

**Adventist Development and
Relief Agency International**
Report on Consolidated Financial Statements
(with supplementary information)
For the Years Ended December 31, 2023 and 2022

Adventist Development and Relief Agency International
Index
December 31, 2023

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1-3
CONSOLIDATED FINANCIAL STATEMENTS	
Consolidated Statements of Financial Position	4
Consolidated Statement of Activities.....	5-6
Consolidated Statement of Functional Expenses.....	7
Consolidated Statements of Cash Flows	8
Notes to Consolidated Financial Statements	9-28
SUPPLEMENTAL INFORMATION.....	29
Consolidating Schedule of Financial Position.....	30
Consolidating Schedule of Activities	31



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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Adventist Development and Relief Agency International (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related December 31, 2023 consolidated statements of activities, functional expenses, and the December 31, 2023 and 2022 cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated 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, 2023, 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.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Adventist Development and Relief Agency International and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Adventist Development and Relief Agency International's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated 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 Adventist Development and Relief Agency International's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Adventist Development and Relief Agency International's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited Adventist Development and Relief Agency International's 2022 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated June 7, 2023. In our opinion, the summarized comparative information presented in the consolidated statements of activities and functional expenses for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The consolidating schedules are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and change in net assets of the individual companies, and it is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Maney Costeiran PC

June 4, 2024

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

as of December 31, 2023 and 2022

ASSETS		
	2023	2022
Cash and cash equivalents	\$ 5,900,232	\$ 19,043,987
Investments	65,351,798	57,775,137
Net amount due from affiliates	1,226,595	4,962,695
Loans to affiliates	60,280	57,710
Loans to others	158,000	-
Amount due from government agency, net of allowance	1,469,194	1,022,073
Other receivables	283,868	735,323
Contributions receivable, net of allowances	1,285,786	1,301,665
Inventories	440,642	2,413,326
Prepaid inventory	-	99,717
Prepaid expenses	824,783	612,986
Furniture and equipment, net of accumulated depreciation	261,458	354,270
Agency funds	1,801,512	2,648,055
Contributions receivable - long term, net of allowances	3,544,055	3,285,556
Loans to affiliates - long term	261,350	317,482
 Total assets	 \$ 82,869,553	 \$ 94,629,982
LIABILITIES		
Accounts payable	\$ 1,409,066	\$ 1,456,891
Accrued expenses	6,524,830	6,950,590
Amount due to affiliates	1,700,449	2,104,514
Amount due to government agency	-	10,387,911
Amount due to other	4,047,319	2,382,208
Agency funds	1,801,512	2,648,035
 Total liabilities	 15,483,176	 25,930,149
NET ASSETS		
Without donor restrictions		
Undesignated	36,759,669	34,938,437
Designated by the Board <i>(Note 19)</i>	8,239,290	7,592,003
Total net assets without donor restrictions	44,998,959	42,530,440
With donor restrictions		
Restricted to purpose	17,565,078	21,579,789
Restricted to time	4,822,340	4,589,604
Total net assets with donor restrictions	22,387,418	26,169,393
 Total net assets	 67,386,377	 68,699,833
 Total liabilities and net assets	 \$ 82,869,553	 \$ 94,629,982

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATED STATEMENT OF ACTIVITIES
for the year ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023			2022
	Without donor restrictions	With donor restrictions	Total	Total
Support and revenue:				
U.S. Government support:				
Ocean and inland freight	\$ 38,157	\$ -	\$ 38,157	\$ 917,404
Grants - direct	61,293,441	-	61,293,441	73,091,634
Grants - subrecipient	1,171,848	-	1,171,848	1,380,485
Contributed nonfinancial assets	114,452	-	114,452	2,527,933
Public support:				
Seventh-day Adventist Church	3,758,885	-	3,758,885	3,287,323
Contributions	18,050,785	6,052,444	24,103,229	31,299,131
Contributed nonfinancial assets	2,378,647	1,253,570	3,632,217	5,202,312
Grants - other	2,288,586	-	2,288,586	4,989,745
Freight and handling fees reimbursement	3,005	-	3,005	3,575
Investment, net	1,189,118	133,874	1,322,992	346,496
Other revenue	796,691	714	797,405	395,219
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>11,222,577</u>	<u>(11,222,577)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>\$ 102,306,192</u>	<u>\$ (3,781,975)</u>	<u>\$ 98,524,217</u>	<u>\$ 123,441,257</u>

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
STATEMENT OF ACTIVITIES (CONT.)
for the year ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	2023		2022	
	Without donor restrictions	With donor restrictions	Total	Total
Expenses:				
Programs	\$ 85,174,574	\$ -	\$ 85,174,574	\$ 100,418,105
Fundraising	3,565,562	-	3,565,562	3,111,940
Public relations	2,508,103	-	2,508,103	1,701,628
Management and general	14,111,765	-	14,111,765	9,608,586
	<u>105,360,004</u>	<u>-</u>	<u>105,360,004</u>	<u>114,840,259</u>
Net Increase (decrease) from operations	(3,053,812)	(3,781,975)	(6,835,787)	8,600,998
Nonoperating activity:				
Realized/unrealized gain/(loss) on investment	5,522,331	-	5,522,331	(8,603,826)
Consolidation of Goodone Global, LLC	-	-	-	95,906
	<u>5,522,331</u>	<u>-</u>	<u>5,522,331</u>	<u>(8,507,920)</u>
Change in net assets	2,468,519	(3,781,975)	(1,313,456)	93,078
Net assets, at beginning of year	<u>42,530,440</u>	<u>26,169,393</u>	<u>68,699,833</u>	<u>68,606,755</u>
Net assets, at end of year	<u>\$ 44,998,959</u>	<u>\$ 22,387,418</u>	<u>\$ 67,386,377</u>	<u>\$ 68,699,833</u>

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
for the year ended December 31, 2023
(with summarized financial information for the year ended December 31, 2022)

	Program Service	Supporting Services			Total	Total
	Humanitarian Programs	Fundraising	Public Relations	Management and General	2023	2022
Funding of ADRA International Programs						
Development and relief humanitarian programs	\$ 63,580,735	\$ -	\$ -	\$ -	\$ 63,580,735	\$ 77,146,732
Donated materials and services	5,406,869	-	-	-	5,406,869	7,017,902
Personnel and related costs	11,522,549	703,937	1,033,221	7,979,105	21,238,812	18,649,425
Travel	991,899	50,934	141,500	609,768	1,794,101	1,525,431
Rent	343,150	34,078	50,176	562,482	989,886	984,705
Depreciation	61,308	634	950	55,809	118,701	114,323
Maintenance and repairs	130,637	-	-	322,552	453,189	173,317
Management and administration	907,876	23,024	143,247	1,086,435	2,160,582	1,674,039
Materials and supplies	365,329	-	35,931	155,999	557,259	676,704
Postage and telecommunications	99,048	342,931	72	95,570	537,621	486,204
Professional services	1,734,450	688,071	647,433	1,788,540	4,858,494	4,311,523
Promotion and advertising	-	497,911	149,988	-	647,899	668,176
Publication and printing	23,206	1,128,559	4,877	22,391	1,179,033	956,455
Transportation, handling and warehousing	7,518	-	-	7,253	14,771	75,000
Other	-	95,483	300,708	1,425,861	1,822,052	380,323
	<u>\$ 85,174,574</u>	<u>\$ 3,565,562</u>	<u>\$ 2,508,103</u>	<u>\$ 14,111,765</u>	<u>\$ 105,360,004</u>	<u>\$ 114,840,259</u>
Total expenses						

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended December 31, 2023 and December 31, 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,313,456)	\$ 93,078
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	\$ 118,700	\$ 114,323
Dividends reinvested	(1,084,509)	(856,846)
Realized/Unrealized (gain) loss on securities	(5,522,331)	8,603,825
Receipt of contributed securities	(92,675)	(49,222)
Sale of contributed securities	87,599	49,222
Bad debt expense	890,590	-
(Increase) decrease in net amounts due from affiliates	2,845,510	(2,992,863)
(Increase) decrease in amounts due from government agency	(447,121)	2,488,409
(Increase) decrease in other receivables	451,455	(512,619)
(Increase) decrease in contributions receivable	15,879	(661,570)
(Increase) decrease in inventories	1,972,684	(1,341,450)
(Increase) decrease in prepaid inventory	99,717	(99,717)
(Increase) decrease in prepaid expenses	(211,797)	(247,687)
(Increase) decrease in agency funds - asset	846,543	(896,031)
(Increase) decrease in contributions receivable - long term	(258,499)	(693,249)
Increase (decrease) in accounts payable	(47,825)	(211,892)
Increase (decrease) in accrued expenses	(425,760)	(1,114,737)
Increase (decrease) in amounts due to affiliates	(404,065)	312,890
Increase (decrease) in amounts due to government agency	(10,387,911)	2,880,604
Increase (decrease) in amounts due to other	1,665,111	(1,782,667)
Increase (decrease) in agency funds - liability	<u>(846,523)</u>	<u>896,011</u>
Total adjustments	<u>(10,735,228)</u>	<u>3,884,734</u>
Net cash (used in) provided by operating activities:	<u>\$ (12,048,684)</u>	<u>\$ 3,977,812</u>
Cash flows from investing activities:		
Purchase of securities	\$ (13,892,096)	\$ -
Sales of securities	12,927,351	1,577
Payments from affiliates	53,562	50,450
Loans to other	(158,000)	-
Purchases of furniture and equipment	<u>(25,888)</u>	<u>(99,254)</u>
Net cash (used in) investing activities:	<u>\$ (1,095,071)</u>	<u>\$ (47,227)</u>
Net increase (decrease) in cash and cash equivalents	(13,143,755)	3,930,585
Cash and cash equivalents at beginning of year	<u>19,043,987</u>	<u>15,113,402</u>
Cash and cash equivalents at end of year	<u>\$ 5,900,232</u>	<u>\$ 19,043,987</u>
Supplemental disclosure of cash flow information		
Non cash investing activities:		
Donated Securities	\$ 92,675	\$ 49,222
Reinvested dividends and interest	\$ 1,084,509	\$ 856,846

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

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.

Goodone Global, LLC is wholly owned by ADRA International for the purpose of implementing social investments with the aim to fully support our mission, our environment, and our communities. On April 1, 2022, Goodone Global, LLC acquired Goodone Foods NZ Limited, a for-profit entity in New Zealand which provides quality, sustainable, and ethically sourced products.

2. Summary of Significant Accounting Policies

Basis of Accounting

ADRA's consolidated 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 consolidated 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 consolidated 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, 2022, from which the summarized information was derived.

Principles of Consolidation

The consolidated financial statements include the accounts of ADRA and its wholly owned subsidiary, Goodone Global, LLC. All material intercompany transactions have been eliminated in consolidation.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

Use of Estimates

The preparation of consolidated 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 consolidated 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, and inventory related to commodities.

Reclassifications

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

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 Consolidated 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.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

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.

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 Consolidated 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.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

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 Consolidated 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. Donor-restricted contributions that were initially conditional contributions and for which donor-imposed conditions and restrictions are met in the same reporting period are recorded as support without donor 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 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.

Contributions of Nonfinancial Assets

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 CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

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. 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.

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
Promotion and advertisement	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.

Goodone Foods NZ Limited, a wholly-owned subsidiary of Goodone Global, LLC, is a for-profit New Zealand limited company subject to a corporate income tax rate of 28%.

Advertising

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

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

Loans Receivable and Allowance for Credit Losses

Loans receivable are reported net of an allowance for credit losses. ADRA and Goodone Global, LLC (collectively, Organization) record an allowance for credit losses based on losses expected to arise over the contractual term of the financial asset. Assets are written off when management deems the notes receivable to be uncollectable. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, which do not exceed the aggregate of previous write-offs, are included in determining the allowance account. Currently, management has determined recording an allowance for credit losses is not considered necessary.

In developing estimates for expected credit losses, management considers historical loss information updated for current conditions. Loans that exhibit non-performance are re-evaluated by management and the allowance for credit losses is adjusted accordingly. Management considers factors such as the borrower's financial condition, the borrower's ability to make scheduled interest or principal payments based on the current and forecasted direction of the economic and business environment, the remaining payment terms of the loan, the remaining time to maturity, and the value of underlying collateral. Although management uses many factors to estimate credit losses, because of uncertainties associated with local economic conditions, collateral values, and future cash flows, it is reasonably possible that a change could occur in the allowance for credit loan losses in the near term. However, the amount of the change that is reasonably possible cannot be estimated.

Recently Adopted Accounting Pronouncements

In June 2016, FASB issued ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326), with its new standard on accounting for allowance for loan losses. The guidance introduces an approach based on expected losses to estimate credit losses on certain financial instruments. The new model, referred to as the current expected credit losses (CECL) model, applies to financial assets subject to credit losses and measured at amortized cost which includes loans and trade receivables. This ASU also expands the disclosure requirements regarding an organization's assumptions, models, and methods for estimating the allowance for loan losses. ADRA adopted this standard effective January 1, 2023. The adoption of this standard did not have a material effect on the consolidated financial statements.

Subsequent Events

Subsequent events have been evaluated through June 4, 2024, which is the date the consolidated financial statements were available to be issued.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

3. Concentration of Revenue Risk

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 2023 and 2022, respectively, ADRA received 62% and 62% of its total revenue from USAID directly, and 1% and 1% 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, 2023, and 2022, deposits of \$5,069,268 and \$7,823,549, 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 CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2023 and 2022

5. Liquidity and Availability of Resources

The table below represents financial assets available for general expenditures within one year at December 31, 2023 and 2022:

	2023	2022
Financial assets at year end:		
Cash and cash equivalents	\$ 5,900,232	\$ 19,043,987
Investments	65,351,798	57,775,137
Net amount due from affiliates	1,226,595	4,962,695
Loan to affiliates - current portion	60,280	57,710
Net amounts due from government agencies	1,469,194	1,022,073
Other receivables	283,866	735,323
Contribution receivables	1,285,786	1,301,665
Total financial assets at year-end	\$ 75,577,751	\$ 84,898,590
Less: Donor-imposed restrictions:		
Subject to expenditure for specified purpose	(17,565,078)	(21,579,789)
Financial assets available to meet cash needs for general expenditures within one year before board designations	\$ 58,012,673	\$ 63,318,801
Less: Net assets designated by the Board	(8,239,290)	(7,592,003)
Financial assets available to meet needs for general expenditures within one year	\$ 49,773,383	\$ 55,726,798

ADRA receives donor restricted contributions that are required to be used for specific purposes or in a future period. ADRA must maintain sufficient liquidity to meet those restrictions. Therefore, certain financial assets may not be available for general expenditure within 12 months. While the Organization's board has designated a portion of its resources as noted above, these funds remain available and may be spent at the discretion of the board.

ADRA invests cash in excess of its immediate requirements in the GC Money Fund that is classified as a cash equivalent in the Consolidated 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 need to maintain smooth operations. The overall liquidity and availability objective is to preserve principal, limit the occurrence of negative returns, and maximize current income, consistent with daily liquidity needs. The operating investments will be managed based on the timing of cash flow needs.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

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. Funds invested in the General Conference Money Fund are valued and redeemable at Net Asset Value, require no adjustments to the valuation provided by the General Conference and have no redemption restrictions, and are, therefore, 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 CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and 2022

The financial instruments carried at fair value by level within the fair value hierarchy, as defined in Note 2, as well as assets measured at NAV, as of December 31, 2023 and 2022, consist of:

	2023			
	Level 1	Level 2	Level 3	Total
General Conference Money Fund	\$ -	\$ 176,701	\$ -	\$ 176,701
Investments (see note 7)	5,076	-	1,401	6,477
Split-interest	-	-	1,697,540	1,697,540
Total assets measured at fair value	<u>\$ 5,076</u>	<u>\$ 176,701</u>	<u>\$ 1,698,941</u>	<u>\$ 1,880,718</u>
Investments measured at NAV (see note 7)	-	-	-	\$ 65,241,957
Total assets	<u>\$ 5,076</u>	<u>\$ 176,701</u>	<u>\$ 1,698,941</u>	<u>\$ 67,122,675</u>

	2022			
	Level 1	Level 2	Level 3	Total
General Conference Money Fund	\$ -	\$ 10,722,852	\$ -	\$ 10,722,852
Investments (see note 7)	-	-	1,401	1,401
Split-interest	-	-	1,480,642	1,480,642
Total assets measured at fair value	<u>\$ -</u>	<u>\$ 10,722,852</u>	<u>\$ 1,482,043</u>	<u>\$ 12,204,895</u>
Investments measured at NAV (see note 7)	-	-	-	57,773,736
Total assets	<u>\$ -</u>	<u>\$ 10,722,852</u>	<u>\$ 1,482,043</u>	<u>\$ 69,978,631</u>

General Conference Money Fund accounts are included in cash and cash equivalents and investments in the Consolidated Statement of Financial Position, and further described in Notes 7 and 8.

General Conference Money Fund classified as:

	2023	2022
Cash and cash equivalents	\$ 73,337	\$ 10,722,852
Investments	103,364	-
	<u>\$ 176,701</u>	<u>\$ 10,722,852</u>

Split-interest are a part of contributions receivable, and contributions receivable-long term in the Consolidated Statement of Financial Position.

General Conference Unitized Funds are not subject to the fair value leveling. For redemption over \$5 million, the funds' manager, General Conference Investment Office, reserves the right to defer payment to provide sufficient time to allow for orderly sales and proceeds collections.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2023 and December 31, 2022

7. Investments

Investments as of December 31, 2023 and 2022, 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 General Conference Money Fund is based on their net asset values which is a level 2 input as per Note 2.

	2023			2022		
	Cost	Fair Value	Unrealized Appreciation (Decline)	Cost	Fair Value	Unrealized Appreciation (Decline)
Unitized GC Large Cap/U.S. Equity Fund	\$ 6,677,926	\$ 12,941,617	\$ 6,263,691	7,519,386	\$ 12,312,882	\$ 4,793,496
Unitized GC International Fund	11,663,197	9,064,710	(2,598,487)	9,857,058	6,036,585	(3,820,473)
Unitized GC Small Cap/U.S. Equity Fund	2,464,487	3,298,060	833,573	2,513,863	3,175,682	661,819
Unitized GC Emerging Markets Fund	4,216,377	3,170,786	(1,045,591)	2,985,160	1,816,364	(1,168,796)
Unitized GC Income Fund	9,364,919	9,463,904	98,985	11,724,408	11,608,379	(116,029)
Unitized GC Bond Fund	6,193,794	5,748,839	(444,955)	5,459,929	4,894,198	(565,731)
Unitized Capital Preservation Fund	-	-	-	2,743,148	2,621,515	(121,633)
Unitized Global Opportunities Fund	3,374,383	3,847,296	472,913	3,594,066	3,758,483	164,417
Unitized GC Tactical Fund	7,302,553	6,668,897	(633,656)	13,068,000	11,549,648	(1,518,352)
Unitized GC Total Return Bond Fund	10,400,000	11,037,848	637,848	-	-	-
Unitized GC Money Fund	103,364	103,364	-	-	-	-
Donated Stock & Other Securities	6,477	6,477	-	1,401	1,401	-
	<u>\$ 61,767,477</u>	<u>\$ 65,351,798</u>	<u>\$ 3,584,321</u>	<u>\$ 59,466,419</u>	<u>\$ 57,775,137</u>	<u>\$ (1,691,282)</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

8. Transactions with Affiliated Entities

Amounts due from (to) affiliates at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Net amounts due from affiliates:		
ADRA - Brazil	\$ -	\$ 643
ADRA - Canada	10	1,317
ADRA - Colombia	10,000	-
ADRA - Democratic Republic of Congo	47,761	44,863
ADRA - Ghana	-	2,119
ADRA - Honduras	-	75
ADRA - India	38,487	9,271
ADRA - Kenya	35,468	-
ADRA - Madagascar	-	3,150
ADRA - Mozambique	-	3,280
ADRA - Sudan	-	14,609
ADRA - Syria	890,590	431,678
ADRA - Ukraine	1,533	-
ADRA - Zimbabwe	-	3,750
General Conference	815,125	945,838
North American Division	40,640	-
Other affiliated organizations	237,571	3,502,102
Less allowance for uncollectible receivables	(890,590)	-
	<u>\$ 1,226,595</u>	<u>\$ 4,962,695</u>
Amounts due to affiliates:		
ADRA - Africa Regional Office	\$ 616,698	\$ 442,871
ADRA - Asia Regional Office	123,444	200,239
ADRA - Honduras	575	-
ADRA - Kenya	-	18,615
ADRA - Lebanon	73,664	333,448
ADRA - Madagascar	38,320	-
ADRA - Mozambique	1,252	-
ADRA - Myanmar	-	255,759
ADRA - Nepal	16,998	2,571
ADRA - Sudan	9,916	-
ADRA - Syria	91,097	-
ADRA - Ukraine	-	17,030
ADRA - Venezuela	167,134	118,889
ADRA - Yemen	213,485	376,586
Other affiliated organizations	347,866	338,506
	<u>\$ 1,700,449</u>	<u>\$ 2,104,514</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

Other affiliated organizations is comprised of other Seventh-day Adventist church entities, Divisions, and net grant project funds advanced or unexpended as of year end, separate from regular affiliate activity. The component for grant project funds advanced and unexpended due from affiliates is \$111,487 and \$3,301,140 as of December 31, 2023 and 2022, respectively. An allowance was recorded for uncollectable field receivables of \$890,590 and \$0 as of December 31, 2023 and 2022, respectively.

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 \$626,740 and \$605,050, resulting in a net receivable of \$815,125 and \$945,838 for the years ended December 31, 2023 and 2022, respectively.

ADRA has its principal office in the facility owned by the General Conference. The rental value of that facility has been recognized as a contributed nonfinancial asset in the Consolidated Statement of Activities and is included in the Seventh-day Adventist Church public support. The amount was \$363,147 and \$379,653 for the years ended December 31, 2023 and 2022, respectively.

Investment income earned on the General Conference Money Fund for the years ended December 31, 2023 and 2022 was \$270,409 and \$111,845, respectively, which is included in investment and other revenue, net in the Consolidated Statement of Activities. These earnings were generated from the General Conference Money Fund ending balances as of December 31, 2023 and 2022 totaling \$176,701 and \$10,722,852, respectively, and which are reflected in the Consolidated Statement of Financial Position as part of cash and cash equivalents and investments.

Investment income earned on unitized funds for which the General Conference is trustee for the years ended December 31, 2023 and 2022 was \$1,084,509 and \$856,846, respectively, which is included in investment and other revenue in the Consolidated Statement of Activities. These earnings relate to investments held as of December 31, 2023 and 2022 totaling \$65,241,957 and \$57,773,736, respectively. See Note 7 for additional disclosure.

Contributions from the Seventh-day Adventist Church are reflected in the Consolidated Statement of Activities for the years ended December 31, 2023 and 2022 as follows:

	2023	2022
Disaster and famine relief offering	\$ 2,907,764	\$ 2,457,891
Institutional support appropriation	224,381	224,381
Utilities, facility operation and general services	626,740	605,050
Rent appropriation	363,147	379,653
Division International Service Employees appropriation	1,970,183	2,166,911
	<u>\$ 6,092,215</u>	<u>\$ 5,833,886</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

As of December 31, 2023 and 2022, ADRA passed through \$55,152,791 and \$63,641,624, respectively, of U.S. government grants to affiliate implementing partners. All USAID grant related direct expenses incurred by the affiliate implementing partners are recorded as direct expenses of ADRA.

9. Amounts Due from Government Agency

Amounts due from government agency at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Amounts due from government agency	\$ 1,469,194	\$ 1,160,049
Less allowance for uncollectible receivables	-	(137,978)
	<u>\$ 1,469,194</u>	<u>\$ 1,022,071</u>

10. Contributions Receivable and Conditional Contributions

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>2023</u>	<u>2022</u>
<u>Less than one year</u>		
Estates and installments	\$ 1,278,286	\$ 1,294,165
Split-interest agreements	7,500	7,500
Contributions receivable - short term	<u>\$ 1,285,786</u>	<u>\$ 1,301,665</u>
<u>One to five years</u>		
Estates and installments	\$ 1,854,015	\$ 1,812,415
Split-interest agreements	1,690,040	1,473,142
<u>More than five years</u>		
Estates and installments	-	-
Contributions receivable - long term, net of allowances	<u>\$ 3,544,055</u>	<u>\$ 3,285,557</u>
Total contributions receivable - short term and long term	<u>\$ 4,829,841</u>	<u>\$ 4,587,222</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2023 and December 31, 2022

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

	<u>2023</u>	<u>2022</u>
Present value discounts	\$ 34,018	\$ 36,847
Allowance for uncollectible pledged contribution	(1,173,724)	(1,147,930)

ADRA had conditional grant contributions that were conditioned on incurring qualifying expenses. As of December 31, 2023 and 2022, the amounts of conditional contributions were \$71,746,614 and \$65,649,162, respectively.

11. Inventories

Inventories at December 31, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Purchased	\$ 171,209	\$ 379,341
Donated	-	1,985,190
Total inventory - ADRA	<u>\$ 171,209</u>	<u>\$ 2,364,531</u>

12. Furniture and Equipment

Furniture and equipment at December 31, 2023 and 2022 consists of the following:

	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ 1,349,307	\$ 1,314,728
Less accumulated depreciation	(1,122,570)	(1,003,870)
Assets under construction	34,721	43,412
	<u>\$ 261,458</u>	<u>\$ 354,270</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

13. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2023 and 2022 are available for the following purposes:

	<u>2023</u>	<u>2022</u>
<u>Geographic Locations</u>		
Africa	\$ 897,664	\$ 351,426
Asia	191,794	402,755
Central America	343,084	368,777
Europe	168,436	781,385
North America	822,619	828,635
South America	17,071	19,363
South Pacific	1,995	2,380
 <u>Purpose Restricted</u>		
Children	92,616	88,006
Economic development	1,132,931	1,028,769
Education	23,344	23,344
Emergency - disaster	6,352,173	6,792,364
Food	4,053,810	5,633,122
Grants	22,958	22,958
Health	1,472,674	3,422,710
Matching funds	361,947	103,512
Restricted as to time	4,822,340	4,589,604
Service programs	1,285,386	1,429,131
Term endowment	75,079	74,365
Women	178,614	130,506
Other (<i>individually less than \$50,000 each</i>)	70,883	76,281
	<u>\$ 22,387,418</u>	<u>\$ 26,169,393</u>

Net assets released from donor restrictions during the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Satisfaction of purpose restrictions	\$ 11,099,121	\$ 10,511,391
Expiration of time restrictions	123,456	61,015
	<u>\$ 11,222,577</u>	<u>\$ 10,572,406</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

14. Functionalized Expense

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 on the basis detailed in Note 2 and are presented summarized by functional basis in the Consolidated Statement of Activities and presented by functional expense and natural classifications in the Consolidated Statement of Functional Expenses.

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 December 31, 1999, and continues to be funded by contributions of the participating entities. Except for those choosing the career completion option, the Plan was "frozen" and the active participants' future benefits will be determined on the basis of service credit earned as of that date. The contributions are calculated as a percentage of audited remuneration data for the fiscal year ending two years prior to the billing period. Because it is a church affiliated plan it is not subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA) and no election has been made to fall under its provisions. 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, 2023 and 2022 retirement expense of the Retirement Plan contributions consist of the following:

	<u>2023</u>	<u>2022</u>
Retirement	\$ 781,470	\$ 778,152
Health Care	<u>377,261</u>	<u>375,660</u>
	<u>\$ 1,158,731</u>	<u>\$ 1,153,812</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

ADRA also participates in a multi-employer defined contribution retirement plan. The basic employer contribution rate is 5% of eligible wages. ADRA matches employee's contribution up to an additional 7%. Contributions to the defined contribution plan were \$1,520,455 and \$1,123,681 for 2023 and 2022, respectively.

16. Contributed Nonfinancial Assets

For the years ended December 31, 2023 and 2022, respectively, contributed nonfinancial assets recognized within the Consolidated Statement of Activities included:

	<u>2023</u>	<u>2022</u>
Food	\$ 1,347,023	\$ 2,769,224
Medical Supplies	-	2,189,931
Disaster Materials	20,999	-
Transportation Services	45,317	224,526
Division International Service Employees Facilities	1,970,183	2,166,911
	<u>363,147</u>	<u>379,653</u>
	<u>\$ 3,746,669</u>	<u>\$ 7,730,245</u>

ADRA recognized contributed nonfinancial assets within revenue, including food, medical supplies, disaster materials, transportation services, division international service employees, and use of facilities. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed purpose restrictions.

Contributed food and disaster materials were utilized in Emergency Response programs. Valuation of donated food commodities from the U.S. Government for distribution is provided by the Commodity Credit Corporation (CCC). Contributions may be held in inventory at year-end, resulting in timing differences between their receipt and utilization in programs.

Contributed medical supplies were utilized in Emergency Response programs. ADRA estimated the fair value at the date of receipt through reference to available fair values for similar items.

Contributed transportation services recognized comprise of shipping of food and medical supplies for Emergency Response programs. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for similar transportation services.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the years ended December 31, 2023 and December 31, 2022

International Service Employees (ISE) employed with various ADRA affiliate implementing partners around the world receive their compensation from the respective Divisions. The General Conference of the SDA then appropriates funds to compensate the Divisions for the costs of the services paid to ISEs. This donated service is recorded by ADRA as a contributed nonfinancial asset.

ADRA has its principal office in the facility owned by the General Conference. ADRA estimated the fair value of the use of the facility at the estimated fair value of similar rental space.

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 2021 and has been given new provisional rates for the year 2022 and onward until amended. A provision was recorded as an estimated liability for indirect cost recovery pending finalized rate adjustments for a total of \$0 and \$7,500,000 as of December 31, 2023 and 2022, respectively. ADRA is current in relation to adjustments for all finalized awards based on the most recent NICRA letter received from USAID.

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, 2023 and 2022 was \$2,889,988 and \$2,799,794, 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
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2023 and December 31, 2022

19. ADRA Board Designated Funds

Board designated fund balances as of December 31, 2023 and 2022, were available for the following purposes:

	<u>2023</u>	<u>2022</u>
Capacity Building - Africa	\$ 514,079	\$ 739,098
Advocacy	1,364,936	1,610,985
Information Technology Development	105,582	741,920
Network Trademark	86,748	-
Governance Study	850,000	1,000,000
Digital Marketing Strategy	500,000	500,000
Program Capacity and Risk Mitigation	2,817,945	3,000,000
Strategic Framework	2,000,000	-
Total Board Designated Funds	<u>\$ 8,239,290</u>	<u>\$ 7,592,003</u>

SUPPLEMENTAL INFORMATION

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
as of December 31, 2023

ASSETS

	ADRA	Goodone Global, LLC	Eliminations	Total 2023
Cash and cash equivalents	\$ 5,771,891	\$ 128,341	\$ -	\$ 5,900,232
Investments	65,965,282	-	(613,484)	65,351,798
Net amount due from affiliates	1,226,595	-	-	1,226,595
Loans to affiliates	60,280	-	-	60,280
Loans to others	-	158,000	-	158,000
Amount due from government agency, net of allowance	1,469,194	-	-	1,469,194
Other receivables	267,693	16,175	-	283,868
Contributions receivable, net of allowances	1,285,786	-	-	1,285,786
Inventories	171,209	269,433	-	440,642
Prepaid expenses	782,648	42,135	-	824,783
Furniture and equipment, net of accumulated depreciation	261,458	-	-	261,458
Agency funds	1,801,512	-	-	1,801,512
Contributions receivable - long term, net of allowances	3,544,055	-	-	3,544,055
Loans to affiliates - long term	261,350	-	-	261,350
Total assets	<u>\$ 82,868,953</u>	<u>\$ 614,084</u>	<u>\$ (613,484)</u>	<u>\$ 82,869,553</u>

LIABILITIES

Accounts payable	\$ 1,408,466	600	\$ -	1,409,066
Accrued expenses	6,524,830	-	-	6,524,830
Amount due to affiliates	1,700,449	-	-	1,700,449
Amount due to other	4,047,319	-	-	4,047,319
Agency funds	1,801,512	-	-	1,801,512
Total liabilities	<u>15,482,576</u>	<u>600</u>	<u>-</u>	<u>15,483,176</u>

NET ASSETS

Without donor restrictions				
Undesignated	\$ 36,759,669	\$ 613,484	\$ (613,484)	36,759,669
Designated by the Board (<i>Note 19</i>)	8,239,290	-	-	8,239,290
Total net assets without donor restrictions	<u>44,998,959</u>	<u>613,484</u>	<u>(613,484)</u>	<u>44,998,959</u>
With donor restrictions				
Restricted to purpose	17,565,078	-	-	17,565,078
Restricted to time	4,822,340	-	-	4,822,340
Total net assets with donor restrictions	<u>22,387,418</u>	<u>-</u>	<u>-</u>	<u>22,387,418</u>
Total net assets	<u>67,386,377</u>	<u>613,484</u>	<u>(613,484)</u>	<u>67,386,377</u>
Total liabilities and net assets	<u>\$ 82,868,953</u>	<u>\$ 614,084</u>	<u>\$ (613,484)</u>	<u>\$ 82,869,553</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATING SCHEDULE OF ACTIVITIES
for the year ended December 31, 2023

	2023			
	ADRA	Goodone Global, LLC	Eliminations	Total
Support and revenue:				
U.S. Government support:				
Ocean and inland freight	\$ 38,157	\$ -	\$ -	\$ 38,157
Grants - direct	61,293,441	-	-	61,293,441
Grants - subrecipient	1,171,848	-	-	1,171,848
Contributed nonfinancial assets	114,452	-	-	114,452
Public support:				
Seventh-day Adventist Church	3,758,885	-	-	3,758,885
Contributions	24,103,229	-	-	24,103,229
Contributed nonfinancial assets	3,632,217	-	-	3,632,217
Grants - other	2,288,586	-	-	2,288,586
Freight and handling fees reimbursement	3,005	-	-	3,005
Investment, net	1,316,919	6,073	-	1,322,992
Other revenue	727,027	70,378	-	797,405
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total support and revenue	<u>\$ 98,447,766</u>	<u>\$ 76,451</u>	<u>\$ -</u>	<u>\$ 98,524,217</u>
Expenses:				
Programs	\$ 85,174,574	\$ -	\$ -	\$ 85,174,574
Fundraising	3,565,562	-	-	3,565,562
Public relations	2,508,103	-	-	2,508,103
Management and general	13,826,343	285,422	-	14,111,765
Total expenses	<u>105,074,582</u>	<u>285,422</u>	<u>-</u>	<u>105,360,004</u>
Net Increase (decrease) from operations	(6,626,816)	(208,971)	-	(6,835,787)
Nonoperating activity:				
Realized/unrealized gain/(loss) on investment	5,522,331	-	-	5,522,331
Change in value of investment in subsidiary	(208,971)	-	208,971	-
Capital contributions to Goodone Global, LLC	-	563,722	(563,722)	-
Total Nonoperating activity	5,313,360	563,722	(354,751)	5,522,331
Change in net assets	(1,313,456)	354,751	(354,751)	(1,313,456)
Net assets, at beginning of year	<u>68,699,833</u>	<u>258,733</u>	<u>(258,733)</u>	<u>68,699,833</u>
Net assets, at end of year	<u>\$ 67,386,377</u>	<u>\$ 613,484</u>	<u>\$ (613,484)</u>	<u>\$ 67,386,377</u>