfunded actuarial liability. Financial information of the Retirement Plan's underlying assets, contributions, and actuarial liability are unavailable for disclosure. The Retirement Plan is exempt from IRS filings.

For the years ending December 31, 2019 and 2018 retirement expense of the Retirement Plan contributions consist of the following:

	<u>2019</u>	<u>2018</u>
Retirement	\$ 523,691	\$ 505,140
Health Care	<u>252,817</u>	<u>243,864</u>
	<u>\$ 776,508</u>	<u>\$ 749,004</u>

ADRA also participates in a multi-employer defined contribution retirement plan. The basic employer contribution rate is 5% of eligible wages. In addition, ADRA matched employee's contribution up to an additional 4% from January 1, 2019 to June 30, 2019. Beginning July 1, 2019, ADRA matches employee's contribution up to an additional 5%. Contributions to the defined contribution plan were \$742,457 and \$563,659, for 2019 and 2018, respectively.

**16. Gifts in Kind**

For the years ended December 31, 2019 and 2018, gifts in kind were received from other non-profit organizations of \$4,903,251 and \$4,231,895, respectively. For the years ended December 31, 2019 and 2018, gifts in kind were distributed to affiliate implementing partners of \$4,901,475 and \$4,286,218, respectively.

# ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

## NOTES TO FINANCIAL STATEMENTS

for the years ended December 31, 2019 and December 31, 2018

### 17. Commitments and Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. These audits may result in a liability payable to the grantor. The amount of expenditures, if any, which may be potentially disallowed, cannot be determined at this time, although ADRA expects such amount to be immaterial.

In connection with its ongoing relationship with USAID and the regulatory provision for its Negotiated Indirect Cost Rate Agreement (NICRA), ADRA has been involved in a process to finalize provisional rates, settle any resulting adjustments as needed and close those grants affected. ADRA has finalized rates through 2018 and has been given new provisional rates for the years 2019 and onward until amended. ADRA is currently reviewing the closing process for the years finalized, and is analyzing the subsequent year in which only preliminary rates exist. While additional revenue or expense may result, ADRA does not believe the net amount will be material based on the current analysis.

ADRA had an arrangement with the General Conference to guarantee home loans for ADRA employees held by the General Conference under denominational policy. Collateral for loans is held by the General Conference in the form of recorded first and second liens against the properties. The total amount of these loans as of December 31, 2019 and 2018 was \$3,336,307 and \$3,159,720 respectively. When a foreclosure arises, ADRA's exposure is limited to the difference between the outstanding loan balance and the value of the collateral as defined in the loan agreement.

### 18. Grant Compliance

Government grants are considered to be conditional contributions based on ASU 2018-08 (Topic ASC 958), many of which are cost-reimbursable grants. Revenue, including approved indirect cost recovery, is recognized when allowable costs have been incurred. ADRA's costs incurred under its government awards are subject to audit by government agencies. Management believes that disallowance of costs, if any, would not have a material impact on the accompanying financial statements.

**ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL**

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**for the years ended December 31, 2019 and December 31, 2018**

**19. ADRA Board Designated Funds**

During 2019 the ADRA Board of Directors (the Board) designated net assets without donor restrictions of \$80,000 to acquire property in Mauritania. As of December 2019, \$80,000 has been met.

During 2018 the Board designated net assets without donor restrictions of \$500,000 to replenish the Sunplus accounting program fund, and \$3,150,000 for 2019-2021 to support Advocacy from 2019 to 2021. As of December 2019, \$1,051,803 has been met.

During 2017 the Board designated \$3,000,000 to initiate implementation of a new strategic framework. As of December 2019, the commitment has been met.

During 2015 and 2016 the Board designated \$2,000,000 for capacity building focused on strategically repositioning the ADRA network to compete for funding opportunities. As of December 2019, \$1,026,188 has been met.

The Board designated amounts are included in the Net assets without donor restrictions in the statement of financial position.