



SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS

CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022, 2021, 2020, and 2019

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To the Executive Committee
Southern California Conference of Seventh-day Adventists
Glendale, California

Disclaimer of Opinion on 2019 Financial Performance and Cash Flows

We were engaged to audit the statement of changes in net assets and statement of cash flows of the Southern California Conference of Seventh-day Adventists (Organization) for the year ended December 31, 2019, and notes to the financial statements, including a summary of significant accounting policies.

As auditors of the General Conference of Seventh-day Adventists, we do not express an opinion on the accompanying statement of changes in net assets and statement of cash flows for the year ended December 31, 2019. Because of the significance of the matter described in the Basis for Disclaimer of Opinion on the 2019 Financial Performance and Cash Flows section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on these financial statements.

Opinion on 2023, 2022, 2021, 2020 Financial Statements and 2019 Financial Position

We have audited the statements of financial position of the Organization as of December 31, 2023, 2022, 2021, 2020 and 2019, and the statements of changes in net assets, and statements of cash flows for the years ended December 31, 2023, 2022, 2021, and 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, as auditors of the General Conference of Seventh-day Adventists, the accompanying statements of financial position of the Organization as of December 31, 2023, 2022, 2021, 2020 and 2019 and the statements of changes in net assets and statements of cash flows for the years ended December 31, 2023, 2022, 2021, and 2020 present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, 2022, 2021, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2023, 2022, 2021, and 2020 in accordance with accounting principles generally accepted in the United States of America adopted by the Seventh-day Adventist denomination.

Basis for Disclaimer of Opinion on 2019 Financial Performance and Cash Flows

Management did not include in the consolidated financial statements of December 31, 2019, the income and related expenses of certain locally funded employees working at constituent academies. Even though there is no net effect in the consolidated statement of changes in net assets, inclusion of these income and related expenses is required by United States of America accounting principles generally accepted by the Seventh-day Adventist denomination. Had management recorded the income and related expenses of certain locally funded employees, income and expenses would have been increased by an undetermined amount.



Basis for Opinion on 2023, 2022, 2021, and 2020 Financial Statements and 2019 Financial Position

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), except the ethical requirement for the appearance of independence. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the 2023, 2022, 2021, and 2020 Financial Statements and 2019 Financial Position section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in United States of America, and we have fulfilled our other ethical responsibilities in accordance with these requirements, except the ethical requirement for the appearance of independence, because of our affiliation with the Seventh-day Adventist denomination. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the statements of financial position as of December 31, 2023, 2022, 2021, 2020 and 2019, and the statements of changes in net assets and statements of cash flows for the years ended December 31, 2023, 2022, 2021 and 2020.

Emphasis of Matter – Restriction on Distribution and Use

Our report is intended solely for the information and use of the officers of the Organization, its audit committee, its governing committee, the delegates to its constituency meetings, and the officers and their designees of higher denominational organizations and should not be distributed to or used by other than these specified parties. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to Note 31 to the financial statements, which discloses that during 2023 the Organization discovered an error that resulted in the understatement of previously reported income and expense for the years ended December 31, 2022, 2021, 2020 and 2019. Accordingly, the 2022, 2021, 2020 and 2019 financial statements have been restated resulting in an increase to income and expense at December 31, 2022, 2021, 2020 and 2019. Our opinion is not modified in respect of this matter.

We draw attention to Note 32 to the consolidated financial statements, which discloses that during 2020 the Organization discovered an error that resulted in the overstatement of previously reported assets and beginning net assets at January 1, 2019, understatement of expenses for the year ended December 31, 2019, and overstatement of assets and net assets at December 31, 2019. Accordingly, the 2019 consolidated financial statements have been restated to correct this error. Our opinion is not modified in respect of this matter.

We draw attention to Note 33 to the consolidated financial statements, which discloses that during 2020 the Organization discovered an error that resulted in the understatement of previously reported assets and beginning net assets at January 1, 2019, understatement of revenues and expenses for the year ended December 31, 2019, and understatement of assets and net assets at December 31, 2019. Accordingly, the 2019 consolidated financial statements have been restated to correct this error. Our opinion is not modified in respect of this matter.

We draw attention to Note 34 to the consolidated financial statements, which discloses that during 2020 the Organization discovered an error that resulted in the overstatement of previously reported assets and beginning net assets at January 1, 2019, overstatement of expenses for the year ended December 31, 2019, and overstatement of assets and net assets at December 31, 2019. Accordingly, the 2019 consolidated financial statements have been restated to correct this error. Our opinion is not modified in respect of this matter.

We draw attention to Note 35 to the consolidated financial statements, which discloses that during 2020 the Organization discovered an error that resulted in the understatement of previously reported liabilities and overstatement of beginning net assets at January 1, 2019, overstatement of expenses for the year ended December 31, 2019, and understatement of liabilities and overstatement of net assets at December 31, 2019. Accordingly, the 2019 consolidated financial statements have been restated to correct this error. Our opinion is not modified in respect of this matter.

We draw attention to Note 36 to the consolidated financial statements, which discloses that during 2020 the Organization discovered an error that resulted in the understatement of previously reported assets, liabilities, and beginning net assets at January 1, 2019, overstatement of expenses for the year ended December 31, 2019, and understatement of assets, liabilities and net assets at December 31, 2019. Accordingly, the 2019 consolidated financial statements have been adjusted to correct this error. Our opinion is not modified in respect of this matter.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but, is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern for a reasonable period of time. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

General Conference Auditing Service

August 22, 2024

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Consolidated Statements of Financial Position; page 1 of 2
December 31, 2023, 2022, 2021, 2020, and 2019

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
ASSETS					
<u>Current assets</u>					
Cash and cash equivalents (Note 2)	\$ 6,381,715	4,406,018	5,821,044	4,263,133	1,356,909
Investments (Note 3)	11,298,323	10,750,177	6,591,508	4,057,771	3,739,016
Accounts receivable, net (Note 4)	9,670,973	8,669,929	7,387,740	7,786,290	7,427,777
Inventories (Note 6)	381,519	390,059	315,968	392,021	370,352
Prepaid expense and other current assets	580,278	446,374	370,694	314,476	441,075
Cash held for agency (Note 2)	576,919	510,171	539,842	283,871	256,333
Total current assets	<u>28,889,727</u>	<u>25,172,728</u>	<u>21,026,796</u>	<u>17,097,562</u>	<u>13,591,462</u>
<u>Land, buildings, and equipment</u>					
Land, buildings, and equipment, net (Note 7)	46,514,540	46,842,788	47,297,708	48,296,131	48,176,809
Right-of-use assets - finance leases, net (Note 8)	32,734	57,184	62,154	34,786	64,601
Total land, buildings, and equipment, net	<u>46,547,274</u>	<u>46,899,972</u>	<u>47,359,862</u>	<u>48,330,917</u>	<u>48,241,410</u>
<u>Other assets</u>					
Accounts receivable, long-term, net (Note 4)	2,342,253	2,750,185	3,628,646	3,516,681	3,327,909
Notes receivable, long-term, net (Note 5)	-	-	385	1,811	3,157
Deposits, long term	2,371	2,371	2,371	2,371	2,320
Other long-term assets	585,603	519,870	516,670	439,035	315,388
For other than operating funds:					
Cash and investments (Note 3)	9,297,256	7,857,162	7,693,435	7,867,249	9,953,955
Accounts receivable, net	729,722	780,305	841,938	1,382,250	604,022
Deferred charges	-	-	-	-	110,000
Investments in real estate (Note 10)	2,900	11,450	12,250	32,400	32,400
Assets held in trust (Note 11)	6,581,479	5,937,064	5,995,076	6,375,739	7,112,659
Owned share of workers' compensation fund held by Pacific Union Conference	4,402,685	3,886,504	5,546,093	5,310,143	4,669,872
Other nonoperating assets	3,160	3,160	3,160	-	23,578
Total other assets	<u>23,947,429</u>	<u>21,748,071</u>	<u>24,240,024</u>	<u>24,927,679</u>	<u>26,155,260</u>
Total assets	<u>\$ 99,384,430</u>	<u>93,820,771</u>	<u>92,626,682</u>	<u>90,356,158</u>	<u>87,988,132</u>

*Interfund and related party activity is eliminated in consolidated totals.
See accompanying notes.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Consolidated Statements of Financial Position; page 2 of 2
December 31, 2023, 2022, 2021, 2020, and 2019

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
LIABILITIES					
<u>Current liabilities</u>					
Accounts payable (Note 12)	\$ 9,431,341	6,351,421	5,693,632	6,145,677	6,412,228
Agency accounts (Note 15)	1,402,369	1,340,768	1,388,123	1,366,660	1,279,680
Other current liabilities	113,094	114,219	120,366	149,833	228,022
Total current liabilities	<u>10,946,804</u>	<u>7,806,408</u>	<u>7,202,121</u>	<u>7,662,170</u>	<u>7,919,930</u>
<u>Other liabilities</u>					
Retirement allowance	787,413	780,522	1,047,082	1,026,429	1,079,829
Notes and loans payable, long-term (Note 13)	-	-	-	3,361,029	-
For other than operating funds:					
Notes and loans payable (Note 13)	14,124,562	14,575,637	14,639,231	14,634,417	14,201,777
Liability to remainder beneficiaries	2,158,635	1,109,912	1,152,346	1,591,946	3,888,587
Present value of annuity liability (Note 18)	64,495	66,285	68,075	115,924	121,824
Liability to depositors	957,638	927,774	917,116	900,323	887,673
Liabilities held in trust	5,171,891	5,531,363	5,912,102	6,302,928	7,048,479
Other nonoperating liabilities	-	-	-	268,416	-
Total other liabilities	<u>23,264,634</u>	<u>22,991,493</u>	<u>23,735,952</u>	<u>28,201,412</u>	<u>27,228,169</u>
Total liabilities	<u>34,211,438</u>	<u>30,797,901</u>	<u>30,938,073</u>	<u>35,863,582</u>	<u>35,148,099</u>
NET ASSETS					
Unrestricted: unallocated	(2,043,400)	(2,080,142)	(4,427,826)	(31,073,696)	(29,860,977)
Unrestricted: allocated	11,301,834	10,111,073	11,128,429	31,779,366	30,352,404
Unrestricted: investment in plant	46,528,916	46,430,539	46,826,835	47,802,704	47,645,837
Total net assets without donor restrictions	<u>55,787,350</u>	<u>54,461,470</u>	<u>53,527,438</u>	<u>48,508,374</u>	<u>48,137,264</u>
Net assets with temporary donor restrictions (Note 16)	<u>9,385,992</u>	<u>8,561,750</u>	<u>8,161,521</u>	<u>5,984,552</u>	<u>4,703,119</u>
Total net assets with donor restrictions	<u>9,385,992</u>	<u>8,561,750</u>	<u>8,161,521</u>	<u>5,984,552</u>	<u>4,703,119</u>
Total net assets	<u>65,173,342</u>	<u>63,023,220</u>	<u>61,688,959</u>	<u>54,492,926</u>	<u>52,840,383</u>
Total liabilities and net assets	<u>\$ 99,384,780</u>	<u>93,821,121</u>	<u>92,627,032</u>	<u>90,356,508</u>	<u>87,988,482</u>

*Interfund and related party activity is eliminated in consolidated totals.
See accompanying notes.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Consolidated Statements of Changes in Net Assets; page 1 of 2
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

**CHANGES IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
<u>Revenues and support without donor restrictions</u>					
Gross tithe income	\$ 39,018,987	37,281,018	36,619,655	32,561,844	33,887,555
Tithe percentages passed on	(9,055,233)	(8,892,040)	(8,832,679)	(8,041,548)	(8,422,113)
Net tithe income	29,963,754	28,388,978	27,786,976	24,520,296	25,465,442
Tithe exchange with Division	-	-	-	(330,495)	(400,000)
Non-tithe funds from Division	-	-	-	330,495	400,000
Offering donations	6,939	3,092	30,589	61,520	24,151
Appropriations received	257,711	316,383	177,519	664,548	249,750
Churches and schools	9,541,780	8,822,384	8,216,184	7,963,658	9,565,550
Other direct operating income	11,303,369	10,796,378	10,411,856	10,856,398	11,650,359
Deferred gifts received without donor restrictions	23,981	189,634	792,717	277,176	340,842
Investment earnings	524,892	473,448	225,134	(8,693)	158,061
Other income	6,389,414	7,637,484	10,427,743	6,691,524	818,935
Actuarial adjustment agreements without donor restrictions	1,790	1,790	58,013	5,900	9,171
Total revenues without donor restrictions before sales	<u>58,013,630</u>	<u>56,629,571</u>	<u>58,126,731</u>	<u>51,032,327</u>	<u>48,282,261</u>
Gross sales	2,159,954	2,079,701	1,923,287	1,936,801	2,045,538
Less: cost of goods sold	(1,473,320)	(1,396,806)	(1,307,295)	(1,399,115)	(1,408,775)
Gross profit on sales	<u>686,634</u>	<u>682,895</u>	<u>615,992</u>	<u>537,686</u>	<u>636,763</u>
Total revenues without donor restrictions	58,700,264	57,312,466	58,742,723	51,570,013	48,919,024
Released from net assets with donor restrictions - operating	2,798,063	2,608,786	1,688,327	1,646,259	2,281,801
Total revenues and support without donor restrictions	<u>61,498,327</u>	<u>59,921,252</u>	<u>60,431,050</u>	<u>53,216,272</u>	<u>51,200,825</u>
<u>Expenses and losses</u>					
<u>Program services</u>					
Church ministries (Note 26)	22,339,267	20,550,539	19,292,304	19,851,122	20,797,701
Educational (Note 26)	20,240,925	18,351,799	17,966,176	17,210,038	10,882,637
Publishing (Note 26)	1,152,879	1,099,030	868,377	967,302	1,251,158
Health and humanitarian (Note 26)	186,276	277,794	7,629	82,792	27,056
Other (Note 26)	6,741,885	6,354,824	6,083,750	5,712,016	5,810,854
Total program services	<u>50,661,232</u>	<u>46,633,986</u>	<u>44,218,236</u>	<u>43,823,270</u>	<u>38,769,406</u>
<u>Supporting services</u>					
Conference administration (Note 26)	2,928,726	2,544,106	2,172,191	2,499,975	2,721,127
Other (Note 26)	7,446,005	7,471,427	6,068,382	5,712,035	9,000,264
Total supporting services	<u>10,374,731</u>	<u>10,015,533</u>	<u>8,240,573</u>	<u>8,212,010</u>	<u>11,721,391</u>
Total expenses and losses	<u>61,035,963</u>	<u>56,649,519</u>	<u>52,458,809</u>	<u>52,035,280</u>	<u>50,490,797</u>
Increase (decrease) before nonoperating activity	<u>462,364</u>	<u>3,271,733</u>	<u>7,972,241</u>	<u>1,180,992</u>	<u>710,028</u>

*Interfund and related party activity is eliminated in consolidated totals.
See accompanying notes.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Consolidated Statements of Changes in Net Assets; page 2 of 2
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS	2023*	2022*	2021*	2020*	2019*
Increase (decrease) before nonoperating activity	\$ 462,364	3,271,733	7,972,241	1,180,992	710,028
<u>Nonoperating activity without donor restrictions</u>					
Nonoperating revenue (Note 17)	1,368,045	630,688	947,598	854,924	731,539
Contributed nonfinancial assets (Note 21)	945,165	954,721	75,978	1,121,323	4,521,128
Nonoperating expense (Note 17)	(2,474,121)	(2,497,331)	(3,662,267)	(5,353,851)	(5,798,158)
Net nonoperating gains and losses (Note 17)	715,477	(1,769,867)	(822,741)	(4,162)	22,411
Released from net assets with donor restrictions	308,950	344,086	409,263	2,571,884	1,710,703
Net increase (decrease) from nonoperating activity without donor restrictions	863,516	(2,337,703)	(3,052,169)	(809,882)	1,187,623
Increase (decrease) net assets without donor restrictions	1,325,880	934,030	4,920,072	371,110	1,897,651
CHANGES IN NET ASSETS WITH TEMPORARY DONOR RESTRICTIONS					
<u>Revenue with donor restrictions</u>					
Appropriations received	2,627,596	2,241,719	2,316,043	2,148,457	2,334,058
Contributed nonfinancial assets (Note 21)	476,369	-	98,992	107,004	-
Offerings	92,310	-	-	50	-
Donations	306,364	545,559	391,752	274,124	346,824
Investment earnings	317,854	118,836	159,448	437,879	173,760
Matured trusts and wills	-	271,171	976,031	758,568	-
Ingathering reversion	13,883	11,561	13,482	11,453	10,413
New irrevocable split-interest agreements	-	-	-	-	18,122
Irrevocable trusts, net earnings (loss)	96,879	164,257	417,803	1,762,041	1,609,665
Total revenue with temporary donor restrictions received	3,931,255	3,353,103	4,373,551	5,499,576	4,492,842
Released from net assets with donor restrictions	(3,107,013)	(2,952,872)	(2,097,590)	(4,218,143)	(3,992,505)
Increase (decrease) net assets with temporary donor restrictions	824,242	400,231	2,275,961	1,281,433	500,337
Increase (decrease) net assets	2,150,122	1,334,261	7,196,033	1,652,543	2,397,988
Net assets, beginning of year	63,023,220	61,688,959	54,492,926	52,840,383	50,442,395
Net assets, end of year	\$ 65,173,342	63,023,220	61,688,959	54,492,926	52,840,383

*Interfund and related party activity is eliminated in consolidated totals.
See accompanying notes.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Consolidated Statements Cash Flows
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

	<u>2023*</u>	<u>2022*</u>	<u>2021*</u>	<u>2020*</u>	<u>2019*</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Increase (decrease) in net assets	\$ 2,150,122	1,334,261	7,196,033	1,652,543	2,397,988
Prior period adjustment	-	-	-	-	(10,423,893)
<u>Adjustments to eliminate non-cash items:</u>					
Depreciation expense (Note 7)	1,180,940	1,170,828	1,116,900	1,050,029	917,967
Depreciation expense prior years	-	-	-	-	12,291,706
Amortization expense (Note 8)	24,450	4,970	39,841	29,815	29,816
Small Business Administration's Paycheck Protection Plan loan forgiven	-	-	(3,361,029)	3,361,029	-
Provision for uncollectable accounts	-	740,171	117,077	(14,715)	(10,980)
(Gain) loss on disposal of plant asset	-	-	(16,442)	-	-
Unrealized (appreciation) decline in market value	(163,689)	487,871	883,909	234,491	48,693
<u>Adjustments to reclassify nonoperating items:</u>					
Annuities actuarial adjustment	(1,788)	(1,790)	(47,849)	(5,900)	(9,171)
(Increase) decrease accounts receivable, net	(597,166)	(1,142,965)	197,640	(532,042)	16,097
(Increase) decrease agency cash	(66,748)	29,671	(255,971)	(27,538)	(42,194)
(Increase) decrease inventory	8,540	(74,091)	76,053	(21,669)	(223,546)
(Increase) decrease prepaids and other current assets	(133,904)	(75,680)	(56,218)	128,948	(79,218)
(Increase) decrease other assets	(581,914)	1,656,389	(316,745)	(632,740)	966,176
Increase (decrease) accounts payable	3,083,974	382,213	(448,602)	(322,217)	(35,990)
Increase (decrease) agency accounts	61,601	(47,355)	43,171	86,980	1,065,541
Increase (decrease) other liabilities	5,764	1,935	(277,229)	191,966	(6,104)
Net cash provided (used) from operating activities	<u>4,970,182</u>	<u>4,466,428</u>	<u>4,890,539</u>	<u>5,178,980</u>	<u>6,902,888</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from maturity of investments	(1,944,917)	(752,942)	(946,094)	2,095,305	1,780,718
Purchases of investments	162,274	(4,043,989)	(1,941,316)	(506,293)	(3,383,989)
(Proceeds) payments accounts receivable	50,583	61,633	508,736	(778,228)	(18,121)
Payments received on notes receivable	-	-	-	-	321,256
New notes receivable issued	-	385	1,426	1,346	-
Purchases of plant assets	(852,692)	(715,908)	(118,773)	(1,169,351)	(4,546,606)
Purchases of right-of-use assets	-	-	(72,179)	-	-
(Proceeds) payments assets held in trust	(644,415)	58,012	1,035,655	100,722	437,835
Net cash provided (used) from investing activities	<u>(3,229,167)</u>	<u>(5,392,809)</u>	<u>(1,532,545)</u>	<u>(256,499)</u>	<u>(5,408,907)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from external borrowing	-	-	72,178	568,835	73,370
Principal payments on notes payable	(484,433)	(76,130)	(403,636)	(191,748)	(645,504)
Proceeds from new gift annuities	-	-	(10,164)	-	-
Annuities investment income	-	-	-	-	(39,179)
Proceeds (payments) liability to depositors	29,864	10,658	16,793	12,650	46
Proceeds (payments) on remainder beneficiary	-	-	-	(2,296,641)	(1,372,765)
Proceeds (payments) liabilities held in trust	689,251	(423,173)	(1,475,254)	(109,353)	(152,836)
Net cash provided (used) from financing activities	<u>234,682</u>	<u>(488,645)</u>	<u>(1,800,083)</u>	<u>(2,016,257)</u>	<u>(2,136,868)</u>
Net increase (decrease) cash and cash equivalents	1,975,697	(1,415,026)	1,557,911	2,906,224	(642,887)
Cash and cash equivalents, beginning	4,406,018	5,821,044	4,263,133	1,356,909	1,999,796
Cash and cash equivalents, ending	<u>\$ 6,381,715</u>	<u>4,406,018</u>	<u>5,821,044</u>	<u>4,263,133</u>	<u>1,356,909</u>
<u>Supplemental cash flow data</u>					
Cash paid during the year for interest	<u>\$ 198,475</u>	<u>211,985</u>	<u>211,889</u>	<u>148,971</u>	<u>217,866</u>

*Interfund and related party activity is eliminated in consolidated totals.
See accompanying notes.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 1 – Organizational description and summary of significant accounting policies

Organization description

Seventh-day Adventist congregations within Los Angeles and Ventura Counties, that part of Kern County that lies south and east of the Tehachapi Mountains, and that part of Santa Barbara County that lies to the east of the 120th meridian, have formed Southern California Conference of Seventh-day Adventists (Conference). The Conference supports the operation of Korean Adventist Press, Conference Education, Inc., and Conference Retirement, Inc., as subsidiaries of the Conference. The Conference and these subsidiaries are collectively referred to as the Organization. The Conference also operates the Southern California Conference of Seventh-day Adventists Adventist Book Center (ABC) as a department. The ABC sells religious literature and related merchandise to constituents, their families, and the general public. These consolidated financial statements include the operations of all aforementioned subsidiaries and departments.

The Organization's primary purpose is to spread the gospel of Jesus Christ throughout its territory. The Conference supports the operation of all churches and schools in its territory, and is a member organization of Pacific Union Conference of Seventh-day Adventists. The Conference holds legal title to all denominational property in its territory, and performs certain fiduciary duties. The Organization receives most of its revenue in the form of contributions from members and other individuals in its constituent congregations.

The Conference and Korean Adventist Press are religious not-for-profit organizations, and are exempt from federal, state, and local income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding sections of applicable state and local codes; except for taxes on unrelated business income as described in section 511-514 of the Internal Revenue Code.

Conference Education, Inc. and Conference Retirement, Inc., are for-profit subsidiaries and are taxed as corporations and partnerships.

Summary of significant accounting policies

(a) The significant accounting policies of the Organization are essentially the same as generally accepted accounting principles for not-for-profit organizations as promulgated by the Financial Accounting Standards Board. The significant policies are described below to enhance the usefulness of the financial statements. The financial statements of the Organization have been prepared on the accrual basis of accounting. In conformity with the accrual basis of accounting, the Organization has evaluated events that occurred subsequent to the financial statement date, up to June 25, 2024, which is the date the financial statements were available to be issued.

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

(c) Restricted resources: The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with temporary donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as released from net assets with donor restrictions.

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

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

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 1 – Organizational description and summary of significant accounting policies (continued)

(d) Plant assets and depreciation: Plant assets are recorded at cost when purchased or at fair value at date of gift when donated. Plant assets that cost less than \$3,000 are not capitalized, but are charged to expense. Church and school plant assets that cost less than \$20,000 are not capitalized, but are charged to expense. Depreciation of land improvements, buildings, and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis. See Note 7 for disclosure of the estimated useful lives the Organization has established for their various classes of plant assets. Depreciation expense is recorded in the plant fund, and is distributed among the operating expense reported in the statement of changes in net assets by the various program and supporting services functions that use those assets.

In its corporate capacity, the Conference holds legal title to the church and school properties used by the local church congregations. The value of these properties is included in the plant fund, and the related depreciation expense is recorded as nonoperating expense in the statement of changes in unrestricted net assets.

(e) Cash equivalents: Cash equivalents are highly-liquid assets of the operating funds, which are readily convertible to cash and have a maturity date of less than three months from date of acquisition.

Cash and investments of funds other than operating are not classified as cash and cash equivalents. The increase or decrease in nonoperating cash and investments is reported in the statement of cash flows as proceeds or purchases of investments.

(f) Fair value of financial instruments: Following are the major methods and assumptions used to estimate fair values:

Short-term financial instruments are valued at their carrying amounts included in the statement of financial position, which are reasonable estimates of fair value due to the relatively short period to maturity of the instruments. This applies to cash, cash equivalents, accounts receivable, and certain current liabilities.

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

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

(g) Current assets and liabilities: Assets and liabilities are classified as current or long-term depending on their characteristics. This excludes from current assets, cash and claims to cash that are restricted to use for other than current operations, committee allocated for the acquisition or construction of plant assets or for the liquidation of plant fund debt, or are held as agent for others. This excludes from current liabilities, the long-term portion of all debt, plant fund debt payable within the next fiscal year to the extent covered by designated plant fund liquid assets, or amounts held as fiscal agent for others. Working capital (current assets less current liabilities) for the Organization usually reflects working capital of only the operating funds, since usually no assets or liabilities of the plant, external properties, Conference Education, Inc., annuity, agency, and irrevocable trust funds are classified as current.

(h) Investment income: Ordinary income from investments, loans, and the like is accounted for in the fund owning the assets.

(i) Inventories: Inventories are valued at lower of cost or market using the first-in-first-out method.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 1 – Organizational description and summary of significant accounting policies (continued)

(j) Split-interest agreements: The Organization is at least a partial beneficiary in various kinds of trusts, annuities, and/or other split-interest agreements for which they act as trustees or administrators. Other subsidiaries are partial beneficiaries of some of these agreements. For those agreements that are unconditional and irrevocable, assets are recorded by the Organization at fair value at the date of gift or acceptance of agreement. For agreements that designate other beneficiaries, liabilities are recorded for the present value of the amount due to others. Conservative discount rates are used to compute the present value of such liabilities. Standard actuarial tables and conservative interest rates are used to compute liabilities due to annuitants. The Organization's remainder interest is classified as unrestricted or temporarily donor restricted depending on the terms of each agreement; see Note 25 below. The state of California requires the Organization to maintain a reserve amount in a separate fund for all California annuitants. California regulations provide restrictions on the types of investments that can be owned by the reserve. At December 31, 2023, 2022, 2021, 2020, and 2019, the Organization maintained a reserve which was invested in accordance with California regulations of \$64,495, \$66,285, \$68,075, \$115,924, and \$121,824, respectively.

(k) Affiliated organizations: The Organization operates through several organizations with which they are affiliated by reason of economic interest and/or shared membership on the respective governing committees. The financial statements of these other organizations are not combined with this Organization because they do not meet the criteria for consolidation. Inter-organization transactions carried on in the ordinary course of business are handled through current accounts receivable and payable, and are settled generally on a monthly basis (see Notes 4 and 12 below). Other financial transactions involving appropriations and loans are detailed in Notes 13, 14, 20, 21, and 23 below. The specific organizations referred to above are:

General Conference of Seventh-day Adventists (GC) - The GC is the world headquarters of the Seventh-day Adventist denomination and as such determines the operating and accounting policies to be followed by church institutions.

North American Division of the General Conference of Seventh-day Adventists (NAD) - The NAD is the organization responsible for church activities in North America. The NAD determines policies for institutions within North America in accordance with GC policies.

Pacific Union Conference of Seventh-day Adventists (PUC) - The PUC is the organization responsible for church activities in the states of Arizona, California, Hawaii, Nevada, and Utah. The PUC determines policies for institutions within the above states in accordance with NAD policies.

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

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

Operating funds: Unrestricted and restricted resources available for current operations. This fund group reflects the combined operating activity of the Conference, Adventist Book Center, and Korean Adventist Press funds.

Plant funds: The unexpended plant and net invested in plant funds. The unexpended plant fund represents resources which were donor restricted or conference committee allocated for plant acquisitions. Since operating funds allocated by the conference committee can be returned to the operating funds by action of the committee, they are included in the unrestricted section of net assets, and appear as allocated net assets. This balance includes the unused portion of funded depreciation, additional funds transferred for plant acquisitions, proceeds from sale of plant assets, and unrestricted plant fund investment earnings. The net invested in plant fund represents plant assets acquired, respective accumulated depreciation, and any respective debt. This fund group also reflects the combined activity of the external properties and Conference Education, Inc. funds.

Other funds: A combination of the annuity fund, agency fund and trust fund. Following are descriptions of them:

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

Agency fund: An agency fund is an accounting entity where funds received by the Organization as fiscal agents for other organizations are held.

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

(m) Change in accounting principle: On January 1, 2022, the Organization changed its accounting principle for presenting and disclosing contributed nonfinancial assets. Under the new principle, contributed nonfinancial assets are presented as a separate line item in the statement of changes in net assets. In addition, disclosed is a disaggregation of the amount of contributed nonfinancial assets recognized within the statement of changes in net assets by category that depicts the type of contributed nonfinancial assets. The following information is also disclosed for each category of contributed nonfinancial assets recognized:

1. Qualitative information on whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. If utilized, the Organization will disclose a description of the programs or other activities in which those assets were used.
2. The Organization's policy, if any, about monetizing instead of utilizing contributed nonfinancial assets.
3. A description of any donor-imposed restrictions associated with the contributed nonfinancial assets.
4. A description of the valuation techniques and inputs used to arrive at a fair value measure.
5. The principal market, or most advantageous market, used to arrive at a fair value measure if it is a market in which the Organization is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets.

These changes have been determined to be preferable, as they improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets (including additional disclosure requirements for recognized contributed services). In addition, these changes increase transparency about the measurement of contributed nonfinancial assets as well as the amount of these contributions used in the Organization's program and other activities. Recognition and measurement requirements for these assets will not change.

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

(n) Change in accounting principle – leases: In February 2016, the Financial Accounting Standards Board established Topic 842, Leases, by issuing Accounting Standards Update (ASU) No. 2016-02, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by ASU No. 2018-01, Land Easement Practical Expedient for Transition to Topic 842; ASU No. 2018-10, Codification Improvements to Topic 842, Leases; and ASU No. 2018-11, Targeted Improvements. The new standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for all leases with a term longer than twelve months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the income statement.

The new standard became effective for the Organization on January 1, 2022. A modified retrospective transition approach is required, applying the new standard to all leases existing at the date of initial application. An entity may choose to use either (1) its effective date or (2) the beginning of the earliest comparative period presented in the financial statements as its date of initial application. If an entity chooses the second option, the transition requirements for existing leases also apply to leases entered into between the date of initial application and the effective date. The entity must also recast its comparative period financial statements and provide the disclosures required by the new standard. The Organization adopted the new standard on January 1, 2022, and used the effective date as its date of initial application. Consequently, financial information will not be updated and the disclosures required under the new standard will not be provided for dates and periods before January 1, 2022. Instead, the disclosures required under the old standard (Topic 840) will be provided for dates and periods before January 1, 2022.

The new standard provides a number of optional practical expedients in transition. The Organization elected the 'package of practical expedients', which permits the Organization not to reassess under the new standard its prior conclusions about lease identification, lease classification, and initial direct costs. The Organization did not elect the use-of-hindsight or the practical expedient pertaining to land easements. The Organization does not expect that this standard will have a material effect on its financial statements. The Organization believes the most significant effects relate to (1) the recognition of new ROU assets and lease liabilities on its statements of financial positions for its office and equipment operating leases; and (2) providing significant new disclosures about the Organization's leasing activities.

On adoption, the Organization recognized additional operating liabilities and corresponding ROU assets of \$57,184.

The new standard also provides practical expedients for an entity's ongoing accounting. The Organization elected the short-term lease recognition exemption for all leases that qualify. This means, for those leases that qualify, the Organization will not recognize ROU assets or lease liabilities, and this includes not recognizing ROU assets or lease liabilities for existing short-term leases of those assets in transition. The Organization also elected the practical expedient to not separate lease and non-lease components for all of its leases. In addition, the Organization elected the practical expedient to utilize a risk-free discount rate. The Organization elected risk-free discount rates to be utilized for all of its leases.

(o) Certain amounts in the prior years' financial statements have been reclassified to conform to the current year's presentation.

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Note 2 – Cash and cash equivalents	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Petty cash	\$ 441	441	441	441	440
Checking accounts	3,680,030	3,360,970	4,752,929	4,037,013	945,258
Cash held on hand	64,447	1,001	976,031	-	-
Savings and money market accounts	2,701,998	1,030,576	-	-	-
Total Conference	6,446,916	4,392,988	5,729,401	4,037,454	945,698
Petty cash	300	300	300	300	300
Checking accounts	496,646	508,180	506,665	474,827	533,188
Savings and money market accounts	14,772	14,721	124,520	34,423	134,056
Total Korean Adventist Press	511,718	523,201	631,485	509,550	667,544
Less: cash held for agency	(576,919)	(510,171)	(539,842)	(283,871)	(256,333)
Total cash and cash equivalents	\$ 6,381,715	4,406,018	5,821,044	4,263,133	1,356,909

The Organization maintains its cash accounts primarily in two banks. The total cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank. The Organization held cash balances on deposit with banks at December 31, 2023, 2022, 2021, 2020, and 2019, which exceeded the balance insured by the FDIC by \$3,180,030, \$2,860,970, \$3,711,191, \$3,536,763, and \$1,077,221, respectively.

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 3 – Investments

	2023		
<u>Carrying amount and fair value</u>	Cost	Fair Value	Unrealized Appreciation (Decline)
<u>Investments held for operating</u>			
Certificates of deposit	\$ 38	38	-
Government bonds	122,722	114,901	(7,821)
Mutual funds	386,963	394,573	7,610
Denominational unitized funds	7,396,317	7,537,861	141,544
Total Conference	7,906,040	8,047,373	141,333
Denominational unitized funds	2,944,974	3,250,950	305,976
Total Korean Adventist Press	2,944,974	3,250,950	305,976
Total for operating purposes	\$ 10,851,014	11,298,323	447,309
The carrying amount is stated at fair value.			
<u>Cash and investments held for other than operating</u>			
<u>Cash and investments not held for split-interest agreements</u>			
Checking accounts	\$ 244,724	244,724	-
Denominational unitized funds	720,649	820,021	99,372
Corporate mortgage backed securities	3,974,403	3,680,964	(293,439)
Total Conference	4,939,776	4,745,709	(194,067)
Denominational unitized funds	732,866	825,450	92,584
Total Korean Adventist Press	732,866	825,450	92,584
Total cash and investments not held for split-interest agreements	5,672,642	5,571,159	(101,483)
<u>Cash and investments held for split-interest agreements</u>			
Checking accounts	252,710	252,710	-
Certificates of deposit	25,000	25,000	-
Money market accounts	354,941	354,941	-
Corporate bonds	90,355	83,795	(6,560)
Corporate stock funds	434,031	561,970	127,939
Corporate mortgage backed securities	2,447,681	2,447,681	-
Total Conference	3,604,718	3,726,097	121,379
Total cash and investments held for split-interest agreements	3,604,718	3,726,097	121,379
Total for other than operating purposes	\$ 9,277,360	9,297,256	19,896
The carrying amount is stated at fair value.			

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

Note 3 – Investments (continued)

<u>Carrying amount and fair value</u> <u>Investments held for operating</u>	2022		
	Cost	Fair Value	Unrealized Appreciation (Decline)
Certificates of deposit	\$ 38	38	-
Government bonds	117,273	105,745	(11,528)
Mutual funds	374,247	391,087	16,840
Denominational unitized funds	7,137,002	7,154,900	17,898
Total Conference	7,628,560	7,651,770	23,210
Denominational unitized funds	2,844,974	3,098,407	253,433
Total Korean Adventist Press	2,844,974	3,098,407	253,433
Total for operating purposes	\$ 10,473,534	10,750,177	276,643
The carrying amount is stated at fair value.			
<u>Cash and investments held for other than operating</u> <u>Cash and investments not held for split-interest agreements</u>			
Checking accounts	\$ 203,372	203,372	-
Denominational unitized funds	704,291	790,157	85,866
Corporate mortgage backed securities	3,410,708	3,414,146	3,438
Total Conference	4,318,371	4,407,675	89,304
Denominational unitized funds	751,699	830,046	78,347
Total Korean Adventist Press	751,699	830,046	78,347
Total cash and investments not held for split-interest agreements	5,070,070	5,237,721	167,651
<u>Cash and investments held for split-interest agreements</u>			
Checking accounts	470,079	470,079	-
Certificates of deposit	35,000	35,000	-
Money market accounts	167,331	167,331	-
Corporate bonds	100,807	91,536	(9,271)
Corporate stock funds	316,456	395,258	78,802
Corporate mortgage backed securities	1,459,523	1,460,237	714
Total Conference	2,549,196	2,619,441	70,245
Total cash and investments held for split-interest agreements	2,549,196	2,619,441	70,245
Total for other than operating purposes	\$ 7,619,266	7,857,162	237,896
The carrying amount is stated at fair value.			

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 3 – Investments (continued)

	2021		
<u>Carrying amount and fair value</u>	Cost	Fair Value	Unrealized Appreciation (Decline)
<u>Investments held for operating</u>			
Certificates of deposit	\$ 38	38	-
Government bonds	112,924	125,118	12,194
Mutual funds	352,250	415,701	63,451
Denominational unitized funds	3,045,600	3,114,273	68,673
Total Conference	3,510,812	3,655,130	144,318
Denominational unitized funds	2,644,974	2,936,378	291,404
Total Korean Adventist Press	2,644,974	2,936,378	291,404
Total for operating purposes	\$ 6,155,786	6,591,508	435,722
The carrying amount is stated at fair value.			
<u>Cash and investments held for other than operating</u>			
<u>Cash and investments not held for split-interest agreements</u>			
Checking accounts	\$ 279,055	279,055	-
Denominational unitized funds	683,809	779,499	95,690
Corporate mortgage backed securities	3,143,566	3,147,004	3,438
Total Conference	4,106,430	4,205,558	99,128
Denominational unitized funds	757,949	847,731	89,782
Total Korean Adventist Press	757,949	847,731	89,782
Total cash and investments not held for split-interest agreements	4,864,379	5,053,289	188,910
<u>Cash and investments held for split-interest agreements</u>			
Checking accounts	107,676	107,676	-
Certificates of deposit	50,000	50,000	-
Money market accounts	211,065	211,065	-
Corporate bonds	103,778	100,745	(3,033)
Corporate stock funds	311,580	539,242	227,662
Corporate mortgage backed securities	1,630,536	1,631,418	882
Total Conference	2,414,635	2,640,146	225,511
Total cash and investments held for split-interest agreements	2,414,635	2,640,146	225,511
Total for other than operating purposes	\$ 7,279,014	7,693,435	414,421
The carrying amount is stated at fair value.			

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
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Note 3 – Investments (continued)

	2020		
	Cost	Fair Value	Unrealized Appreciation (Decline)
<u>Carrying amount and fair value</u>			
<u>Investments held for operating</u>			
Certificates of deposit	\$ 38	38	-
Government bonds	107,161	123,510	16,349
Mutual funds	268,006	301,477	33,471
Denominational unitized funds	758,985	816,922	57,937
Total Conference	<u>1,134,190</u>	<u>1,241,947</u>	<u>107,757</u>
Certificates of deposit	215,347	215,347	-
Denominational unitized funds	2,344,974	2,600,477	255,503
Total Korean Adventist Press	<u>2,560,321</u>	<u>2,815,824</u>	<u>255,503</u>
Total for operating purposes	<u>\$ 3,694,511</u>	<u>4,057,771</u>	<u>363,260</u>
The carrying amount is stated at fair value.			
<u>Cash and investments held for other than operating</u>			
<u>Cash and investments not held for split-interest agreements</u>			
Checking accounts	\$ 146,066	146,066	-
Denominational unitized funds	677,116	762,706	85,590
Corporate mortgage backed securities	3,075,538	3,075,538	-
Total Conference	<u>3,898,720</u>	<u>3,984,310</u>	<u>85,590</u>
Certificates of deposit	70,775	70,775	-
Denominational unitized funds	647,018	726,566	79,548
Total Korean Adventist Press	<u>717,793</u>	<u>797,341</u>	<u>79,548</u>
Total cash and investments not held for split-interest agreements	<u>4,616,513</u>	<u>4,781,651</u>	<u>165,138</u>
<u>Cash and investments held for split-interest agreements</u>			
Checking accounts	49,238	49,238	-
Certificates of deposit	168,525	168,525	-
Money market accounts	276,696	276,696	-
Corporate bonds	110,462	109,817	(645)
Corporate stock funds	479,282	657,364	178,082
Corporate mortgage backed securities	1,823,043	1,823,958	915
Total Conference	<u>2,907,246</u>	<u>3,085,598</u>	<u>178,352</u>
Total cash and investments held for split-interest agreements	<u>2,907,246</u>	<u>3,085,598</u>	<u>178,352</u>
Total for other than operating purposes	<u>\$ 7,523,759</u>	<u>7,867,249</u>	<u>343,490</u>
The carrying amount is stated at fair value.			

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

Note 3 – Investments (continued)

	2019		
	Cost	Fair Value	Unrealized Appreciation (Decline)
<u>Carrying amount and fair value</u>			
<u>Investments held for operating</u>			
Certificates of deposit	\$ 38	38	-
Government bonds	102,984	114,415	11,431
Mutual funds	258,581	287,227	28,646
Denominational unitized funds	874,828	917,737	42,909
Total Conference	<u>1,236,431</u>	<u>1,319,417</u>	<u>82,986</u>
Certificates of deposit	210,492	210,492	-
Denominational unitized funds	1,994,974	2,209,107	214,133
Total Korean Adventist Press	<u>2,205,466</u>	<u>2,419,599</u>	<u>214,133</u>
Total for operating purposes	<u>\$ 3,441,897</u>	<u>3,739,016</u>	<u>297,119</u>
The carrying amount is stated at fair value.			
<u>Cash and investments held for other than operating</u>			
<u>Cash and investments not held for split-interest agreements</u>			
Checking accounts	\$ 110,896	110,896	-
Denominational unitized funds	677,677	750,056	72,379
Corporate mortgage backed securities	2,457,409	2,457,409	-
Total Conference	<u>3,245,982</u>	<u>3,318,361</u>	<u>72,379</u>
Certificates of deposit	69,179	69,179	-
Denominational unitized funds	658,590	725,525	66,935
Total Korean Adventist Press	<u>727,769</u>	<u>794,704</u>	<u>66,935</u>
Total cash and investments not held for split-interest agreements	<u>3,973,751</u>	<u>4,113,065</u>	<u>139,314</u>
<u>Cash and investments held for split-interest agreements</u>			
Checking accounts	588,675	588,675	-
Certificates of deposit	128,047	128,047	-
Money market accounts	537,163	537,163	-
Corporate bonds	10,894	13,183	2,289
Corporate stock funds	327,398	734,243	406,845
Corporate mortgage backed securities	3,814,702	3,839,579	24,877
Total Conference	<u>5,406,879</u>	<u>5,840,890</u>	<u>434,011</u>
Total cash and investments held for split-interest agreements	<u>5,406,879</u>	<u>5,840,890</u>	<u>434,011</u>
Total for other than operating purposes	<u>\$ 9,380,630</u>	<u>9,953,955</u>	<u>573,325</u>
The carrying amount is stated at fair value.			

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

Note 3 – Investments (continued)

<u>Composition of investment return</u>	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Investment income	\$ 657,214	717,542	352,534	274,995	211,835
Realized gain (loss) on sale of investments	368,185	35,136	84,033	283,612	47,709
Unrealized gain (loss) in market value of investments	478,844	(1,769,868)	(786,658)	(133,639)	90,081
Net gain (loss) on investments	847,029	(1,734,732)	(702,625)	149,973	137,790
Total investment return	\$ 1,504,243	(1,017,190)	(350,091)	424,968	349,625

The market value of securities and investments changes based on economic conditions.

The Organization's investment strategy places all its investments (except loans receivable and debt securities that qualify as "held to maturity") in a class in which accounting standards require the value to be fair value. The Organization is subject to accounting principles that require disclosure about the information used to determine fair values of assets and liabilities that are subject to fair value accounting on either a recurring or non-recurring basis. This information is separated into three "levels" of input, as follows:

Level 1: observable quoted market prices in active markets for identical assets or liabilities.

Level 2: direct or indirect observable market data, such as quoted prices in inactive markets for identical assets and liabilities, quoted prices in active markets for similar assets or liabilities, and other observable market data correlated to identical or similar assets or liabilities.

Level 3: unobservable inputs and assumptions based on judgement and the best information available.

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

	2023		
	Level 1	Level 2	Level 3
Government bonds, corporate stock, mutual funds	\$ -	4,752,408	-
Denominational unitized funds	-	12,434,282	-
Total	\$ -	17,186,690	-
	2022		
	Level 1	Level 2	Level 3
Government bonds, corporate stock, mutual funds	\$ -	4,306,236	-
Denominational unitized funds	-	11,873,510	-
Total	\$ -	16,179,746	-
	2021		
	Level 1	Level 2	Level 3
Government bonds, corporate stock, mutual funds	\$ -	4,227,065	-
Denominational unitized funds	-	7,677,881	-
Total	\$ -	11,904,946	-
	2020		
	Level 1	Level 2	Level 3
Government bonds, corporate stock, mutual funds	\$ -	4,157,889	-
Denominational unitized funds	-	4,906,671	-
Total	\$ -	9,064,560	-
	2019		
	Level 1	Level 2	Level 3
Government bonds, corporate stock, mutual funds	\$ -	3,593,294	-
Denominational unitized funds	-	4,602,425	-
Total	\$ -	8,195,719	-

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 4 – Accounts receivable

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Current</u>					
Church remittances	\$ 6,254,034	6,465,727	5,124,185	5,398,367	5,299,136
Churches and schools - miscellaneous	2,521,099	1,689,573	1,662,751	1,533,647	1,463,622
Auxiliary payroll - churches and schools	481,660	232,084	555,410	475,400	509,394
Pacific Union Conference	40,007	39,689	227,748	364,906	-
Customers	199,171	144,436	273,196	262,821	317,945
Other	723,073	663,623	525,541	594,325	673,323
Total accounts receivable - current	10,219,044	9,235,132	8,368,831	8,629,466	8,263,420
Less: allowances for uncollectable accounts	(670,577)	(670,577)	(1,069,130)	(952,053)	(966,769)
Total Conference, net	9,548,467	8,564,555	7,299,701	7,677,413	7,296,651
Korean Adventist Press, net	122,506	105,374	88,039	108,877	131,126
Net accounts receivable - current	9,670,973	8,669,929	7,387,740	7,786,290	7,427,777
<u>Non-current</u>					
Long-term accounts receivable	3,480,977	3,888,909	3,628,646	3,516,681	3,327,909
Less: allowances for uncollectable accounts	(1,138,724)	(1,138,724)	-	-	-
Net accounts receivable - non-current	2,342,253	2,750,185	3,628,646	3,516,681	3,327,909
Total accounts receivable	\$ 12,013,226	11,420,114	11,016,386	11,302,971	10,755,686

Note 5 – Notes receivable

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Operating fund</u>					
<u>Notes receivable</u>					
Employees	\$ -	-	385	1,811	3,157
Net notes receivable - operating	\$ -	-	385	1,811	3,157

Note 6 – Inventories

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Books	\$ 142,328	122,554	83,815	66,499	75,060
Food products	6,268	7,798	7,798	52,647	69,618
Other	44,565	43,195	51,111	70,453	25,851
Office and departmental supplies	72,235	84,462	67,164	87,143	81,519
Total Conference	265,396	258,009	209,888	276,742	252,048
Korean Adventist Press	116,123	132,050	106,080	115,279	118,304
Total inventories	\$ 381,519	390,059	315,968	392,021	370,352

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 7 – Land, buildings, and equipment (continued)

	2019			
	Cost	Accumulated Depreciation	Net Value	Depreciation Expense
<u>Conference</u>				
Land	\$ 2,004,789	-	2,004,789	-
Land improvements (lives of 10 to 15 years)	862,150	715,498	146,652	14,722
Buildings (lives of 20 to 75 years)	11,910,479	11,668,659	241,820	5,057
Equipment (lives of 3 to 10 years)	817,776	725,293	92,483	14,379
Vehicles	196,111	196,111	-	-
Total Conference use	<u>15,791,305</u>	<u>13,305,561</u>	<u>2,485,744</u>	<u>34,158</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	23,720,256	-
Land improvements (lives of 10 to 15 years)	1,497,668	871,682	625,986	-
Buildings (lives of 20 to 75 years)	74,993,088	54,054,785	20,938,303	875,112
Vehicles	1,175,315	1,175,315	-	-
Total affiliated entities use	<u>101,386,327</u>	<u>56,101,782</u>	<u>45,284,545</u>	<u>875,112</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	390,000	-
Buildings (lives of 20 to 25 years)	210,000	193,654	16,346	8,174
Building improvements (lives of 15 to 20 years)	163,611	163,611	-	-
Equipment (lives of 3 to 5 years)	87,679	87,505	174	523
Vehicles (lives of 3 to 5 years)	30,515	30,515	-	-
Total Korean Adventist Press	<u>881,805</u>	<u>475,285</u>	<u>406,520</u>	<u>8,697</u>
Total land, buildings, and equipment, net	<u>\$ 118,059,437</u>	<u>69,882,628</u>	<u>48,176,809</u>	<u>917,967</u>
<u>Change in cost</u>	2022			2023
<u>Conference</u>	Cost	Additions	Deletions	Cost
Land	\$ 2,004,789	-	-	2,004,789
Land improvements	890,290	-	-	890,290
Buildings	11,910,479	-	-	11,910,479
Equipment	886,369	12,757	-	899,126
Vehicles	196,111	-	41,580	154,531
Total Conference use	<u>15,888,038</u>	<u>12,757</u>	<u>41,580</u>	<u>15,859,215</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	-	23,720,256
Land improvements	2,129,173	105,700	-	2,234,873
Buildings	76,268,881	694,235	-	76,963,116
Vehicles	1,175,315	40,000	-	1,215,315
Total affiliated entities use	<u>103,293,625</u>	<u>839,935</u>	<u>-</u>	<u>104,133,560</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	-	390,000
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	-	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>881,805</u>	<u>-</u>	<u>-</u>	<u>881,805</u>
Total change in cost	<u>\$ 120,063,468</u>	<u>852,692</u>	<u>41,580</u>	<u>120,874,580</u>

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
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Note 7 – Land, buildings, and equipment (continued)

<u>Change in cost</u> <u>Conference</u>	2021 Cost	Additions	Deletions	2022 Cost
Land	\$ 2,004,789	-	-	2,004,789
Land improvements	890,290	-	-	890,290
Buildings	11,910,479	-	-	11,910,479
Equipment	880,456	5,913	-	886,369
Vehicles	196,111	-	-	196,111
Total Conference use	<u>15,882,125</u>	<u>5,913</u>	<u>-</u>	<u>15,888,038</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	-	23,720,256
Land improvements	1,978,118	151,055	-	2,129,173
Buildings	75,709,941	558,940	-	76,268,881
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>102,583,630</u>	<u>709,995</u>	<u>-</u>	<u>103,293,625</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	-	390,000
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	-	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>881,805</u>	<u>-</u>	<u>-</u>	<u>881,805</u>
Total change in cost	<u>\$ 119,347,560</u>	<u>715,908</u>	<u>-</u>	<u>120,063,468</u>
<u>Change in cost</u> <u>Conference</u>				
	2020 Cost	Additions	Deletions	2021 Cost
Land	\$ 2,004,789	-	-	2,004,789
Land improvements	890,290	-	-	890,290
Buildings	11,910,479	-	-	11,910,479
Equipment	837,661	42,795	-	880,456
Vehicles	196,111	-	-	196,111
Total Conference use	<u>15,839,330</u>	<u>42,795</u>	<u>-</u>	<u>15,882,125</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	-	23,720,256
Land improvements	1,978,118	-	-	1,978,118
Buildings	75,633,964	75,978	1	75,709,941
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>102,507,653</u>	<u>75,978</u>	<u>1</u>	<u>102,583,630</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	-	390,000
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	-	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>881,805</u>	<u>-</u>	<u>-</u>	<u>881,805</u>
Total change in cost	<u>\$ 119,228,788</u>	<u>118,773</u>	<u>1</u>	<u>119,347,560</u>

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Notes to Consolidated Financial Statements
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Note 7 – Land, buildings, and equipment (continued)

<u>Change in cost</u> <u>Conference</u>	2019 Cost	Additions	Deletions	2020 Cost
Land	\$ 2,004,789	-	-	2,004,789
Land improvements	862,150	28,140	-	890,290
Buildings	11,910,479	-	-	11,910,479
Equipment	817,776	19,885	-	837,661
Vehicles	196,111	-	-	196,111
Total Conference use	<u>15,791,305</u>	<u>48,025</u>	<u>-</u>	<u>15,839,330</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	-	23,720,256
Land improvements	1,497,668	480,450	-	1,978,118
Buildings	74,993,088	640,876	-	75,633,964
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>101,386,327</u>	<u>1,121,326</u>	<u>-</u>	<u>102,507,653</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	-	390,000
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	-	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>881,805</u>	<u>-</u>	<u>-</u>	<u>881,805</u>
Total change in cost	<u>\$ 118,059,437</u>	<u>1,169,351</u>	<u>-</u>	<u>119,228,788</u>
<u>Change in cost</u> <u>Conference</u>	2018 Cost	Additions	Deletions	2019 Cost
Land	\$ 2,004,789	-	-	2,004,789
Land improvements	862,150	-	-	862,150
Buildings	11,716,079	194,400	-	11,910,479
Construction in progress	194,400	-	194,400	-
Equipment	792,300	25,476	-	817,776
Vehicles	196,111	-	-	196,111
Total Conference use	<u>15,765,829</u>	<u>219,876</u>	<u>194,400</u>	<u>15,791,305</u>
<u>Affiliated entities</u>				
Land	23,720,256	-	-	23,720,256
Land improvements	871,682	625,986	-	1,497,668
Buildings	71,097,944	3,895,144	-	74,993,088
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>96,865,197</u>	<u>4,521,130</u>	<u>-</u>	<u>101,386,327</u>
<u>Korean Adventist Press</u>				
Land	390,000	-	-	390,000
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	-	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>881,805</u>	<u>-</u>	<u>-</u>	<u>881,805</u>
Total change in cost	<u>\$ 113,512,831</u>	<u>4,741,006</u>	<u>194,400</u>	<u>118,059,437</u>

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

Note 7 – Land, buildings, and equipment (continued)

	2022			2023
<u>Changes in accumulated depreciation</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference</u>	Depreciation			Depreciation
Land improvements	\$ 782,240	11,028	-	793,268
Buildings	11,698,614	9,373	-	11,707,987
Equipment	784,850	31,452	-	816,302
Vehicles	196,111	-	41,580	154,531
Total Conference use	<u>13,461,815</u>	<u>51,853</u>	<u>41,580</u>	<u>13,472,088</u>
<u>Affiliated entities</u>				
Land improvements	967,394	65,546	-	1,032,940
Buildings	57,124,002	1,057,974	-	58,181,976
Vehicles	1,175,315	5,567	-	1,180,882
Total affiliated entities use	<u>59,266,711</u>	<u>1,129,087</u>	<u>-</u>	<u>60,395,798</u>
<u>Korean Adventist Press</u>				
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	88,028	-	-	88,028
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>492,154</u>	<u>-</u>	<u>-</u>	<u>492,154</u>
Total changes in accumulated depreciation	<u>\$ 73,220,680</u>	<u>1,180,940</u>	<u>41,580</u>	<u>74,360,040</u>
<u>Changes in accumulated depreciation</u>	2021			2022
<u>Conference</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference</u>	Depreciation			Depreciation
Land improvements	\$ 743,181	39,059	-	782,240
Buildings	11,688,049	10,565	-	11,698,614
Equipment	763,252	21,598	-	784,850
Vehicles	196,111	-	-	196,111
Total Conference use	<u>13,390,593</u>	<u>71,222</u>	<u>-</u>	<u>13,461,815</u>
<u>Affiliated entities</u>				
Land improvements	917,510	49,884	-	967,394
Buildings	56,074,455	1,049,547	-	57,124,002
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>58,167,280</u>	<u>1,099,431</u>	<u>-</u>	<u>59,266,711</u>
<u>Korean Adventist Press</u>				
Buildings	210,000	-	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,853	175	-	88,028
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>491,979</u>	<u>175</u>	<u>-</u>	<u>492,154</u>
Total changes in accumulated depreciation	<u>\$ 72,049,852</u>	<u>1,170,828</u>	<u>-</u>	<u>73,220,680</u>

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
Notes to Consolidated Financial Statements
For the years ended December 31, 2023, 2022, 2021, 2020, and 2019

Note 7 – Land, buildings, and equipment (continued)

	2020			2021
<u>Changes in accumulated depreciation</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference</u>	Depreciation			Depreciation
Land improvements	\$ 730,613	15,628	3,060	743,181
Buildings	11,676,323	11,726	-	11,688,049
Equipment	743,173	20,079	-	763,252
Vehicles	196,111	-	-	196,111
Total Conference use	<u>13,346,220</u>	<u>47,433</u>	<u>3,060</u>	<u>13,390,593</u>
<u>Affiliated entities</u>				
Land improvements	873,773	40,157	(3,580)	917,510
Buildings	55,053,716	1,020,964	225	56,074,455
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>57,102,804</u>	<u>1,061,121</u>	<u>(3,355)</u>	<u>58,167,280</u>
<u>Korean Adventist Press</u>				
Buildings	201,828	8,172	-	210,000
Building improvements	163,611	-	-	163,611
Equipment	87,679	174	-	87,853
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>483,633</u>	<u>8,346</u>	<u>-</u>	<u>491,979</u>
Total changes in accumulated depreciation	<u>\$ 70,932,657</u>	<u>1,116,900</u>	<u>(295)</u>	<u>72,049,852</u>
<u>Changes in accumulated depreciation</u>	2019			2020
<u>Conference</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference</u>	Depreciation			Depreciation
Land improvements	\$ 715,498	15,115	-	730,613
Buildings	11,668,659	7,664	-	11,676,323
Equipment	725,293	17,880	-	743,173
Vehicles	196,111	-	-	196,111
Total Conference use	<u>13,305,561</u>	<u>40,659</u>	<u>-</u>	<u>13,346,220</u>
<u>Affiliated entities</u>				
Land improvements	871,682	2,091	-	873,773
Buildings	54,054,785	998,931	-	55,053,716
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>56,101,782</u>	<u>1,001,022</u>	<u>-</u>	<u>57,102,804</u>
<u>Korean Adventist Press</u>				
Buildings	193,654	8,174	-	201,828
Building improvements	163,611	-	-	163,611
Equipment	87,505	174	-	87,679
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>475,285</u>	<u>8,348</u>	<u>-</u>	<u>483,633</u>
Total changes in accumulated depreciation	<u>\$ 69,882,628</u>	<u>1,050,029</u>	<u>-</u>	<u>70,932,657</u>

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Note 7 – Land, buildings, and equipment (continued)

	2018			2019
<u>Changes in accumulated depreciation</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference</u>	Depreciation			Depreciation
Land improvements	\$ 700,776	14,722	-	715,498
Buildings	11,663,602	5,057	-	11,668,659
Equipment	710,914	14,379	-	725,293
Vehicles	196,111	-	-	196,111
Total Conference use	<u>13,271,403</u>	<u>34,158</u>	<u>-</u>	<u>13,305,561</u>
<u>Affiliated entities</u>				
Land improvements	871,682	-	-	871,682
Buildings	53,179,673	875,112	-	54,054,785
Vehicles	1,175,315	-	-	1,175,315
Total affiliated entities use	<u>55,226,670</u>	<u>875,112</u>	<u>-</u>	<u>56,101,782</u>
<u>Korean Adventist Press</u>				
Buildings	185,480	8,174	-	193,654
Building improvements	163,611	-	-	163,611
Equipment	86,982	523	-	87,505
Vehicles	30,515	-	-	30,515
Total Korean Adventist Press	<u>466,588</u>	<u>8,697</u>	<u>-</u>	<u>475,285</u>
Total changes in accumulated depreciation	<u>\$ 68,964,661</u>	<u>917,967</u>	<u>-</u>	<u>69,882,628</u>

Note 8 – Right-of-use assets

	2023			
<u>Conference use</u>	Cost	Accumulated	Net Value	Amortization
Right-of-use assets - finance lease	Amortization			Expense
	\$ 72,179	39,445	32,734	24,450
Total right-of-use assets, net	<u>\$ 72,179</u>	<u>39,445</u>	<u>32,734</u>	<u>24,450</u>
	2022			
<u>Conference use</u>	Cost	Accumulated	Net Value	Amortization
Right-of-use assets - finance lease	Amortization			Expense
	\$ 72,179	14,995	57,184	4,970
Total right-of-use assets, net	<u>\$ 72,179</u>	<u>14,995</u>	<u>57,184</u>	<u>4,970</u>
	2021			
<u>Conference use</u>	Cost	Accumulated	Net Value	Amortization
Right-of-use assets - finance lease	Amortization			Expense
	\$ 72,179	10,025	62,154	39,841
Total right-of-use assets, net	<u>\$ 72,179</u>	<u>10,025</u>	<u>62,154</u>	<u>39,841</u>
	2020			
<u>Conference use</u>	Cost	Accumulated	Net Value	Amortization
Right-of-use assets - finance lease	Amortization			Expense
	\$ 149,079	114,293	34,786	29,815
Total right-of-use assets, net	<u>\$ 149,079</u>	<u>114,293</u>	<u>34,786</u>	<u>29,815</u>
	2019			
<u>Conference use</u>	Cost	Accumulated	Net Value	Amortization
Right-of-use assets - finance lease	Amortization			Expense
	\$ 149,079	84,478	64,601	29,816
Total right-of-use assets, net	<u>\$ 149,079</u>	<u>84,478</u>	<u>64,601</u>	<u>29,816</u>

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Note 8 – Right-of-use assets (continued)

<u>Change in cost</u> <u>Conference use</u>	2022 Cost	Additions	Deletions	2023 Cost
Right-of-use assets - finance lease	\$ 72,179	-	-	72,179
Total change in cost	<u>\$ 72,179</u>	<u>-</u>	<u>-</u>	<u>72,179</u>

<u>Change in cost</u> <u>Conference use</u>	2021 Cost	Additions	Deletions	2022 Cost
Right-of-use assets - finance lease	\$ 72,179	-	-	72,179
Total change in cost	<u>\$ 72,179</u>	<u>-</u>	<u>-</u>	<u>72,179</u>

<u>Change in cost</u> <u>Conference use</u>	2020 Cost	Additions	Deletions	2021 Cost
Right-of-use assets - finance lease	\$ 149,079	72,179	149,079	72,179
Total change in cost	<u>\$ 149,079</u>	<u>72,179</u>	<u>149,079</u>	<u>72,179</u>

<u>Change in cost</u> <u>Conference use</u>	2019 Cost	Additions	Deletions	2020 Cost
Right-of-use assets - finance lease	\$ 149,079	-	-	149,079
Total change in cost	<u>\$ 149,079</u>	<u>-</u>	<u>-</u>	<u>149,079</u>

<u>Change in cost</u> <u>Conference use</u>	2018 Cost	Additions	Deletions	2019 Cost
Right-of-use assets - finance lease	\$ 149,079	-	-	149,079
Total change in cost	<u>\$ 149,079</u>	<u>-</u>	<u>-</u>	<u>149,079</u>

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Note 8 – Right-of-use assets (continued)

	2022			2023
<u>Changes in accumulated amortization</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference use</u>	Amortization			Amortization
Right-of-use assets - finance lease	\$ 14,995	24,450	-	39,445
Total accumulated amortization	<u>\$ 14,995</u>	<u>24,450</u>	<u>-</u>	<u>39,445</u>
	2021			2022
<u>Changes in accumulated amortization</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference use</u>	Amortization			Amortization
Right-of-use assets - finance lease	\$ 10,025	4,970	-	14,995
Total accumulated amortization	<u>\$ 10,025</u>	<u>4,970</u>	<u>-</u>	<u>14,995</u>
	2020			2021
<u>Changes in accumulated amortization</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference use</u>	Amortization			Amortization
Right-of-use assets - finance lease	\$ 114,293	39,841	144,109	10,025
Total accumulated amortization	<u>\$ 114,293</u>	<u>39,841</u>	<u>144,109</u>	<u>10,025</u>
	2019			2020
<u>Changes in accumulated amortization</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference use</u>	Amortization			Amortization
Right-of-use assets - finance lease	\$ 84,478	29,815	-	114,293
Total accumulated amortization	<u>\$ 84,478</u>	<u>29,815</u>	<u>-</u>	<u>114,293</u>
	2018			2019
<u>Changes in accumulated amortization</u>	Accumulated	Additions	Deletions	Accumulated
<u>Conference use</u>	Amortization			Amortization
Right-of-use assets - finance lease	\$ 54,662	29,816	-	84,478
Total accumulated amortization	<u>\$ 54,662</u>	<u>29,816</u>	<u>-</u>	<u>84,478</u>

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Note 9 – Investments in partnerships and LLCs

Consolidated

Conference Education, Inc. (CEDU) is a for-profit California corporation which is a wholly owned subsidiary of the Conference. CEDU was formed to operate as a holding company for real estate which is to be developed in Newbury Park, California. The entity is governed by a separate board of directors whose members include officers of the Conference.

Korean Adventist Press (KAP) is operated by the Conference, and whose members include other officers of the Conference. Its purpose is to provide and disseminate Korean language Christian literature. Most of KAP's dealings are with the Korean language congregations of NAD and with the Conference itself.

Equity method

Investments in common stock and membership certificates representing 20% to 50% ownership, in limited liabilities partnerships are reflected at fair market plus equity in the undistributed net earnings (losses) since acquisition, under the equity method. Minority interests in common stock of non-publicly traded companies and partnerships are reflected at original fair market value plus accumulated earnings and losses.

Conference Retirement, Inc. (CRET) was formed by the Conference and Colson & Colson Construction Company for the purpose of constructing and operating a retirement home facility. The Conference has 40% general partnership interest in Glendale Retirement Residence, LP.

Investments consist of the following at December 31, 2023, 2022, 2021, 2020, and 2019:

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
CRET	\$ 1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Investment offset	(1,005,158)	(983,075)	(986,275)	(1,063,910)	(1,189,958)
Total investment	<u>\$ 494,842</u>	<u>516,925</u>	<u>513,725</u>	<u>436,090</u>	<u>310,042</u>

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Note 10 – Investments in real estate	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Korean Adventist Press	\$ 2,900	11,450	12,250	32,400	32,400
Total investments in real estate	<u>\$ 2,900</u>	<u>11,450</u>	<u>12,250</u>	<u>32,400</u>	<u>32,400</u>

Note 11 – Assets held in trust	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Academy land	\$ 918,372	918,372	918,372	918,372	918,372
Academy land improvements	2,089,454	2,089,454	2,072,194	2,072,194	2,072,194
Academy buildings	14,895,486	14,895,486	14,885,354	14,920,354	14,920,354
Academy building improvements	3,212,675	3,212,675	3,212,675	3,212,675	3,212,675
Less: accumulated depreciation	<u>(15,944,095)</u>	<u>(15,584,624)</u>	<u>(15,176,493)</u>	<u>(14,820,667)</u>	<u>(14,075,116)</u>
Net value of academy property held in trust	5,171,891	5,531,363	5,912,102	6,302,928	7,048,479
Annuity fund assets	57,973	57,973	57,973	47,809	39,179
Unconditional irrevocable trust assets	<u>1,351,615</u>	<u>347,728</u>	<u>25,001</u>	<u>25,002</u>	<u>25,001</u>
Total assets held in trust	<u>\$ 6,581,479</u>	<u>5,937,064</u>	<u>5,995,076</u>	<u>6,375,739</u>	<u>7,112,659</u>

Note 12 – Accounts payable	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
PUC	\$ 2,673,672	2,446,264	1,971,198	2,100,872	2,496,900
NAD	3,668	1,640	4,011	-	-
Western Adventist Foundation	19,337	(14,391)	8,321	-	-
Payroll withholdings	213,762	475,337	663,218	1,036,387	911,160
Accrued wages and vacation	2,147,936	1,923,526	1,812,701	1,834,162	1,786,969
Accrued retirement allowance	551,640	485,740	241,997	241,996	281,150
Commercial payable	1,216,146	160,269	76,556	98,338	52,158
Property taxes	340,048	300,763	342,866	339,678	334,460
Other	<u>2,225,420</u>	<u>506,016</u>	<u>509,800</u>	<u>444,224</u>	<u>521,906</u>
Total Conference	9,391,629	6,285,164	5,630,668	6,095,657	6,384,703
Korean Adventist Press	<u>39,712</u>	<u>66,257</u>	<u>62,964</u>	<u>50,020</u>	<u>27,525</u>
Total accounts payable	<u>\$ 9,431,341</u>	<u>6,351,421</u>	<u>5,693,632</u>	<u>6,145,677</u>	<u>6,412,228</u>

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Note 13 – Notes and mortgages payable

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Operating fund</u>					
Bank of America, under the terms and conditions of the Small Business Administration program; total unforgiven balance due May 25, 2022; interest at 1.0% on the outstanding principal balance; unsecured	\$ -	-	-	3,361,029	-
Total notes and mortgages payable - operating fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,361,029</u>	<u>-</u>
<u>Other than operating funds</u>					
<u>Newbury Park Development fund</u>					
PUC line of credit (Note 14); \$16,000,000 maximum principal borrowings; due June 30, 2024; at 1.5% interest; secured by deed of trust	14,105,854	14,105,854	14,105,854	14,105,854	13,605,854
Total notes and mortgages payable - Newbury Park Development fund	<u>14,105,854</u>	<u>14,105,854</u>	<u>14,105,854</u>	<u>14,105,854</u>	<u>13,605,854</u>
<u>Plant fund</u>					
PUC; \$352,307 at a variable interest rate; due March 14, 2031; monthly payments of \$3,025; secured by deed of trust	2,222	213,124	236,264	258,878	279,920
PUC; \$345,000 at a variable interest rate; due March 6, 2024; monthly payments of \$2,230; secured by deed of trust	1,766	217,489	234,450	250,920	265,948
Xerox Financial Services; 3.5% interest; 60 monthly payments of \$2,712	14,720	39,170	62,663	18,765	50,055
Total notes and mortgages payable - plant fund	<u>18,708</u>	<u>469,783</u>	<u>533,377</u>	<u>528,563</u>	<u>595,923</u>
Total notes and mortgages payable	<u><u>14,124,562</u></u>	<u><u>14,575,637</u></u>	<u><u>14,639,231</u></u>	<u><u>17,995,446</u></u>	<u><u>14,201,777</u></u>

Amounts due on principal during the next five years are as follows:

	Newbury Park Development Fund	Plant Fund	Total
2024 \$	-	18,708	18,708
2025	14,105,854	-	14,105,854
2026	-	-	-
2027	-	-	-
2028	-	-	-
Total \$	<u>14,105,854</u>	<u>18,708</u>	<u>14,124,562</u>

Note 14 – Lines of credit

The Organization maintained two lines of credit with the PUC. Maximum principal borrowing is \$16,000,000, secured by deed of trust and is due June 30, 2024. The balance on the line of credit, principal and deferred interest, is \$14,105,854, \$14,105,854, \$14,105,854, \$14,105,854, and \$13,605,854 at December 31, 2023, 2022, 2021, 2020, and 2019, respectively, with interest at 1.5%. Maximum borrowing on the second line of credit is \$1,100,000, unsecured and is due June 30, 2024. The balance on the line of credit is \$0, \$0, \$0, \$0, and \$0 at December 31, 2023, 2022, 2021, 2020, and 2019, respectively, with a variable interest rate.

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Note 15 – Agency accounts

<u>Operating</u>	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Conference - miscellaneous mission project and other trust funds	\$ 271,639	207,021	236,112	229,508	199,970
Korean Adventist Press	1,130,730	1,133,747	1,152,011	1,137,152	1,079,710
Total agency accounts	\$ 1,402,369	1,340,768	1,388,123	1,366,660	1,279,680

Note 16 – Net assets with temporary donor restrictions

Net assets with temporary donor restrictions are available for the following purposes or periods:	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Conference</u>					
<u>Operating purposes</u>					
Advance	\$ 165,784	90,380	32,358	(3,062)	2,914
Cedar Falls	952	-	-	-	-
Cedar Falls - development	56,072	56,072	56,072	55,827	55,142
Church services rendered	-	-	-	-	18,974
Communication and PR administration	46,551	20,250	-	-	-
Disaster relief	469,317	426,233	216,796	186,312	134,653
Education operating	-	1,617	1	1	-
Evangelism - Asian	114,388	91,503	80,515	69,341	31,769
Evangelism - greater LA	69,394	90,253	86,396	42,726	-
Evangelism - Hispanic	424,152	410,671	360,489	205,990	72,601
Evangelism - LA metro	109,267	102,186	102,359	62,696	27,804
Evangelism - West	210,891	208,465	209,900	190,645	149,478
Field and general workers	44,953	20,000	20,000	-	-
Field seminary	12,784	(3,093)	(1)	-	-
General evangelism	1,637,533	1,552,078	1,014,751	890,994	757,949
Health programs	911	142	7	-	790
Ingathering	227,982	215,099	204,038	192,506	181,053
Inner city	7,310	-	-	-	-
Miscellaneous - education building and equipment	327,602	292,825	284,622	226,468	167,698
Planned Giving/Trust Service	396,171	396,171	1,101,031	125,000	125,000
Prayer ministry	3,107	419	419	419	419
Public campus ministry	1,311	-	-	-	-
Publishing and L.E. benefits	52,249	52,249	52,249	52,249	53,549
Region field - Asian Pacific	2,631	-	-	-	-
Regional ministries - Asian Pacific	75,652	77,820	22,727	7,297	-
Regional ministries - greater LA	394,401	321,363	209,853	72,301	4,341
Regional ministries - Hispanic	20,245	22,035	7,901	7,901	-
Regional ministries - LA metro	50	-	-	5,872	-
Scholarship - Asian Pacific	96,722	90,792	77,080	57,267	32,920
Scholarship - greater LA	142,670	114,738	91,866	57,396	41,966
Scholarship - Hispanic	145,150	112,746	90,404	74,294	30,043
Scholarship - LA metro	223,979	223,979	223,979	227,479	227,479
Senior youth / young adult	11,718	3,914	-	-	-
Treasury	(24,477)	-	-	-	-
Women's ministry - English	25,179	22,530	19,939	18,954	19,545
Women's ministry - Hispanic	3,501	1,781	-	-	-
Worthy student	8,203	22,407	8,485	10,579	14,297
Workers' compensation	80,535	129,629	136,318	164,458	164,458
Youth camps	25	-	-	-	-
Total net assets with temporary donor restrictions - operating purposes	5,584,865	5,167,254	4,710,554	3,001,910	2,314,842

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Note 16 – Net assets with temporary donor restrictions (continued)

	<u>2023</u> <u>Total</u>	<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>	<u>2019</u> <u>Total</u>
<u>Capital purposes</u>					
Church building capital	\$ 278,661	309,440	736,693	642,708	513,330
Church building capital - reversion	328,206	232,239	188,821	130,401	51,001
Total net assets with temporary donor restrictions - capital purposes	<u>606,867</u>	<u>541,679</u>	<u>925,514</u>	<u>773,109</u>	<u>564,331</u>
<u>Endowment purposes</u>					
Endowment	554,262	536,342	147,983	-	-
Total net assets with temporary donor restrictions - endowment purposes	<u>554,262</u>	<u>536,342</u>	<u>147,983</u>	<u>-</u>	<u>-</u>
<u>Property and trust purposes</u>					
Endowment	7,281	-	-	-	-
Total net assets with temporary donor restrictions - property and trust purposes	<u>7,281</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net assets with temporary donor restrictions - Conference	<u>6,753,275</u>	<u>6,245,275</u>	<u>5,784,051</u>	<u>3,775,019</u>	<u>2,879,173</u>
<u>Korean Adventist Press</u>					
Mission projects	8,405	8,405	8,407	8,405	8,405
Total net assets with temporary donor restrictions - Korean Adventist Press	<u>8,405</u>	<u>8,405</u>	<u>8,407</u>	<u>8,405</u>	<u>8,405</u>
Total net assets with temporary donor restrictions - operating	<u>6,761,680</u>	<u>6,253,680</u>	<u>5,792,458</u>	<u>3,783,424</u>	<u>2,887,578</u>
<u>Other funds</u>					
Unconditional irrevocable trust net assets with temporary donor restrictions	2,624,312	2,308,070	2,369,063	2,201,128	1,815,541
Total net assets with temporary donor restrictions	<u>\$ 9,385,992</u>	<u>8,561,750</u>	<u>8,161,521</u>	<u>5,984,552</u>	<u>4,703,119</u>

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Note 17 – Nonoperating activity

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Investment income	\$ 873,622	347,632	103,465	58,319	107,938
Insurance proceeds	494,423	48,723	188,411	72,397	165,419
Other income	-	234,333	655,722	724,208	458,182
Nonoperating revenue	<u>\$ 1,368,045</u>	<u>630,688</u>	<u>947,598</u>	<u>854,924</u>	<u>731,539</u>
Assets - real estate held in trust	\$ 105,230	244,727	-	-	-
Donated land, buildings, and equipment	839,935	709,994	75,978	1,121,323	4,521,128
Contributed nonfinancial assets	<u>\$ 945,165</u>	<u>954,721</u>	<u>75,978</u>	<u>1,121,323</u>	<u>4,521,128</u>
Interest paid on external borrowing	\$ (198,470)	(211,985)	(211,889)	(148,975)	(254,687)
Depreciation on church and school properties	(1,129,087)	(1,099,431)	(1,064,159)	(1,006,662)	(875,112)
Irrevocable split-interest agreements deductions	(332,461)	(216,720)	(513,483)	(2,364,841)	(1,767,844)
Payments to residual beneficiaries	(304,630)	(687,800)	(34,871)	-	-
Other expense	(509,473)	(281,395)	(1,837,865)	(1,833,373)	(2,900,515)
Nonoperating expense	<u>\$ (2,474,121)</u>	<u>(2,497,331)</u>	<u>(3,662,267)</u>	<u>(5,353,851)</u>	<u>(5,798,158)</u>
Net gain (loss) on sale of assets	\$ 289,176	-	10,297	27,029	35,000
Unrealized gain (loss) on investments	426,301	(1,769,867)	(833,038)	(31,191)	(12,589)
Net nonoperating gains and losses	<u>\$ 715,477</u>	<u>(1,769,867)</u>	<u>(822,741)</u>	<u>(4,162)</u>	<u>22,411</u>
Unexpended plant resources spent	\$ (13,128)	(40,101)	(39,084)	(36,070)	(33,498)
Purchases added to net invested in plant	13,128	40,101	39,084	36,070	33,498
Net transfers between funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Note 18 – Change in annuities

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Changes in gift portion - annuity fund</u>					
Interest income on annuity assets	\$ 1,254	1,548	1,528	8,584	10,960
Investment expense	1,037	705	(1,919)	(1,789)	(3,125)
Actuarial adjustment from (to) present value	1,790	1,790	47,849	5,900	9,171
Required payments to annuitants and expenses	(22,628)	(22,628)	(23,261)	(30,228)	(31,371)
Net adjustment to value of annuities	(18,547)	(18,585)	24,197	(17,533)	(14,365)
Realized gain (loss) on sale of investments	-	-	15,401	18,400	7,268
Unrealized gain (loss) in value of investments	3,064	(6,141)	(43,744)	(8,377)	6,082
Distributions from matured annuities	-	-	(93,756)	-	(104,523)
Increase (decrease) for the year	(15,483)	(24,726)	(97,902)	(7,510)	(105,538)
Net assets, beginning	(5,289)	19,437	117,339	124,849	230,387
Net assets, ending	<u>\$ (20,772)</u>	<u>(5,289)</u>	<u>19,437</u>	<u>117,339</u>	<u>124,849</u>
<u>Changes in liabilities to annuitants</u>					
Present value of liability, beginning	\$ 66,285	68,075	115,924	121,824	130,995
Actuarial adjustments (including maturities)	(1,790)	(1,790)	(47,849)	(5,900)	(9,171)
Present value of liability, ending	<u>\$ 64,495</u>	<u>66,285</u>	<u>68,075</u>	<u>115,924</u>	<u>121,824</u>

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 19 – Contingencies and commitments

Pledging of assets and loan guarantees

The Organization has pledged their assets as collateral for loans made by the PUC Church and School Loan Fund and the PUC Income Fund to various churches, schools, and organizations in their territory. The balances on these loans were \$11,140,957, \$11,309,808, \$11,666,327, \$12,101,871, and \$12,522,781 at December 31, 2023, 2022, 2021, 2020, and 2019, respectively. Additionally, the Organization has guaranteed certain unsecured loans of churches and schools to PUC Church and School Loan Fund. Principal and interest payments on these loans are scheduled to be made by the churches and schools.

Workers' compensation self-insurance pool

The Organization, along with the other California conferences, entered into an indemnification agreement with PUC to participate in a workers' compensation self-insurance pool arrangement pursuant to the provisions of Section 3701 of the California Labor Code. The PUC has provided an irrevocable letter of credit to the State Treasurer and the Department of Industrial Relations as a security deposit to secure the incurred liabilities of the participants. Should the State draw on the letter of credit, the Organization will indemnify the PUC for its share on the security deposit, based on actual claims and estimated future liability.

Note 20 – Related party transactions

As explained in Note 1, the Organization is affiliated with several organizations by reason of economic interest and/or shared membership on the respective governing committees. Financial transactions involving appropriations received and subsidies given are as follows:

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
<u>Appropriations received from</u>					
NAD	\$ 1,947,184	1,676,096	1,693,306	1,739,483	1,694,988
PUC	1,182,132	861,857	880,123	978,422	864,924
Total	<u>\$ 3,129,316</u>	<u>2,537,953</u>	<u>2,573,429</u>	<u>2,717,905</u>	<u>2,559,912</u>
<u>Funds sent to</u>					
NAD	\$ 9,991,689	9,792,181	9,450,272	8,596,329	8,997,146
PUC	3,511,709	3,375,533	3,541,986	3,157,270	3,288,149
Total	<u>\$ 13,503,398</u>	<u>13,167,714</u>	<u>12,992,258</u>	<u>11,753,599</u>	<u>12,285,295</u>

See Note 1 for a description of these organizations.

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Note 21 – Contributed nonfinancial assets

For the years ended December 31, 2023, 2022, 2021, 2020, and 2019, contributed nonfinancial assets recognized within the combined statements of changes in net assets included:

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Contributed assets - church and school properties added ⁽¹⁾	\$ 839,935	709,994	75,978	1,121,323	4,521,128
Assets - unrestricted real estate held in trust added ⁽³⁾	105,230	244,727	-	-	-
Total unrestricted contributed nonfinancial properties	<u>\$ 945,165</u>	<u>954,721</u>	<u>75,978</u>	<u>1,121,323</u>	<u>4,521,128</u>
Services - North American Division - audit subsidy ⁽²⁾	\$ 166,194	-	61,870	85,603	-
Services - Pacific Union Conference - audit subsidy ⁽²⁾	99,716	-	37,122	21,401	-
Assets - restricted real estate held in trust added ⁽³⁾	210,459	-	-	-	-
Total restricted contributed nonfinancial assets	<u>\$ 476,369</u>	<u>-</u>	<u>98,992</u>	<u>107,004</u>	<u>-</u>

The Organization recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

⁽¹⁾ The contributed plant assets were or will be, used by the Organization's churches and schools for their operations. Contributed plant assets are valued and are reported at the estimated fair value in the financial statements based on donor construction costs at the time of donation.

⁽²⁾ Contributed services recognized are comprised of professional services from auditors performing financial audits. Contributed services are valued and reported at estimated fair value in the financial statements based on the auditors' cost-recovery rate and their number of hours worked.

⁽³⁾ Contributed real estate held in trust are properties valued and reported at the estimated fair value in the financial statements, based on market rates at the date of trust maturity. The assets will be sold and proceeds distributed to beneficiaries.

Note 22 – Pension and other post-retirement benefits

Defined benefit plans

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

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

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

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

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Note 22 – Pension and other post-retirement benefits (continued)

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

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

	<u>NADRP</u>	<u>RAHAP</u>	<u>Total</u>
<u>Required contributions from the Organization:</u>			
For the year ended 12-31-2023	\$ 3,277,595	1,170,570	4,448,165
For the year ended 12-31-2022	\$ 3,150,497	1,125,177	4,275,674
For the year ended 12-31-2021	\$ 3,061,476	1,098,103	4,159,579
For the year ended 12-31-2020	\$ 2,735,196	976,855	3,712,051
For the year ended 12-31-2019	\$ 2,846,555	1,016,627	3,863,182

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

Total contributions received from all employers:

For the year ended 12-31-2023	\$ **	**
For the year ended 12-31-2022	\$ 121,177,397	44,486,345
For the year ended 12-31-2021	\$ 120,772,828	44,236,352
For the year ended 12-31-2020	\$ 110,172,985	40,842,097
For the year ended 12-31-2019	\$ 116,270,125	42,839,391

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

For the year ended 12-31-2023	**	**
For the year ended 12-31-2022	less than	less than
For the year ended 12-31-2021	less than	less than
For the year ended 12-31-2020	less than	less than
For the year ended 12-31-2019	less than	less than

Plan net assets available for benefits:

For the year ended 12-31-2023	\$ **	**
For the year ended 12-31-2022	\$ 324,907,063	124,818,366
For the year ended 12-31-2021	\$ 360,211,817	132,382,939
For the year ended 12-31-2020	\$ 314,525,989	11,303,608
For the year ended 12-31-2019	\$ 284,675,114	96,344,146

Actuarial obligation and funded status**

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

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

** Contributions from all employers, plan net assets available for benefits, actuarial obligation, and funded status for the plan year ended December 31, 2023, is not yet available.

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Note 22 – Pension and other post-retirement benefits (continued)

Risks and other information

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

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

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

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

Defined contribution plans

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

The Organization contributed \$1,678,061, \$1,480,892, \$1,444,368, \$1,472,904, and \$1,475,082 to the plan for the years ended December 31, 2023, 2022, 2021, 2020, and 2019, respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of certain employee voluntary contributions. Administration of the accumulated contributions designated for each employee is provided under an agreement between NAD Corporation and Great-West Life & Annuity Insurance Company.

Note 23 – Concentration of risk for long-term receivable

On December 31, 1999, the Organization entered into an agreement of trust with Los Angeles Adventist Academy (Academy). The agreement transferred the Organization's equitable interest in the property legally owned by the Organization, but used by the Academy, to the Academy. Over the past seven years, the Academy has become increasingly indebted to the Organization. As a result, the Organization has reclassified this balance as a long-term account receivable of \$2,144,244 for the years ended December 31, 2023, 2022, 2021, 2020, and 2019.

An appraisal of the property performed for the Organization on July 15, 2016, estimates the fair value at \$7,500,000. The Organization is using this property as collateral for the debt owed although no formal written agreement or payment plan is in place.

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Note 24 – Significant contracts

Western Adventist Foundation

On December 21, 1998, the Organization entered into a contract for services with Western Adventist Foundation (WAF). WAF is a California religious corporation formed by PUC, a related organization (See Note 1). Under the terms of the contract, WAF acts as the Organization's agent in performing trust development and management. Discretionary power that must be exercised by the Organization as trustee or obligor has not been delegated to WAF. This agreement may be terminated by either party at any time by giving one hundred eighty calendar days written notice to the other party.

Ridgewood Associates, Inc.

On July 24, 2002, the Organization signed a contract for services with Ridgewood Associates, Inc., to oversee, coordinate, and manage the planning, development, construction and sale of the various project components on the owner's behalf. This agreement is in force for 3 years, after which it is renewable every 180 days unless either party submits a 60-day written notice of termination. On March 25, 2003, the Board of Directors of the Organization voted to amend the agreement. This amendment provided additional options to close Ventura Estates, transfer the Elementary School to the Newbury Park Adventist Academy site, renovate the new school ground, re-zone Ventura Estates and Conejo Adventist Elementary lands, stop plans of developing North Campus, and sell the new re-zoned areas and North Campus. This agreement was terminated on February 4, 2021.

Note 25 – Split-interest agreements

As of December 31, 2023, 2022, 2021, 2020, and 2019, respectively, the Organization served as trustee of 12, 12, 12, 12, and 12 charitable remainder trusts, and 11, 16, 13, 9, and 3 other unconditional irrevocable trusts. In accordance with accounting principles generally accepted by the denomination, the assets, liabilities, and net assets related to these trusts have been included in these financial statements.

As of December 31, 2023, 2022, 2021, 2020, and 2019, respectively, the Organization served as trustee of 18, 19, 22, 27, and 21 revocable trusts. Since the trustors of these agreements have reserved the right to direct and control investment of the related assets, no assets or liabilities related to these trusts are included in these financial statements.

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

SOUTHERN CALIFORNIA CONFERENCE OF SEVENTH-DAY ADVENTISTS
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Note 26 – Analysis of expenses

Methods used for allocation of expenses among program and supporting services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Conference. Those expenses include depreciation, health care benefits, and plant maintenance. Depreciation of plant assets and plant maintenance are allocated based on a square footage basis. Depreciation of other assets are allocated by department. Health care benefits are allocated by FTE's per department.

	2023 Program Services					
	Church Program Functions	Education Program Functions	Publishing Program Functions	Health and Humanitarian Program Functions	Other Program Functions	Total Program Functions
<u>Employee related</u>						
Salary and allowances	\$ 10,107,452	9,784,827	574,132	-	375,298	20,841,709
Moving expenses	65,059	10,906	9,632	-	-	85,597
Dependent scholarships	553,422	183,321	-	-	-	736,743
Health care assistance	1,812,707	646,325	31,065	-	49,556	2,539,653
Employee related returns	(70,960)	(19,777)	-	-	-	(90,737)
Basic pay and allowances	12,467,680	10,605,602	614,829	-	424,854	24,112,965
Travel, regular	1,161,581	64,165	12,647	-	35,255	1,273,648
Travel, special	96,134	15,349	10,716	-	8,111	130,310
Total travel	1,257,715	79,514	23,363	-	43,366	1,403,958
DB - retirement plan contributions	-	-	19,908	-	4,448,165	4,468,073
DC - retirement plan contributions	752,500	306,072	65,568	-	29,259	1,153,399
Employee related taxes	91,204	288,868	27,646	-	29,387	437,105
Employee related insurance	33,798	14,163	700	-	1,395	50,056
Employee education	67,264	11,448	6,074	-	320	85,106
Taxes and benefits	944,766	620,551	119,896	-	4,508,526	6,193,739
Total employee related	14,670,161	11,305,667	758,088	-	4,976,746	31,710,662
<u>General expense</u>						
Program expenses	206,090	348	484	-	3,058	209,980
Advertising and selling expenses	9,197	2,010	104,624	-	-	115,831
Office expenses	23,238	1,905	2,136	16	3,358	30,653
General expenses	517,995	75,112	171,391	60	39,765	804,323
Plant operations	294,143	7,937	107,571	-	28,392	438,043
Appropriations	825,946	1,280,604	-	181,823	1,652,268	3,940,641
Administrative expenses	878,225	2,966,060	14,854	4,543	11,440	3,875,122
Other expenses	4,914,272	4,601,282	(6,269)	(166)	26,858	9,535,977
Total general expense	7,669,106	8,935,258	394,791	186,276	1,765,139	18,950,570
Total expenses	\$ 22,339,267	20,240,925	1,152,879	186,276	6,741,885	50,661,232

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Note 26 – Analysis of expenses (continued)

	2023 Supporting Services Functions			2023 Total Program and Supporting Expenses	
	2023 Total Program Functions	Conference Administration Support Services Functions	Other Support Services Functions		Total Support Services Functions
<u>Employee related</u>					
Salary and allowances	\$ 20,841,709	1,489,370	7,670,629	9,159,999	30,001,708
Moving expenses	85,597	-	-	-	85,597
Dependent scholarships	736,743	65,277	31,817	97,094	833,837
Health care assistance	2,539,653	285,369	4,476,002	4,761,371	7,301,024
Employee related returns	(90,737)	(4,800)	(22,380)	(27,180)	(117,917)
Basic pay and allowances	24,112,965	1,835,216	12,156,068	13,991,284	38,104,249
Travel, regular	1,273,648	129,010	154,275	283,285	1,556,933
Travel, special	130,310	47,148	8,801	55,949	186,259
Total travel	1,403,958	176,158	163,076	339,234	1,743,192
DB - retirement plan contributions	4,468,073	-	-	-	4,468,073
DC - retirement plan contributions	1,153,399	110,399	420,034	530,433	1,683,832
Employee related taxes	437,105	95,177	534,737	629,914	1,067,019
Employee related insurance	50,056	5,398	18,222	23,620	73,676
Employee education	85,106	983	16,536	17,519	102,625
Taxes and benefits	6,193,739	211,957	989,529	1,201,486	7,395,225
Total employee related	31,710,662	2,223,331	13,308,673	15,532,004	47,242,666
<u>General expense</u>					
Program expenses	209,980	1,464	-	1,464	211,444
Advertising and selling expenses	115,831	275	-	275	116,106
Office expenses	30,653	5,430	19,099	24,529	55,182
General expenses	804,323	75,775	(1,821,252)	(1,745,477)	(941,154)
Plant operations	438,043	32,014	1,508,016	1,540,030	1,978,073
Appropriations	3,940,641	-	4,509,926	4,509,926	8,450,567
Administrative expenses	3,875,122	482,411	(1,037)	481,374	4,356,496
Other expenses	9,535,977	108,026	(10,077,420)	(9,969,394)	(433,417)
Total general expense	18,950,570	705,395	(5,862,668)	(5,157,273)	13,793,297
Total expenses	\$ 50,661,232	2,928,726	7,446,005	10,374,731	61,035,963

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Note 26 – Analysis of expenses (continued)

	2022 Program Services					
	Church Program Functions	Education Program Functions	Publishing Program Functions	Health and Humanitarian Program Functions	Other Program Functions	Total Program Functions
<u>Employee related</u>						
Salary and allowances	\$ 9,586,353	8,999,282	514,866	-	331,249	19,431,750
Moving expenses	98,905	7,904	18,728	-	-	125,537
Dependent scholarships	453,600	107,771	-	-	-	561,371
Health care assistance	1,632,376	435,256	33,362	-	49,612	2,150,606
Employee related returns	(13,914)	(2,682)	-	-	-	(16,596)
Basic pay and allowances	11,757,320	9,547,531	566,956	-	380,861	22,252,668
Travel, regular	1,050,753	50,389	8,745	-	31,194	1,141,081
Travel, special	132,684	16,843	8,254	-	5,700	163,481
Total travel	1,183,437	67,232	16,999	-	36,894	1,304,562
DB - retirement plan contributions	-	-	18,039	-	4,275,674	4,293,713
DC - retirement plan contributions	703,060	203,575	57,465	-	25,664	989,764
Employee related taxes	100,441	192,203	20,993	-	26,070	339,707
Employee related insurance	31,150	10,595	617	-	1,418	43,780
Employee education	38,608	5,300	1,122	-	-	45,030
Taxes and benefits	873,259	411,673	98,236	-	4,328,826	5,711,994
Total employee related	13,814,016	10,026,436	682,191	-	4,746,581	29,269,224
<u>General expense</u>						
Program expenses	165,135	1,475	425	-	630	167,665
Advertising and selling expenses	1,688	1,200	75,574	-	1,918	80,380
Office expenses	38,531	1,817	3,198	49	3,606	47,201
General expenses	500,886	126,006	165,342	513	30,794	823,541
Plant operations	325,672	15,934	107,362	-	24,788	473,756
Appropriations	526,068	1,286,275	-	273,364	1,481,143	3,566,850
Administrative expenses	524,642	2,285,218	16,133	3,868	29,386	2,859,247
Other expenses	4,653,901	4,607,438	48,805	-	35,978	9,346,122
Total general expense	6,736,523	8,325,363	416,839	277,794	1,608,243	17,364,762
Total expenses	\$ 20,550,539	18,351,799	1,099,030	277,794	6,354,824	46,633,986

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Note 26 – Analysis of expenses (continued)

	2022 Total Program Functions	2022 Supporting Services Functions			2022 Total Program and Supporting Expenses
		Conference Administration Support Services Functions	Other Support Services Functions	Total Support Services Functions	
<u>Employee related</u>					
Salary and allowances	\$ 19,431,750	1,286,575	6,983,521	8,270,096	27,701,846
Moving expenses	125,537	-	19,983	19,983	145,520
Dependent scholarships	561,371	32,063	21,183	53,246	614,617
Health care assistance	2,150,606	248,819	3,766,547	4,015,366	6,165,972
Employee related returns	(16,596)	(1,881)	(5,944)	(7,825)	(24,421)
Basic pay and allowances	22,252,668	1,565,576	10,785,290	12,350,866	34,603,534
Travel, regular	1,141,081	118,951	130,792	249,743	1,390,824
Travel, special	163,481	38,215	6,558	44,773	208,254
Total travel	1,304,562	157,166	137,350	294,516	1,599,078
DB - retirement plan contributions	4,293,713	-	-	-	4,293,713
DC - retirement plan contributions	989,764	98,783	392,346	491,129	1,480,893
Employee related taxes	339,707	76,657	492,300	568,957	908,664
Employee related insurance	43,780	4,739	17,361	22,100	65,880
Employee education	45,030	500	11,791	12,291	57,321
Taxes and benefits	5,711,994	180,679	913,798	1,094,477	6,806,471
Total employee related	29,269,224	1,903,421	11,836,438	13,739,859	43,009,083
<u>General expense</u>					
Program expenses	167,665	8,703	-	8,703	176,368
Advertising and selling expenses	80,380	-	-	-	80,380
Office expenses	47,201	6,555	3,030	9,585	56,786
General expenses	823,541	71,613	(1,040,561)	(968,948)	(145,407)
Plant operations	473,756	53,287	978,848	1,032,135	1,505,891
Appropriations	3,566,850	-	4,504,200	4,504,200	8,071,050
Administrative expenses	2,859,247	392,561	(705)	391,856	3,251,103
Other expenses	9,346,122	107,966	(8,809,823)	(8,701,857)	644,265
Total general expense	17,364,762	640,685	(4,365,011)	(3,724,326)	13,640,436
Total expenses	\$ 46,633,986	2,544,106	7,471,427	10,015,533	56,649,519

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Note 26 – Analysis of expenses (continued)

	2021 Program Services					
	Church Program Functions	Education Program Functions	Publishing Program Functions	Health and Humanitarian Program Functions	Other Program Functions	Total Program Functions
<u>Employee related</u>						
Salary and allowances	\$ 9,256,005	8,957,158	423,043	-	210,341	18,846,547
Moving expenses	59,323	-	16,370	-	-	75,693
Dependent scholarships	440,396	96,409	-	-	-	536,805
Health care assistance	1,681,425	455,797	29,937	-	30,070	2,197,229
Employee related returns	(27,788)	(1,048)	(50)	-	-	(28,886)
Basic pay and allowances	11,409,361	9,508,316	469,300	-	240,411	21,627,388
Travel, regular	993,211	55,657	6,246	-	20,810	1,075,924
Travel, special	46,032	3,477	4,031	-	683	54,223
Total travel	1,039,243	59,134	10,277	-	21,493	1,130,147
DB - retirement plan contributions	-	-	17,136	-	4,159,579	4,176,715
DC - retirement plan contributions	693,440	201,405	59,651	-	16,138	970,634
Employee related taxes	89,604	184,936	13,895	-	16,848	305,283
Employee related insurance	33,005	10,114	528	-	814	44,461
Employee education	63,613	9,654	50	-	-	73,317
Taxes and benefits	879,662	406,109	91,260	-	4,193,379	5,570,410
Total employee related	13,328,266	9,973,559	570,837	-	4,455,283	28,327,945
<u>General expense</u>						
Program expenses	160,684	5,647	534	-	782	167,647
Advertising and selling expenses	-	-	33,782	-	-	33,782
Office expenses	19,653	460	2,588	1	3,147	25,849
General expenses	449,942	77,262	105,152	62	21,563	653,981
Plant operations	245,359	8,017	118,286	-	8,017	379,679
Appropriations	584,872	1,222,007	-	200	1,536,390	3,343,469
Administrative expenses	241,528	2,671,225	8,267	7,366	19,068	2,947,454
Other expenses	4,262,000	4,007,999	28,931	-	39,500	8,338,430
Total general expense	5,964,038	7,992,617	297,540	7,629	1,628,467	15,890,291
Total expenses	\$ 19,292,304	17,966,176	868,377	7,629	6,083,750	44,218,236

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Note 26 – Analysis of expenses (continued)

	2021 Total Program Functions	2021 Supporting Services Functions			2021 Total Program and Supporting Expenses
		Conference Administration Support Services Functions	Other Support Services Functions	Total Support Services Functions	
<u>Employee related</u>					
Salary and allowances	\$ 18,846,547	1,141,919	6,410,703	7,552,622	26,399,169
Moving expenses	75,693	-	-	-	75,693
Dependent scholarships	536,805	4,043	28,119	32,162	568,967
Health care assistance	2,197,229	224,740	3,871,314	4,096,054	6,293,283
Employee related returns	(28,886)	(1,494)	(8,321)	(9,815)	(38,701)
Basic pay and allowances	21,627,388	1,369,208	10,301,815	11,671,023	33,298,411
Travel, regular	1,075,924	98,480	132,639	231,119	1,307,043
Travel, special	54,223	16,465	2,433	18,898	73,121
Total travel	1,130,147	114,945	135,072	250,017	1,380,164
DB - retirement plan contributions	4,176,715	-	-	-	4,176,715
DC - retirement plan contributions	970,634	88,550	385,184	473,734	1,444,368
Employee related taxes	305,283	63,920	448,472	512,392	817,675
Employee related insurance	44,461	4,630	17,984	22,614	67,075
Employee education	73,317	130	5,675	5,805	79,122
Taxes and benefits	5,570,410	157,230	857,315	1,014,545	6,584,955
Total employee related	28,327,945	1,641,383	11,294,202	12,935,585	41,263,530
<u>General expense</u>					
Program expenses	167,647	9,684	-	9,684	177,331
Advertising and selling expenses	33,782	-	-	-	33,782
Office expenses	25,849	9,228	-	9,228	35,077
General expenses	653,981	78,161	(2,250,878)	(2,172,717)	(1,518,736)
Plant operations	379,679	39,600	1,251,445	1,291,045	1,670,724
Appropriations	3,343,469	-	4,500,000	4,500,000	7,843,469
Administrative expenses	2,947,454	288,604	1,919	290,523	3,237,977
Other expenses	8,338,430	105,531	(8,728,306)	(8,622,775)	(284,345)
Total general expense	15,890,291	530,808	(5,225,820)	(4,695,012)	11,195,279
Total expenses	\$ 44,218,236	2,172,191	6,068,382	8,240,573	52,458,809

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Note 26 – Analysis of expenses (continued)

	2020 Program Services					
	Church Program Functions	Education Program Functions	Publishing Program Functions	Health and Humanitarian Program Functions	Other Program Functions	Total Program Functions
<u>Employee related</u>						
Salary and allowances	\$ 9,680,211	2,599,779	443,562	-	244,219	12,967,771
Moving expenses	3,061	2,400	16,155	-	-	21,616
Dependent scholarships	392,934	89,987	-	-	-	482,921
Health care assistance	1,779,273	473,180	24,358	-	45,838	2,322,649
Employee related returns	(88,453)	(607)	-	-	-	(89,060)
Basic pay and allowances	11,767,026	3,164,739	484,075	-	290,057	15,705,897
Travel, regular	989,911	54,051	9,834	-	19,346	1,073,142
Travel, special	17,871	3,226	1,654	-	-	22,751
Total travel	1,007,782	57,277	11,488	-	19,346	1,095,893
DB - retirement plan contributions	-	-	17,628	-	3,712,051	3,729,679
DC - retirement plan contributions	730,073	206,791	50,221	-	18,425	1,005,510
Employee related taxes	127,433	189,602	17,102	-	9,826	343,963
Employee related insurance	43,297	12,833	869	-	1,181	58,180
Employee education	73,467	-	-	-	-	73,467
Taxes and benefits	974,270	409,226	85,820	-	3,741,483	5,210,799
Total employee related	13,749,078	3,631,242	581,383	-	4,050,886	22,012,589
<u>General expense</u>						
Program expenses	147,500	13,980	45	-	1,200	162,725
Advertising and selling expenses	-	2,089	49,628	-	61	51,778
Office expenses	45,956	2,098	2,809	-	3,070	53,933
General expenses	425,337	6,440,351	102,495	62	49,041	7,017,286
Plant operations	222,283	9,487	108,837	-	67,225	407,832
Appropriations	346,087	1,023,498	-	25,457	1,543,352	2,938,394
Administrative expenses	218,550	2,560,328	6,870	57,522	3,040	2,846,310
Other expenses	4,696,331	3,526,965	115,235	(249)	(5,859)	8,332,423
Total general expense	6,102,044	13,578,796	385,919	82,792	1,661,130	21,810,681
Total expenses	\$ 19,851,122	17,210,038	967,302	82,792	5,712,016	43,823,270

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Note 26 – Analysis of expenses (continued)

	2020 Total Program Functions	2020 Supporting Services Functions			2020 Total Program and Supporting Expenses
		Conference Administration Support Services Functions	Other Support Services Functions	Total Support Services Functions	
<u>Employee related</u>					
Salary and allowances	\$ 12,967,771	1,461,573	6,132,609	7,594,182	20,561,953
Moving expenses	21,616	-	2,518	2,518	24,134
Dependent scholarships	482,921	2,595	64,089	66,684	549,605
Health care assistance	2,322,649	265,665	4,173,804	4,439,469	6,762,118
Employee related returns	(89,060)	(46)	(9,399)	(9,445)	(98,505)
Basic pay and allowances	15,705,897	1,729,787	10,363,621	12,093,408	27,799,305
Travel, regular	1,073,142	109,515	107,223	216,738	1,289,880
Travel, special	22,751	3,828	-	3,828	26,579
Total travel	1,095,893	113,343	107,223	220,566	1,316,459
DB - retirement plan contributions	3,729,679	-	-	-	3,729,679
DC - retirement plan contributions	1,005,510	107,814	359,580	467,394	1,472,904
Employee related taxes	343,963	82,827	440,359	523,186	867,149
Employee related insurance	58,180	6,911	26,880	33,791	91,971
Employee education	73,467	-	-	-	73,467
Taxes and benefits	5,210,799	197,552	826,819	1,024,371	6,235,170
Total employee related	22,012,589	2,040,682	11,297,663	13,338,345	35,350,934
<u>General expense</u>					
Program expenses	162,725	8,871	-	8,871	171,596
Advertising and selling expenses	51,778	-	-	-	51,778
Office expenses	53,933	9,791	-	9,791	63,724
General expenses	7,017,286	48,873	(2,426,390)	(2,377,517)	4,639,769
Plant operations	407,832	16,273	1,018,764	1,035,037	1,442,869
Appropriations	2,938,394	-	4,500,000	4,500,000	7,438,394
Administrative expenses	2,846,310	214,822	778	215,600	3,061,910
Other expenses	8,332,423	160,663	(8,678,780)	(8,518,117)	(185,694)
Total general expense	21,810,681	459,293	(5,585,628)	(5,126,335)	16,684,346
Total expenses	\$ 43,823,270	2,499,975	5,712,035	8,212,010	52,035,280

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Note 26 – Analysis of expenses (continued)

	2019 Program Services					Total Program Functions
	Church Program Functions	Education Program Functions	Publishing Program Functions	Health and Humanitarian Program Functions	Other Program Functions	
<u>Employee related</u>						
Salary and allowances	\$ 13,949,829	5,613,773	530,462	-	232,450	20,326,514
Moving expenses	51,060	2,161	-	-	-	53,221
Dependent scholarships	450,543	98,228	5,685	-	-	554,456
Health care assistance	1,681,524	479,158	17,493	-	(2,842)	2,175,333
Employee related returns	118,075	(899)	-	-	39,887	157,063
Basic pay and allowances	16,251,031	6,192,421	553,640	-	269,495	23,266,587
Travel, regular	999,458	53,344	10,712	-	19,362	1,082,876
Travel, special	44,011	16,792	5,579	-	4,695	71,077
Total travel	1,043,469	70,136	16,291	-	24,057	1,153,953
DB - retirement plan contributions	-	-	12,133	-	3,863,182	3,875,315
DC - retirement plan contributions	727,916	199,440	52,633	-	17,698	997,687
Employee related taxes	134,460	186,652	29,695	-	19,258	370,065
Employee related insurance	151,363	17,694	939	-	1,166	171,162
Taxes and benefits	1,013,739	403,786	95,400	-	3,901,304	5,414,229
Total employee related	18,308,239	6,666,343	665,331	-	4,194,856	29,834,769
<u>General expense</u>						
Program expenses	235,384	6,434	190	-	2,970	244,978
Advertising and selling expenses	68	1,000	146,061	-	-	147,129
Office expenses	73,376	4,414	7,004	-	6,095	90,889
General expenses	513,234	161,986	138,952	390	60,007	874,569
Plant operations	562,926	29,560	238,777	-	88,678	919,941
Appropriations	637,599	3,995,484	-	-	1,463,690	6,096,773
Administrative expenses	696,674	16,928	20,027	25,772	2,757	762,158
Other expenses	(229,799)	488	34,816	894	(8,199)	(201,800)
Total general expense	2,489,462	4,216,294	585,827	27,056	1,615,998	8,934,637
Total expenses	\$ 20,797,701	10,882,637	1,251,158	27,056	5,810,854	38,769,406

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Note 26 – Analysis of expenses (continued)

	2019 Total Program Functions	2019 Supporting Services Functions			2019 Total Program and Supporting Expenses
		Conference Administration Support Services Functions	Other Support Services Functions	Total Support Services Functions	
<u>Employee related</u>					
Salary and allowances	\$ 20,326,514	1,427,263	(46,345)	1,380,918	21,707,432
Moving expenses	53,221	3,500	-	3,500	56,721
Dependent scholarships	554,456	6,337	26,445	32,782	587,238
Health care assistance	2,175,333	224,507	437,429	661,936	2,837,269
Employee related returns	157,063	(189)	6,422	6,233	163,296
Basic pay and allowances	23,266,587	1,661,418	423,951	2,085,369	25,351,956
Travel, regular	1,082,876	114,169	102,802	216,971	1,299,847
Travel, special	71,077	35,034	647	35,681	106,758
Total travel	1,153,953	149,203	103,449	252,652	1,406,605
DB - retirement plan contributions	3,875,315	-	-	-	3,875,315
DC - retirement plan contributions	997,687	108,990	367,037	476,027	1,473,714
Employee related taxes	370,065	83,084	559,170	642,254	1,012,319
Employee related insurance	171,162	7,572	33,106	40,678	211,840
Taxes and benefits	5,414,229	199,646	959,313	1,158,959	6,573,188
Total employee related	29,834,769	2,010,267	1,486,713	3,496,980	33,331,749
<u>General expense</u>					
Program expenses	244,978	7,101	-	7,101	252,079
Advertising and selling expenses	147,129	-	-	-	147,129
Office expenses	90,889	53,083	-	53,083	143,972
General expenses	874,569	39,822	1,785,104	1,824,926	2,699,495
Plant operations	919,941	230,325	1,150,715	1,381,040	2,300,981
Appropriations	6,096,773	-	4,500,000	4,500,000	10,596,773
Administrative expenses	762,158	407,551	101,524	509,075	1,271,233
Other expenses	(201,800)	(27,022)	(23,792)	(50,814)	(252,614)
Total general expense	8,934,637	710,860	7,513,551	8,224,411	17,159,048
Total expenses	\$ 38,769,406	2,721,127	9,000,264	11,721,391	50,490,797

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Note 27 – Net assets without donor restrictions

The Executive Committee of Southern California Conference has several standing policies that affect the presentation of committee designations on net assets. Bequests without donor restrictions are designated for evangelism (allocated funds). Additionally, management maintains an operating reserve for working capital in accordance with guidelines of the North American Division Working Policy (Note 30).

Note 28 – Liquidity and availability of funds

As part of the Organization's liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organization has committed lines of credit in the amount of \$17,100,000 which it could draw upon (Note 14).

	2023	2022	2021	2020	2019
	Total	Total	Total	Total	Total
Financial assets, at year-end*	\$ 51,875,359	46,084,366	44,580,158	41,318,744	38,935,295
Less those unavailable for general expenditures within one year, due to:					
<u>Contractual or donor-imposed restrictions:</u>					
Cash held for agency funds	(576,919)	(510,171)	(539,842)	(283,871)	(256,333)
Notes and loans receivable, noncurrent portion	-	-	(385)	(1,811)	(3,157)
Restricted by donor with time or purpose restrictions	(9,385,992)	(8,561,750)	(8,161,521)	(5,984,552)	(4,703,119)
Assets held for split-interest agreements, excluding land and buildings	(3,726,097)	(2,619,441)	(2,640,146)	(3,085,598)	(5,840,890)
Cash and investments held for agency fund depositors	(957,638)	(927,774)	(917,116)	(900,323)	(887,673)
<u>Board designations:</u>					
Funds allocated for specific operating purposes	(4,432,789)	(3,916,608)	(5,576,197)	(24,719,008)	(23,900,390)
Funds allocated for future plant acquisitions	(2,137,360)	(2,418,182)	(2,264,687)	(3,353,159)	-
Funds allocated for other funds liquidity	(4,731,685)	(3,776,283)	(3,287,545)	(3,707,199)	(3,140,549)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>25,926,879</u>	<u>23,354,157</u>	<u>21,192,719</u>	<u>(716,777)</u>	<u>203,184</u>

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

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Note 29 – Working capital and liquidity - Conference operating fund only

The General Conference of Seventh-day Adventists voted for the following new method of working capital calculation to be implemented for fiscal years beginning on or after January 1, 2022.

<u>Working capital</u>	2023	2022	2021	2020	2019
<u>Core expenses</u>	Total*	Total*	Total*	Total*	Total*
Operating expenses	\$ 60,765,790	54,548,630	47,775,616	47,401,734	45,715,458
Less: depreciation expense	(51,853)	(71,222)	(47,433)	(40,659)	(34,158)
Less: amortization expense	(24,450)	(4,970)	(39,841)	(29,815)	(29,816)
Total core expenses	<u>\$ 60,689,487</u>	<u>54,472,438</u>	<u>47,688,342</u>	<u>47,331,260</u>	<u>45,651,484</u>
 <u>Available working capital</u>					
Current assets	\$ 23,835,527	20,285,740	16,422,341	12,814,261	10,770,582
Less: current liabilities	(7,904,645)	(6,261,225)	(5,580,965)	(9,425,265)	(6,399,725)
Working capital	15,930,882	14,024,515	10,841,376	3,388,996	4,370,857
Less: current assets held for donor restrictions	(5,584,865)	(5,167,254)	(4,710,554)	(3,001,910)	(2,314,842)
Available working capital	<u>\$ 10,346,017</u>	<u>8,857,261</u>	<u>6,130,822</u>	<u>387,086</u>	<u>2,056,015</u>
 <u>Recommended minimum available working capital</u>					
Six months (50%) of total core expenses	\$ 30,344,744	27,236,219	23,844,171	23,665,630	22,825,742
Surplus/(shortfall) in recommended minimum available working capital	\$ (19,998,727)	(18,378,958)	(17,713,349)	(23,278,544)	(20,769,727)
Available working capital in months (a minimum of six months recommended)	2.0 Months	2.0 Months	1.5 Months	0.1 Months	0.5 Months
 <u>Liquidity</u>					
<u>Available liquid assets</u>					
Cash and cash equivalents	\$ 5,923,642	3,966,044	5,365,411	3,687,608	658,709
Cash held for agency	271,639	207,021	236,112	229,508	199,970
Investments	7,887,674	7,503,501	3,488,061	1,078,043	1,166,297
Receivable from higher organization	40,007	39,689	227,748	364,906	-
Local church remittances	5,918,068	6,394,141	4,530,156	5,014,243	4,602,639
Total liquid current assets	20,041,030	18,110,396	13,847,488	10,374,308	6,627,615
Less: current liabilities	(7,904,645)	(6,261,225)	(5,580,965)	(9,425,265)	(6,399,725)
Less: current assets held for donor restrictions	(5,584,865)	(5,167,254)	(4,710,554)	(3,001,910)	(2,314,842)
Available liquid assets	<u>\$ 6,551,520</u>	<u>6,681,917</u>	<u>3,555,969</u>	<u>(2,052,867)</u>	<u>(2,086,952)</u>
 <u>Recommended minimum available liquid assets</u>					
Three months (25%) of total core expenses	\$ 15,172,372	13,618,110	11,922,086	11,832,815	11,412,871
Surplus/(shortfall) in recommended minimum available liquid assets	\$ (8,620,852)	(6,936,193)	(8,366,117)	(13,885,682)	(13,499,823)
Available liquid assets in months (a minimum of three months recommended)	1.3 Months	1.5 Months	0.9 Months	-0.5 Months	-0.5 Months

*The total column is comprised of the Conference operating fund only and excludes interfund balances, matured trusts and wills, and releases from restrictions.

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Note 30 – Working capital and liquidity - operating funds

The General Conference of Seventh-day Adventists voted for the following new method of working capital calculation to be implemented for fiscal years beginning on or after January 1, 2022.

<u>Working capital</u>	2023	2022	2021	2020	2019
<u>Core expenses</u>	Total**	Total**	Total**	Total**	Total**
Operating expenses	\$ 60,960,695	56,573,859	47,864,013	47,460,311	45,898,155
Less: depreciation expense	(1,180,940)	(1,170,828)	(1,116,900)	(1,050,029)	(917,967)
Less: amortization expense	(24,450)	(4,970)	(39,841)	(29,815)	(29,816)
Total core expenses	<u>\$ 59,755,305</u>	<u>55,398,061</u>	<u>46,707,272</u>	<u>46,380,467</u>	<u>44,950,372</u>
 <u>Available working capital</u>					
Current assets	\$ 28,889,727	25,172,728	21,026,796	17,097,562	14,577,118
Less: current liabilities	(10,946,804)	(7,806,408)	(7,202,121)	(11,023,199)	(7,919,930)
Working capital	17,942,923	17,366,320	13,824,675	6,074,363	6,657,188
Less: current assets held for donor restrictions	(5,593,270)	(5,175,659)	(4,718,961)	(3,010,315)	(2,323,247)
Available working capital	<u>\$ 12,349,653</u>	<u>12,190,661</u>	<u>9,105,714</u>	<u>3,064,048</u>	<u>4,333,941</u>
 <u>Recommended minimum available working capital</u>					
Six months (50%) of total core expenses	\$ 29,877,653	27,699,031	23,353,636	23,190,234	22,475,186
Surplus/(shortfall) in recommended minimum available working capital	\$ (17,528,000)	(15,508,370)	(14,247,922)	(20,126,186)	(18,141,245)
Available working capital in months (a minimum of six months recommended)	2.5 Months	2.6 Months	2.3 Months	0.8 Months	1.2 Months
 <u>Liquidity</u>					
<u>Available liquid assets</u>					
Cash and cash equivalents	\$ 6,381,715	4,406,018	5,821,044	4,263,133	1,356,909
Cash held for agency	576,919	510,171	539,842	283,871	256,333
Investments	11,298,323	10,750,177	6,591,508	4,057,771	3,739,016
Receivable from higher organization	40,007	39,689	227,748	364,906	-
Local church remittances	5,918,068	6,394,141	4,530,156	5,014,243	4,602,639
Total liquid current assets	24,215,032	22,100,196	17,710,298	13,983,924	9,954,897
Less: current liabilities	(10,946,804)	(7,806,408)	(7,202,121)	(11,023,199)	(7,919,930)
Less: current assets held for donor restrictions	(5,593,270)	(5,175,659)	(4,718,961)	(3,010,315)	(2,323,247)
Available liquid assets	<u>\$ 7,674,958</u>	<u>9,118,129</u>	<u>5,789,216</u>	<u>(49,590)</u>	<u>(288,280)</u>
 <u>Recommended minimum available liquid assets</u>					
Three months (25%) of total core expenses	\$ 14,938,826	13,849,515	11,676,818	11,595,117	11,237,593
Surplus/(shortfall) in recommended minimum available liquid assets	\$ (7,263,868)	(4,731,386)	(5,887,602)	(11,644,707)	(11,525,873)
Available liquid assets in months (a minimum of three months recommended)	1.5 Months	2.0 Months	1.5 Months	0.0 Months	-0.1 Months

**The total column is comprised of the operating funds only and excludes matured trusts and wills and releases from restrictions.

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Note 31 – Prior period restatement - rental revenue and related appropriation expense

During 2023, the Organization discovered an error in recording rental income and related appropriation expense for churches and schools, which resulted in an understatement of previously recorded income and expense for the years ended December 31, 2022, 2021, 2020 and 2019. Accordingly, the financial activity for the years ended December 31, 2022, 2021, 2020 and 2019 has been restated to correct this error. The effects of the restatement were to increase other income, total revenues without donor restrictions, other supporting service expenses and total expenses and losses by \$4,500,000 for the years ended December 31, 2022, 2021, 2020 and 2019.

Note 32 – Prior period adjustment - nonoperating escrow account

During 2020, the Organization discovered errors in recording additions and related expenses, for a nonoperating escrow account used for various construction projects. These errors resulted in overstatement of total assets and net assets at January 1, 2019, overstatement of total assets and net assets at December 31, 2019, and understatement of the financial activity for the year ended December 31, 2019. Accordingly, the financial statements for 2019 have been restated to correct this error. The effects of the prior period adjustment were to decrease other nonoperating assets, total other assets, total assets, unrestricted allocated net assets, and total net assets by \$100,215 at January 1, 2019; to increase nonoperating construction related expense and decrease the net change from nonoperating activity, the net change to net assets without donor restrictions, and the net change to total net assets by \$2,131,210 for the year ended December 31, 2019; and to decrease other nonoperating assets, total other assets, total assets, unrestricted allocated net assets and total net assets by \$2,231,425 at December 31, 2019.

Note 33 – Prior period adjustment - nonoperating investment account

During 2020, the Organization discovered errors in recording additions, withdrawals, and related activity of an investment account owned by the Organization. These errors resulted in understatement of total assets and net assets at January 1, 2019, and understatement of the change in net assets for the year ended December 31, 2019. Accordingly, the consolidated financial statements for 2019 have been restated to correct these errors. The effects of the prior period correction were to increase cash and investments by \$2,413,057, accounts receivable, net of \$293,439, total assets, unrestricted allocated net assets, and total net assets by \$2,706,496 at January 1, 2019; to increase interest income by \$83,628, restricted income by \$260,724, nonoperating undistributed trust expense by \$300,000, and the net change from operations and the net change to total net assets by \$44,352 for the year ended December 31, 2019; and to increase cash and investments by \$2,457,409, accounts receivable, net by \$293,439, total other assets, total assets, unrestricted allocated net assets, and total net assets by \$2,750,848 as at December 31, 2019.

Note 34 – Prior period adjustment - accumulated depreciation of some plant assets

During 2020, the Organization discovered errors in recording depreciation expense for various church and school depreciable assets. These errors resulted in overstatement of total assets and net assets at January 1, 2019, and overstatement of total assets at December 31, 2019, and the financial activity for the year ended December 31, 2019. Accordingly, the financial statements for 2019 have been restated to correct this error. The effects of the prior period adjustment were to decrease land, buildings, and equipment, total assets, unrestricted allocated investment in plant net assets, and total net assets by \$12,291,706 at January 1, 2019; to decrease nonoperating depreciation expense and increase the net change to net assets without donor restrictions, and the net change to total net assets by \$496,150 for the year ended December 31, 2019; and to decrease land, buildings, and equipment, total assets, unrestricted allocated investment in plant net assets and total net assets by \$11,795,556 at December 31, 2019.

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Note 35 – Prior period adjustment - agency and temporarily restricted transactions

During 2020, the Organization discovered errors in recording agency and temporarily restricted transactions. These errors resulted in understatements of current liabilities and an overstatement of total net assets at January 1, 2019, understatement of current liabilities and overstatement of total net assets at December 31, 2019, and overstatement of the financial activity for the year ended December 31, 2019. Accordingly, the consolidated financial statements for 2019 have been restated to correct this error. The effects of the prior period adjustment were to increase agency accounts, total current liabilities, total liabilities, and decrease net assets with temporary donor restrictions, and total net assets by \$1,011,986 at January 1, 2019; to decrease publishing expense, net change from operating activity, net change to net assets without donor restrictions, and the net change to total net assets by \$11,361 for the year ended December 31, 2019; and to increase agency accounts, total current liabilities, and total liabilities, and decrease net assets with temporary donor restrictions, total net assets with donor restrictions, and total net assets by \$1,023,347 at December 31, 2019.

Note 36 – Prior period adjustment - annuity and irrevocable trusts

During 2020, the Organization discovered errors in recording additions, withdrawals, and related activity of annuities and irrevocable trusts. These errors resulted in understatement of total assets, total liabilities and net assets at January 1, 2019, and overstatement of expenses and understatement of the change in net assets for the year ended December 31, 2019. Accordingly, the consolidated financial statements for 2019 have been restated to correct these errors. The effects of the prior period correction were to increase cash and investments, and total assets by \$692,311, liability to remainder beneficiaries, and total liabilities by \$567,257, unrestricted allocated net assets, and total net assets by \$125,054 at January 1, 2019; to decrease unrealized investment loss, increase the net change from operations and the net change to total net assets by \$109,284 for the year ended December 31, 2019; and increase cash and investments, total assets by \$987,750, liability to remainder beneficiaries, and total liabilities by \$762,076, unrestricted allocated net assets, and total net assets by \$225,674 as at December 31, 2019.

Note 37 – Litigation

A lawsuit was filed in 2021 against the Organization alleging sexual harassment. The Organization retained legal counsel and settled this lawsuit in June 2024. The lawsuit was settled for a total of \$6,500,000. The terms of the settlement stipulate that the Organization is responsible for paying an amount ranging between \$1,500,000 and \$2,500,000, while the remaining amount is covered by our insurance provider. The settlement has been fully resolved and there are no further anticipated financial impacts related to this case. In accordance with accounting standards, a liability and legal expense of \$1,500,000 were recorded at December 31, 2023.