

**Adventist Development and
Relief Agency International**
Report on Consolidated Financial Statements
(with supplementary information)
For the Years Ended December 31, 2024 and 2023

Adventist Development and Relief Agency International
Index
December 31, 2024

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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, 2024, and the related consolidated statements of activities, functional expenses, and the cash flows for the year 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, 2024, 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 2023 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated June 4, 2024. In our opinion, the summarized comparative information presented in the consolidated statements of activities and functional expenses for the year ended December 31, 2023 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 3, 2025

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
as of December 31, 2024 and 2023

ASSETS		
	2024	2023
Cash and cash equivalents	\$ 13,647,622	\$ 5,900,232
Investments	51,330,937	65,351,798
Net amount due from affiliates	2,883,077	1,226,595
Loans to affiliates	63,009	60,280
Loans to others	222,618	158,000
Amount due from government agency, net of allowance	5,864,671	1,469,194
Other receivables	846,071	283,868
Contributions receivable, net of allowances	1,390,072	1,285,786
Inventories	2,521,143	440,642
Prepaid expenses	683,657	824,783
Furniture and equipment, net of accumulated depreciation	308,419	261,458
Agency funds	1,167,179	1,801,512
Contributions receivable - long term, net of allowances	4,364,029	3,544,055
Loans to affiliates - long term	201,756	261,350
Total assets	<u>\$ 85,494,260</u>	<u>\$ 82,869,553</u>
LIABILITIES		
Accounts payable	\$ 1,155,366	\$ 1,409,066
Accrued expenses	4,166,782	6,524,830
Amount due to affiliates	4,875,215	1,700,449
Amount due to other	3,463,627	4,047,319
Agency funds	1,167,179	1,801,512
Deferred revenue	240,684	-
Total liabilities	<u>15,068,853</u>	<u>15,483,176</u>
NET ASSETS		
Without donor restrictions		
Undesignated	43,763,008	36,759,669
Designated by the Board <i>(Note 19)</i>	7,531,259	8,239,290
Total net assets without donor restrictions	51,294,267	44,998,959
With donor restrictions		
Restricted to purpose	13,392,039	17,565,078
Restricted to time	5,739,101	4,822,340
Total net assets with donor restrictions	19,131,140	22,387,418
Total net assets	<u>70,425,407</u>	<u>67,386,377</u>
Total liabilities and net assets	<u>\$ 85,494,260</u>	<u>\$ 82,869,553</u>

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, 2024
(with summarized financial information for the year ended December 31, 2023)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Support and revenue:				
U.S. Government support:				
Ocean and inland freight	\$ 1,517,400	\$ -	\$ 1,517,400	\$ 38,157
Grants - direct	69,903,613	-	69,903,613	61,293,441
Grants - subrecipient	8,153,042	-	8,153,042	1,171,848
Contributed nonfinancial assets	3,843,712	-	3,843,712	114,452
Public support:				
Seventh-day Adventist Church	3,783,238	-	3,783,238	3,758,885
Contributions	16,041,597	4,194,997	20,236,594	24,103,229
Contributed nonfinancial assets	2,241,920	1,862,992	4,104,912	3,632,217
Grants - other	7,407,731	-	7,407,731	2,288,586
Freight and handling fees reimbursement	99	-	99	3,005
Investment, net	869,345	238,089	1,107,434	1,322,992
Other revenue	593,227	284	593,511	797,405
Net assets released from restrictions:				
Satisfaction of program restrictions	<u>9,552,640</u>	<u>(9,552,640)</u>	<u>-</u>	<u>-</u>
Total support and revenue	<u>\$ 123,907,564</u>	<u>\$ (3,256,278)</u>	<u>\$ 120,651,286</u>	<u>\$ 98,524,217</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, 2024
(with summarized financial information for the year ended December 31, 2023)

	2024			2023
	Without donor restrictions	With donor restrictions	Total	Total
Expenses:				
Programs	\$ 105,233,533	\$ -	\$ 105,233,533	\$ 85,174,574
Fundraising	3,401,506	-	3,401,506	3,565,562
Public relations	1,848,552	-	1,848,552	2,508,103
Management and general	<u>10,286,092</u>	<u>-</u>	<u>10,286,092</u>	<u>14,111,765</u>
Total expenses	<u>120,769,683</u>	<u>-</u>	<u>120,769,683</u>	<u>105,360,004</u>
Net Increase (decrease) from operations	3,137,881	(3,256,278)	(118,397)	(6,835,787)
Nonoperating activity:				
Realized/unrealized gain/(loss) on investment	3,172,497	-	3,172,497	5,522,331
Currency translation adjustment	<u>(15,070)</u>	<u>-</u>	<u>(15,070)</u>	<u>-</u>
Total Nonoperating activity	3,157,427	-	3,157,427	5,522,331
Change in net assets	6,295,308	(3,256,278)	3,039,030	(1,313,456)
Net assets, at beginning of year	<u>44,998,959</u>	<u>22,387,418</u>	<u>67,386,377</u>	<u>68,699,833</u>
Net assets, at end of year	<u>\$ 51,294,267</u>	<u>\$ 19,131,140</u>	<u>\$ 70,425,407</u>	<u>\$ 67,386,377</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, 2024
(with summarized financial information for the year ended December 31, 2023)

	Program Service			Supporting Services			Total	Total
	Humanitarian Programs	Social Enterprises	Total	Fundraising	Public Relations	Management and General	2024	2023
Funding of ADRA International Programs								
Development and relief humanitarian programs	\$ 78,172,269	\$ -	\$ 78,172,269	\$ -	\$ -	\$ -	\$ 78,172,269	\$ 63,580,735
Donated materials and services	7,308,962	-	7,308,962	-	-	-	7,308,962	5,406,869
Personnel and related costs	14,393,712	-	14,393,712	653,178	792,403	6,620,735	22,460,028	21,238,812
Travel	1,148,169	-	1,148,169	22,431	66,320	433,166	1,670,086	1,794,101
Rent	378,475	-	378,475	34,067	41,058	474,444	928,044	989,886
Depreciation	23,517	-	23,517	1,191	1,426	13,924	40,058	118,700
Maintenance and repairs	288,321	-	288,321	-	-	184,491	472,812	453,189
Management and administration	878,046	-	878,046	13,322	615	765,577	1,657,560	2,160,582
Materials and supplies	253,144	21,753	274,897	3,029	51,049	163,410	492,385	557,259
Postage and telecommunications	135,934	-	135,934	393,220	-	86,982	616,136	537,621
Professional services	1,911,331	252,348	2,163,679	725,400	436,119	1,359,678	4,684,876	4,858,494
Project development	-	23,383	23,383	-	-	-	23,383	-
Promotion and advertising	-	-	-	553,966	192,813	-	746,779	647,899
Publication and printing	17,047	-	17,047	992,412	427	10,908	1,020,794	1,179,033
Transportation, handling and warehousing	6,637	724	7,361	-	-	4,247	11,608	14,771
Other	-	19,761	19,761	9,290	266,322	168,530	463,903	1,822,053
Total expenses	<u>\$ 104,915,564</u>	<u>\$ 317,969</u>	<u>\$ 105,233,533</u>	<u>\$ 3,401,506</u>	<u>\$ 1,848,552</u>	<u>\$ 10,286,092</u>	<u>\$ 120,769,683</u>	<u>\$ 105,360,004</u>

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, 2024 and December 31, 2023

	<u>2024</u>	<u>2023</u>
Cash flows from operating activities:		
Change in net assets	\$ 3,039,030	\$ (1,313,456)
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	\$ 40,058	\$ 118,700
Dividends reinvested	(792,043)	(1,084,509)
Realized/Unrealized (gain) loss on securities	(3,172,497)	(5,522,331)
Receipt of contributed securities	(278,183)	(92,675)
Sale of contributed securities	279,071	87,599
Bad debt expense	12,005	890,590
(Increase) decrease in net amounts due from affiliates	(1,656,796)	2,845,510
(Increase) decrease in amounts due from government agency	(4,395,477)	(447,121)
(Increase) decrease in other receivables	(562,203)	451,455
(Increase) decrease in contributions receivable	(104,286)	15,879
(Increase) decrease in inventories	(2,080,501)	1,972,684
(Increase) decrease in prepaid inventory	-	99,717
(Increase) decrease in prepaid expenses	129,435	(211,797)
(Increase) decrease in agency funds - asset	634,333	846,543
(Increase) decrease in contributions receivable - long term	(819,974)	(258,499)
Increase (decrease) in accounts payable	(253,700)	(47,825)
Increase (decrease) in accrued expenses	(2,358,048)	(425,760)
Increase (decrease) in amounts due to affiliates	3,174,766	(404,065)
Increase (decrease) in amounts due to government agency	-	(10,387,911)
Increase (decrease) in amounts due to other	(583,692)	1,665,111
Increase (decrease) in agency funds - liability	(634,333)	(846,523)
Increase (decrease) in deferred revenue	240,684	-
Total adjustments	<u>(13,181,381)</u>	<u>(10,735,228)</u>
Net cash used in operating activities:	<u>\$ (10,142,351)</u>	<u>\$ (12,048,684)</u>
Cash flows from investing activities:		
Purchase of securities	\$ (3,365,487)	\$ (13,892,096)
Sales of securities	21,350,000	12,927,351
Payments from affiliates	56,865	53,562
Loans to other	(64,618)	(158,000)
Purchases of furniture and equipment	<u>(87,019)</u>	<u>(25,888)</u>
Net cash provide by (used in) investing activities:	<u>\$ 17,889,741</u>	<u>\$ (1,095,071)</u>
Net increase (decrease) in cash and cash equivalents	7,747,390	(13,143,755)
Cash and cash equivalents at beginning of year	<u>5,900,232</u>	<u>19,043,987</u>
Cash and cash equivalents at end of year	<u><u>\$ 13,647,622</u></u>	<u><u>\$ 5,900,232</u></u>
Supplemental disclosure of cash flow information		
Non cash investing activities:		
Donated Securities	\$ 278,183	\$ 92,675
Reinvested dividends and interest	\$ 792,043	\$ 1,084,509

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, 2024 and 2023

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, 2023, 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, 2024 and 2023

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, 2024 and 2023

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 stock 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, 2024 and 2023

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, 2024 and 2023

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:

Expense	Method of Allocation
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
Project development	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 (IRC). Goodone Global, LLC is a limited liability company wholly owned by ADRA and is treated as a disregarded entity for federal and state income tax purposes. Accordingly, the operations of Goodone Global, LLC are considered to be part of ADRA for income tax reporting purposes and are also exempt from federal and state income taxes under Section 501(c)(3) of the IRC.

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%.

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the years ended December 31, 2024 and 2023

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.

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 uncollectible. 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.

Subsequent Events

Subsequent events have been evaluated through June 3, 2025, which is the date the consolidated financial statements were available to be issued.

In January 2025, President Trump signed several executive orders (EOs) ordering the pause or termination of federal assistance for programs. As a result, 38% of ADRA's USAID programs have been terminated. As mentioned in Note 3, a significant portion of ADRA's revenue is derived from USAID. As of the date of this report, the full impact of President Trump's EOs on ADRA's financial position and results of operations is uncertain. Management is actively monitoring the situation and assessing the potential effects on ADRA's financial statements.

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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 2024 and 2023, respectively, ADRA received 62% and 62% of its total revenue from USAID directly, and 7% 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, 2024, and 2023, deposits of \$7,215,801 and \$5,069,268, 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.

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5. Liquidity and Availability of Resources

The table below represents financial assets available for general expenditures within one year at December 31, 2024 and 2023:

	2024	2023
Financial assets at year end:		
Cash and cash equivalents	\$ 13,647,622	\$ 5,900,232
Investments	51,330,937	65,351,798
Net amount due from affiliates	2,883,077	1,226,595
Loan to affiliates - current portion	63,009	60,280
Net amounts due from government agencies	5,864,671	1,469,194
Other receivables	846,071	283,866
Contribution receivables	1,390,072	1,285,786
Total financial assets at year-end	<u>\$ 76,025,459</u>	<u>\$ 75,577,751</u>
Less: Donor-imposed restrictions:		
Subject to expenditure for specified purpose	<u>(13,392,039)</u>	<u>(17,565,078)</u>
Financial assets available to meet cash needs for general expenditures within one year before board designations	\$ 62,633,420	\$ 58,012,673
Less: Net assets designated by the Board	<u>(7,531,259)</u>	<u>(8,239,290)</u>
Financial assets available to meet needs for general expenditures within one year	<u><u>\$ 55,102,161</u></u>	<u><u>\$ 49,773,383</u></u>

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.

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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.

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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, 2024 and 2023, consist of:

2024				
	Level 1	Level 2	Level 3	Total
General Conference Money Fund	\$ -	\$ 8,220,896	\$ -	\$ 8,220,896
Investments (see note 7)	4,195	-	1,401	5,596
Split-interest	-	-	2,062,472	2,062,472
Total assets measured at fair value	<u>\$ 4,195</u>	<u>\$ 8,220,896</u>	<u>\$ 2,063,873</u>	<u>\$ 10,288,964</u>
Investments measured at NAV (see note 7)	-	-	-	\$ 48,205,750
Total assets	<u><u>\$ 4,195</u></u>	<u><u>\$ 8,220,896</u></u>	<u><u>\$ 2,063,873</u></u>	<u><u>\$ 58,494,714</u></u>

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><u>\$ 5,076</u></u>	<u><u>\$ 176,701</u></u>	<u><u>\$ 1,698,941</u></u>	<u><u>\$ 67,122,675</u></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:

	2024	2023
Cash and cash equivalents	\$ 5,101,305	\$ 73,337
Investments	3,119,591	103,364
	<u><u>\$ 8,220,896</u></u>	<u><u>\$ 176,701</u></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. Each of the unitized funds has a monthly redemption frequency and notice period. 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.

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Changes in Level 3 Assets

The following table is a roll forward of the statement of financial position amounts for financial instruments classified by ADRA within Level 3 of the fair value hierarchy as defined in Note 2.

	Donated Stock and Other Securities	Split-interest Agreements	Total
Balance at January 1, 2023	\$ 1,401	\$ 1,480,642	\$ 1,482,043
Total gains or losses (realized or unrealized) included in changes in net assets	-	232,410	232,410
Donations	-	107,122	107,122
Proceeds from sales / maturities	-	(122,634)	(122,634)
Balance at December 31, 2023	1,401	1,697,540	1,698,941
Total gains or losses (realized or unrealized) included in changes in net assets	-	289,093	289,093
Donations	-	215,801	215,801
Proceeds from sales / maturities	-	(139,962)	(139,962)
Balance at December 31, 2024	<u>\$ 1,401</u>	<u>\$ 2,062,472</u>	<u>\$ 2,063,873</u>

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7. Investments

Investments as of December 31, 2024 and 2023, 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.

	2024			2023		
	Cost	Fair Value	Unrealized Appreciation (Decline)	Cost	Fair Value	Unrealized Appreciation (Decline)
Unitized GC Large Cap/U.S. Equity Fund	\$ 2,399,396	\$ 10,092,833	\$ 7,693,437	6,677,926	\$ 12,941,617	\$ 6,263,691
Unitized GC International Fund	7,210,641	4,593,383	(2,617,258)	11,663,197	9,064,710	(2,598,487)
Unitized GC Small Cap/U.S. Equity Fund	1,316,994	2,329,949	1,012,955	2,464,487	3,298,060	833,573
Unitized GC Emerging Markets Fund	2,850,285	1,764,442	(1,085,843)	4,216,377	3,170,786	(1,045,591)
Unitized GC Income Fund	5,804,228	6,073,496	269,268	9,364,919	9,463,904	98,985
Unitized GC Bond Fund	5,593,182	5,109,063	(484,119)	6,193,794	5,748,839	(444,955)
Unitized Global Opportunities Fund	2,185,768	2,762,453	576,685	3,374,383	3,847,296	472,913
Unitized GC Tactical Fund	6,011,952	6,217,324	205,372	7,302,553	6,668,897	(633,656)
Unitized GC Total Return Bond Fund	8,692,898	9,262,807	569,909	10,400,000	11,037,848	637,848
Unitized GC Money Fund	3,119,591	3,119,591	-	103,364	103,364	-
Donated Stock & Other Securities	5,596	5,596	-	6,477	6,477	-
	<u>\$ 45,190,531</u>	<u>\$ 51,330,937</u>	<u>\$ 6,140,406</u>	<u>\$ 61,767,477</u>	<u>\$ 65,351,798</u>	<u>\$ 3,584,321</u>

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8. Transactions with Affiliated Entities

Amounts due from (to) affiliates at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Net amounts due from affiliates:		
ADRA - Canada	240	10
ADRA - Colombia	161,838	10,000
ADRA - Costa Rica	88,950	-
ADRA - Democratic Republic of Congo	36,878	47,761
ADRA - Honduras	959,651	-
ADRA - India	-	38,487
ADRA - Kenya	-	35,468
ADRA - Lebanon	185,852	-
ADRA - Madagascar	2,594	-
ADRA - Mexico	166,593	-
ADRA - Sudan	344,968	-
ADRA - Syria	890,590	890,590
ADRA - Ukraine	-	1,533
General Conference	875,916	815,125
North American Division	-	40,640
Other affiliated organizations	59,597	237,571
Less allowance for uncollectible receivables	(890,590)	(890,590)
	<u>\$ 2,883,077</u>	<u>\$ 1,226,595</u>
Amounts due to affiliates:		
ADRA - Africa Regional Office	\$ 744,965	\$ 616,698
ADRA - Asia Regional Office	372,762	123,444
ADRA - Democratic Republic of Congo	586,681	-
ADRA - Honduras	-	575
ADRA - India	16,753	-
ADRA - Kenya	8,034	-
ADRA - Lebanon	56,314	73,664
ADRA - Madagascar	1,839,014	38,320
ADRA - Mozambique	1,568	1,252
ADRA - Nepal	12,431	16,998
ADRA - Sudan	-	9,916
ADRA - Syria	30,118	91,097
ADRA - Uganda	717	-
ADRA - Ukraine	27	-
ADRA - Venezuela	206,396	167,134
ADRA - Yemen	821,546	213,485
Other affiliated organizations	177,889	347,866
	<u>\$ 4,875,215</u>	<u>\$ 1,700,449</u>

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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 \$1,930,648 and \$111,487 as of December 31, 2024 and 2023, respectively. An allowance was recorded for uncollectible field receivables of \$890,590 and \$890,590 as of December 31, 2024 and 2023, 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 \$596,076 and \$626,740, resulting in a net receivable of \$875,916 and \$815,125 for the years ended December 31, 2024 and 2023, 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 \$331,968 and \$363,147 for the years ended December 31, 2024 and 2023, respectively.

Investment income earned on the General Conference Money Fund for the years ended December 31, 2024 and 2023 was \$254,496 and \$270,409, 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, 2024 and 2023 totaling \$8,220,896 and \$176,701, 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, 2024 and 2023 was \$792,043 and \$1,084,509, 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, 2024 and 2023 totaling \$48,205,749 and \$65,241,957, 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, 2024 and 2023 as follows:

	2024	2023
Disaster and famine relief offering	\$ 2,953,807	\$ 2,907,764
Institutional support appropriation	224,381	224,381
Utilities, facility operation and general services	605,050	626,740
Rent appropriation	331,968	363,147
Division International Service Employees appropriation	1,909,952	1,970,183
	<u>\$ 6,025,158</u>	<u>\$ 6,092,215</u>

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As of December 31, 2024 and 2023, ADRA passed through \$56,871,983 and \$55,152,791, 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, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Amounts due from government agency	\$ 5,864,671	\$ 1,469,194
	<u>\$ 5,864,671</u>	<u>\$ 1,469,194</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>2024</u>	<u>2023</u>
<u>Less than one year</u>		
Estates and installments	\$ 1,375,072	\$ 1,278,286
Split-interest agreements	15,000	7,500
Contributions receivable - short term	\$ 1,390,072	\$ 1,285,786
<u>One to five years</u>		
Estates and installments	\$ 2,316,557	\$ 1,854,015
Split-interest agreements	2,047,472	1,690,040
<u>More than five years</u>		
Estates and installments	-	-
Contributions receivable - long term, net of allowances	\$ 4,364,029	\$ 3,544,055
Total contributions receivable - short term and long term	<u>\$ 5,754,101</u>	<u>\$ 4,829,841</u>

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

	<u>2024</u>	<u>2023</u>
Present value discounts	\$ 429,122	\$ 34,018
Allowance for uncollectible pledged contribution	(1,419,352)	(1,173,724)

ADRA had conditional grant contributions that were conditioned on incurring qualifying expenses. As of December 31, 2024 and 2023, the amounts of conditional contributions were \$69,372,030 and \$71,746,614, respectively.

11. Inventories

Inventories at December 31, 2024 and 2023 consist of the following:

	<u>2024</u>	<u>2023</u>
Purchased	\$ 76,357	\$ 171,209
Donated	1,825,094	-
Total inventory - ADRA	\$ 1,901,451	\$ 171,209
Raw materials	\$ 9,857	\$ -
Work in progress	588,287	264,000
Finished goods	7,178	-
Other miscellaneous inventory	14,370	5,433
Total inventory - Goodone Global	\$ 619,692	\$ 269,433
Total inventory	<u>\$ 2,521,143</u>	<u>\$ 440,642</u>

12. Furniture and Equipment

Furniture and equipment at December 31, 2024 and 2023 consists of the following:

	<u>2024</u>	<u>2023</u>
Furniture and equipment	\$ 1,346,815	\$ 1,349,307
Less accumulated depreciation	(1,148,017)	(1,122,570)
Assets under construction	109,621	34,721
	<u>\$ 308,419</u>	<u>\$ 261,458</u>

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13. Net Assets with Donor Restrictions

Net assets with donor restrictions as of December 31, 2024 and 2023 are available for the following purposes:

	2024	2023
<u>Geographic Locations</u>		
Africa	\$ 661,208	\$ 897,664
Asia	92,261	191,794
Central America	302,419	343,084
Europe	7,174	168,436
North America	660,059	822,619
South America	13,393	17,071
South Pacific	2,004	1,995
<u>Purpose Restricted</u>		
Children	162,943	92,616
Economic development	1,214,236	1,132,931
Education	39,162	23,344
Emergency - disaster	5,255,289	6,352,173
Food	1,975,228	4,053,810
Grants	22,958	22,958
Health	1,170,455	1,472,674
Matching funds	139,990	361,947
Restricted as to time	5,739,101	4,822,340
Service programs	1,318,426	1,285,386
Term endowment	64,443	75,079
Women	198,691	178,614
Other (<i>individually less than \$50,000 each</i>)	91,700	70,883
	<u>\$ 19,131,140</u>	<u>\$ 22,387,418</u>

Net assets released from donor restrictions during the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
Satisfaction of purpose restrictions	\$ 9,439,594	\$ 11,099,121
Expiration of time restrictions	113,046	123,456
	<u>\$ 9,552,640</u>	<u>\$ 11,222,577</u>

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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.

ADRA's Social Enterprises Programs include expenses incurred related to the operation and management of mission-driven business activities designed to generate sustainable revenue to fund ADRA's core activities while advancing its social mission.

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, 2024 and 2023 retirement expense of the Retirement Plan contributions consist of the following:

	2024	2023
Retirement	\$ 889,789	\$ 781,470
Health Care	429,554	377,261
	<u>\$ 1,319,343</u>	<u>\$ 1,158,731</u>

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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 \$1,465,007 and \$1,520,455 for 2024 and 2023, respectively.

16. Contributed Nonfinancial Assets

For the years ended December 31, 2024 and 2023, respectively, contributed nonfinancial assets recognized within the Consolidated Statement of Activities included:

	2024	2023
Food	\$ 5,706,704	\$ 1,347,023
Disaster Materials	-	20,999
Transportation Services	-	45,317
Division International Service Employees	1,909,952	1,970,183
Facilities	331,968	363,147
	<u>\$ 7,948,624</u>	<u>\$ 3,746,669</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. Donated commodities at sea at December 31, 2024 and 2023 totaled \$1,825,094 and \$0, respectively.

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.

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.

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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. 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, 2024 and 2023 was \$2,774,790 and \$2,889,988, 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, 2024 and December 31, 2023

19. ADRA Board Designated Funds

Board designated fund balances as of December 31, 2024 and 2023, were available for the following purposes:

	<u>2024</u>	<u>2023</u>
Capacity Building - Africa	\$ 399,716	\$ 514,079
Advocacy	1,140,126	1,364,936
Information Technology Development	-	105,582
Network Trademark	10,208	86,748
Governance Study	850,000	850,000
Digital Marketing Strategy	500,000	500,000
Program Capacity and Risk Mitigation	2,631,209	2,817,945
Strategic Framework	2,000,000	2,000,000
Total Board Designated Funds	<u><u>\$ 7,531,259</u></u>	<u><u>\$ 8,239,290</u></u>

SUPPLEMENTAL INFORMATION

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
as of December 31, 2024

ASSETS

	ADRA	Goodone Global, LLC	Eliminations	Total 2024
Cash and cash equivalents	\$ 13,508,751	\$ 138,871	\$ -	\$ 13,647,622
Investments	52,272,198	-	(941,261)	51,330,937
Net amount due from affiliates	2,883,077	-	-	2,883,077
Loans to affiliates	63,009	-	-	63,009
Loans to others	-	222,618	-	222,618
Amount due from government agency, net of allowance	5,864,671	-	-	5,864,671
Other receivables	842,922	3,149	-	846,071
Contributions receivable, net of allowances	1,390,072	-	-	1,390,072
Inventories	1,901,451	619,692	-	2,521,143
Prepaid expenses	624,581	59,076	-	683,657
Furniture and equipment, net of accumulated depreciation	298,330	10,089	-	308,419
Agency funds	1,167,179	-	-	1,167,179
Contributions receivable - long term, net of allowances	4,364,029	-	-	4,364,029
Loans to affiliates - long term	201,756	-	-	201,756
Total assets	<u>\$ 85,382,026</u>	<u>\$ 1,053,495</u>	<u>\$ (941,261)</u>	<u>\$ 85,494,260</u>

LIABILITIES

Accounts payable	\$ 1,153,712	\$ 1,654	\$ -	1,155,366
Accrued expenses	4,166,782	-	-	4,166,782
Amount due to affiliates	4,875,215	-	-	4,875,215
Amount due to other	3,463,627	-	-	3,463,627
Agency funds	1,167,179	-	-	1,167,179
Deferred revenue	130,104	110,580	-	240,684
Total liabilities	<u>14,956,619</u>	<u>112,234</u>	<u>-</u>	<u>15,068,853</u>

NET ASSETS

Without donor restrictions				
Undesignated	\$ 43,763,008	\$ 941,261	\$ (941,261)	43,763,008
Designated by the Board <i>(Note 19)</i>	7,531,259	-	-	7,531,259
Total net assets without donor restrictions	51,294,267	941,261	(941,261)	51,294,267
With donor restrictions				
Restricted to purpose	13,392,039	-	-	13,392,039
Restricted to time	5,739,101	-	-	5,739,101
Total net assets with donor restrictions	19,131,140	-	-	19,131,140
Total net assets	<u>70,425,407</u>	<u>941,261</u>	<u>(941,261)</u>	<u>70,425,407</u>
Total liabilities and net assets	<u>\$ 85,382,026</u>	<u>\$ 1,053,495</u>	<u>\$ (941,261)</u>	<u>\$ 85,494,260</u>

ADVENTIST DEVELOPMENT AND RELIEF AGENCY INTERNATIONAL
CONSOLIDATING SCHEDULE OF ACTIVITIES
for the year ended December 31, 2024

	2024			
	ADRA	Goodone Global, LLC	Eliminations	Total
Support and revenue:				
U.S. Government support:				
Ocean and inland freight	\$ 1,517,400	\$ -	\$ -	\$ 1,517,400
Grants - direct	69,903,613	-	-	69,903,613
Grants - subrecipient	8,153,042	-	-	8,153,042
Contributed nonfinancial assets	3,843,712	-	-	3,843,712
Public support:				
Seventh-day Adventist Church	3,783,238	-	-	3,783,238
Contributions	20,236,594	-	-	20,236,594
Contributed nonfinancial assets	4,104,912	-	-	4,104,912
Grants - other	7,407,731	-	-	7,407,731
Freight and handling fees reimbursement	99	-	-	99
Investment, net	1,081,137	26,297	-	1,107,434
Other revenue	582,518	10,993	-	593,511
Net assets released from restrictions:				
Satisfaction of program restrictions	-	-	-	-
Total support and revenue	<u>\$ 120,613,996</u>	<u>\$ 37,290</u>	<u>\$ -</u>	<u>\$ 120,651,286</u>
Expenses:				
Programs	\$ 104,915,564	\$ 317,969	\$ -	\$ 105,233,533
Fundraising	3,401,506	-	-	3,401,506
Public relations	1,814,598	33,954	-	1,848,552
Management and general	10,237,420	48,672	-	10,286,092
Total expenses	<u>120,369,088</u>	<u>400,595</u>	<u>-</u>	<u>120,769,683</u>
Net Increase (decrease) from operations	244,908	(363,305)	-	(118,397)
Nonoperating activity:				
Realized/unrealized gain/(loss) on investment	3,172,497	-	-	3,172,497
Change in value of investment in subsidiary	(378,375)	-	378,375	-
Currency translation adjustment	-	(15,070)	-	(15,070)
Capital contributions to Goodone Global, LLC	-	706,152	(706,152)	-
Total Nonoperating activity	2,794,122	691,082	(327,777)	3,157,427
Change in net assets	3,039,030	327,777	(327,777)	3,039,030
Net assets, at beginning of year	<u>67,386,377</u>	<u>613,484</u>	<u>(613,484)</u>	<u>67,386,377</u>
Net assets, at end of year	<u>\$ 70,425,407</u>	<u>\$ 941,261</u>	<u>\$ (941,261)</u>	<u>\$ 70,425,407</u>