



**WASHINGTON CONFERENCE OF SEVENTH-DAY  
ADVENTISTS, WESTERN WASHINGTON  
CORPORATION OF SEVENTH-DAY ADVENTISTS,  
AND WESTERN WASHINGTON EDUCATION  
ENDOWMENT HOLDINGS, LLC.**

COMBINED UNCONSOLIDATED FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022, 2021, 2020, and 2019

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## **AUDITOR'S REPORT**

To the Constituents

Washington Conference of Seventh-day Adventists,  
Western Washington Corporation of Seventh-day Adventists, and  
Western Washington Education Endowment Holdings, LLC  
Federal Way, Washington

### **Opinion**

We have audited the combined unconsolidated financial statements of Washington Conference of Seventh-day Adventists, Western Washington Corporation of Seventh-day Adventists and Western Washington Education Holdings, LLC (Organizations), which comprise the combined unconsolidated statements of financial position as of December 31, 2023, 2022, 2021, 2020, and 2019, and the related combined unconsolidated statements of changes in net assets and statements of cash flows for the years then ended, and the related notes to the combined unconsolidated financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

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



## **Emphasis of Matter**

We draw attention to Note 25 to the combined unconsolidated financial statements, which describes the basis of accounting. The accompanying combined unconsolidated financial statements were prepared to present to the parent organization, not consolidating the account and activity of related entities. As a result, these combined unconsolidated financial statements are not intended to be a complete presentation of the Organizations' assets, liabilities, revenues, and expenses, in accordance with GAAP adopted by the Seventh-day Adventist denomination. Our report is intended solely for the information and use of the officers of the Organizations', their audit committee, their governing committees, the delegates to their 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.

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

Management is responsible for the preparation and fair presentation of the combined unconsolidated financial statements in accordance with GAAP 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 the combined unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined unconsolidated financial statements, management is responsible for assessing the Organizations' 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 Organizations' or to cease operations, or has no realistic alternative but to do so.

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

## **Auditor's Responsibilities for the Audit of the Combined Unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined unconsolidated 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 unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the combined unconsolidated financial statements.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organizations' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organizations' ability to continue as a going concern for a reasonable period of time. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organizations to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined unconsolidated financial statements, including the disclosures, and whether the combined unconsolidated 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*  
April 17, 2024

**WASHINGTON CONFERENCE OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON CORPORATION OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON EDUCATION ENDOWMENT HOLDINGS, LLC  
Combined Unconsolidated Statement of Financial Position  
December 31, 2023, 2022, 2021, 2020, and 2019**

<b>ASSETS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<u>Current assets</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Cash (Note 2)	\$ 3,859,642	2,387,534	4,805,734	749,093	1,769,692
Cash held for agency (Note 2)	(1,845)	1,620	3,379	18,850	3,910
Investments (Note 3)	400,000	400,000	400,000	400,000	-
Accounts receivable, net (Note 4)	7,076,632	9,572,016	6,613,770	6,223,004	4,945,921
Inventories and prepaid expense (Note 6)	307,794	364,190	574,123	418,218	478,804
Notes receivable, current (Note 5)	4,800	47,200	-	-	-
Total current assets	<u>11,647,023</u>	<u>12,772,560</u>	<u>12,397,006</u>	<u>7,809,165</u>	<u>7,198,327</u>
Plant assets, net (Note 9)	62,899,607	63,303,474	62,444,245	62,390,941	61,899,783
<u>Other assets</u>					
Notes receivable, net (Note 5)	165,318	156,960	156,960	156,960	321,959
Assets held in trust (Note 8)	562,355	626,625	1,630,187	1,209,118	2,811,552
For other than operating funds:					
Cash and investments (Note 3)	5,290,447	4,908,513	6,252,335	6,570,591	6,031,380
Accounts receivable, net (Note 10)	131,276	134,598	57,489	262,534	844,629
Notes receivable, net (Note 11)	2,956,475	2,895,391	2,279,806	1,464,238	689,744
Real estate and miscellaneous (Note 7)	325,127	325,127	325,127	615,127	615,127
Total other assets	<u>9,430,998</u>	<u>9,047,214</u>	<u>10,701,904</u>	<u>10,278,568</u>	<u>11,314,391</u>
Total assets	<u>\$ 83,977,628</u>	<u>85,123,248</u>	<u>85,543,155</u>	<u>80,478,674</u>	<u>80,412,501</u>
<b>LIABILITIES</b>					
<u>Current liabilities</u>					
Accounts payable (Note 12)	\$ 4,050,043	3,054,021	4,108,221	2,614,899	2,423,175
Agency funds	(1,845)	1,620	3,379	18,850	3,910
Deferred revenue	501,831	442,069	546,165	435,458	767,800
Total current liabilities	<u>4,550,029</u>	<u>3,497,710</u>	<u>4,657,765</u>	<u>3,069,207</u>	<u>3,194,885</u>
<u>Other liabilities</u>					
Accrued retirement allowances	745,166	656,919	565,734	453,820	489,280
Liabilities held in trust (Note 8)	196,535	305,015	1,103,346	741,133	1,772,926
For other than operating funds:					
Accounts payable (Note 14)	701,347	22,548	58,336	7,266	48,242
Line of credit and notes payable (Note 15)	869,419	902,840	961,379	1,002,404	373,651
Capital lease (Note 16)	22,090	57,585	65,690	97,847	129,135
Liabilities held for others	416,943	397,373	397,372	1,300,313	1,687,454
Total other liabilities	<u>2,951,500</u>	<u>2,342,280</u>	<u>3,151,857</u>	<u>3,602,783</u>	<u>4,500,688</u>
Total liabilities	<u>7,501,529</u>	<u>5,839,990</u>	<u>7,809,622</u>	<u>6,671,990</u>	<u>7,695,573</u>
<b>NET ASSETS</b>					
Unrestricted: unallocated	7,559,453	8,780,271	6,551,915	2,880,621	2,188,939
Unrestricted: allocated	6,178,747	6,774,278	8,434,930	9,337,526	8,838,865
Unrestricted: net invested in plant	60,939,808	61,973,128	61,017,969	59,983,212	59,661,811
Total net assets without donor restrictions	<u>74,678,008</u>	<u>77,527,677</u>	<u>76,004,814</u>	<u>72,201,359</u>	<u>70,689,615</u>
Temporarily restricted (Note 17)	1,658,140	1,615,630	1,588,768	1,465,374	1,887,362
Permanently restricted (Note 17)	139,951	139,951	139,951	139,951	139,951
Total net assets with donor restrictions	<u>1,798,091</u>	<u>1,755,581</u>	<u>1,728,719</u>	<u>1,605,325</u>	<u>2,027,313</u>
Total net assets	<u>76,476,099</u>	<u>79,283,258</u>	<u>77,733,533</u>	<u>73,806,684</u>	<u>72,716,928</u>
Total liabilities and net assets	<u>\$ 83,977,628</u>	<u>85,123,248</u>	<u>85,543,155</u>	<u>80,478,674</u>	<u>80,412,501</u>

See accompanying notes.



**WASHINGTON CONFERENCE OF SEVENTH-DAY ADVENTISTS**  
**WESTERN WASHINGTON CORPORATION OF SEVENTH-DAY ADVENTISTS**  
**WESTERN WASHINGTON EDUCATION ENDOWMENT HOLDINGS, LLC**  
**Combined Unconsolidated Statement of Changes in Net Assets: Page 1 of 2**  
**For the years ended December 31, 2023, 2022, 2021, 2020, and 2019**

<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
<u>Revenues and support without donor restrictions</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
Gross tithe income	\$ 27,594,180	24,040,410	28,005,935	21,954,156	22,001,821
Tithe percentages passed on	(6,393,253)	(5,687,250)	(6,771,651)	(5,410,840)	(5,456,623)
Net tithe income	21,200,927	18,353,160	21,234,284	16,543,316	16,545,198
Donations	-	-	-	-	(2,056)
Subsidies (Note 18)	161,790	120,613	121,070	348,581	219,846
Church schools salary cost recovery	421,222	387,290	333,725	2,957,599	3,100,735
Locally funded employee salary cost recovery	3,811,806	3,489,129	3,071,344	2,772,385	3,211,712
Insurance billings	727,130	688,614	692,433	489,177	630,293
Investment earnings	1,277	270	140	703	4,050
Youth camp fees	570,212	512,857	359,269	22,095	487,188
Rental income	28,849	20,515	12,825	27,715	121,314
Church school salary share	5,370,820	4,693,151	4,439,142	4,414,641	4,364,600
Employee Retention Credit	146,878	3,282,209	-	-	-
Miscellaneous	1,637,846	1,253,170	619,313	1,092,494	1,177,594
Matured trusts, wills and gifts without donor restrictions	310,826	121,629	220,676	576,310	559,830
Washington International Student Experience	531,598	690,114	636,820	901,398	1,398,600
Total revenues without donor restrictions	34,921,181	33,612,721	31,741,041	30,146,414	31,818,904
Released from net assets with donor restrictions	1,684,143	1,358,750	1,212,597	2,335,802	1,438,845
Total unrestricted revenues and other support without donor restrictions	36,605,324	34,971,471	32,953,638	32,482,216	33,257,749
<u>Expenses and losses</u>					
<u>Program services functions</u>					
Church ministries (Note 19)	11,499,700	9,944,878	8,246,137	8,477,609	9,423,639
Educational (Note 19)	12,117,254	9,675,636	8,610,334	11,614,820	12,118,223
Publishing	-	-	-	-	5,402
Special services	355,524	309,274	361,066	348,498	291,542
Property insurance church and schools	800,530	774,913	781,809	762,356	746,656
Locally funded employee salary (Note 19)	3,811,806	3,489,129	3,071,344	2,772,385	3,211,712
Other	249,581	179,703	120,034	109,772	110,004
Total program services functions (Note 19)	28,834,395	24,373,533	21,190,724	24,085,440	25,907,178
<u>Supporting services functions</u>					
Administration - office resources (Note 19)	5,894,561	5,557,932	4,519,219	4,535,317	4,264,656
Trust services (Note 19)	337,433	386,854	460,957	697,877	539,767
Retirement contributions to DB plan (Note 19)	3,145,737	2,740,607	3,194,002	2,502,774	2,508,208
Total supporting services functions (Note 19)	9,377,731	8,685,393	8,174,178	7,735,968	7,312,631
Total expenses and losses (Note 19)	38,212,126	33,058,926	29,364,902	31,821,408	33,219,809
Net increase (decrease) from operations	(1,606,802)	1,912,545	3,588,736	660,808	37,940
<b>NONOPERATING ACTIVITY WITHOUT DONOR RESTRICTIONS</b>					
Nonoperating revenue (Note 20)	1,560,946	2,944,493	2,253,884	2,973,287	2,473,046
Nonoperating expense (Note 20)	(3,484,911)	(3,346,712)	(2,140,101)	(3,006,769)	(2,336,789)
Net gain (loss) on sale of assets (Note 20)	555,496	7,000	(11,144)	771,071	(178,532)
Released from net assets with donor restrictions	125,602	5,537	112,079	113,347	95,673
Net increase (decrease) from nonoperating activity	(1,242,867)	(389,682)	214,718	850,936	53,398
Increase (decrease) net assets without donor restrictions	\$ (2,849,669)	1,522,863	3,803,454	1,511,744	91,338

See accompanying notes.



**WASHINGTON CONFERENCE OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON CORPORATION OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON EDUCATION ENDOWMENT HOLDINGS, LLC  
Combined Unconsolidated Statement of Changes in Net Assets: Page 2 of 2  
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>
	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>	<u>Total</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>					
Increase (decrease) net assets without donor restrictions	\$ (2,849,669)	1,522,863	3,803,454	1,511,744	91,338
 <b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>					
<b>Changes in net assets with temporary donor restrictions</b>					
<u>Income with temporary donor restrictions</u>					
Subsidies (Note 18)	891,065	842,555	597,077	805,464	687,926
Offerings and donations	887,129	690,053	739,042	1,751,699	873,223
Investment income	29,851	63,773	53,095	40,641	54,210
Change in value of annuities and irrevocable trust agreements	44,210	(205,232)	58,857	(570,643)	351,322
Total income with temporary donor restrictions received	<u>1,852,255</u>	<u>1,391,149</u>	<u>1,448,071</u>	<u>2,027,161</u>	<u>1,966,681</u>
Net assets released from restricted - operating	(1,684,143)	(1,358,750)	(1,212,597)	(2,335,802)	(1,438,845)
Net assets released from restricted - nonoperating	(125,602)	(5,537)	(112,079)	(113,347)	(95,673)
Increase (decrease) in net assets with temporary donor restrictions	<u>42,510</u>	<u>26,862</u>	<u>123,395</u>	<u>(421,988)</u>	<u>432,163</u>
 Increase (decrease) in net assets with donor restrictions	<u>42,510</u>	<u>26,862</u>	<u>123,395</u>	<u>(421,988)</u>	<u>432,163</u>
 Increase (decrease) in net assets	<u>(2,807,159)</u>	<u>1,549,725</u>	<u>3,926,849</u>	<u>1,089,756</u>	<u>523,501</u>
 Net assets, beginning of year	<u>79,283,258</u>	<u>77,733,533</u>	<u>73,806,684</u>	<u>72,716,928</u>	<u>72,193,427</u>
 Net assets, end of year	<u>\$ 76,476,099</u>	<u>79,283,258</u>	<u>77,733,533</u>	<u>73,806,684</u>	<u>72,716,928</u>

See accompanying notes.

**WASHINGTON CONFERENCE OF SEVENTH-DAY ADVENTISTS**  
**WESTERN WASHINGTON CORPORATION OF SEVENTH-DAY ADVENTISTS**  
**WESTERN WASHINGTON EDUCATION ENDOWMENT HOLDINGS, LLC**  
**Combined Unconsolidated Statement of Cash Flows**  
**For the years ended December 31, 2023, 2022, 2021, 2020, and 2019**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Increase (decrease) in net assets	\$ (2,807,159)	1,549,725	3,926,849	1,089,756	523,501
<u>Adjustments to reconcile net income to net cash provided by operating activities</u>					
Bad debt expense	700,000	800,000	44,430	225,000	100,000
Depreciation expense (Note 9)	2,262,206	2,416,662	2,423,041	2,446,474	2,452,503
Donated plant assets (Note 20)	(302,432)	(2,914,194)	(1,742,390)	(2,702,712)	(2,014,299)
Plant assets added under capital lease	-	-	-	-	(38,111)
Net value of plant assets sold	-	-	16,144	20,922	377,632
Net value of plant assets written off	18,500	-	-	-	-
Non-cash payments on notes receivable	-	-	8,692	(200,000)	(270,000)
Non-cash additions notes receivable	-	-	-	200,000	270,000
Non-cash donated investments	-	-	(33,329)	-	-
Non-cash discounts	-	-	-	-	62,988
Realized (gain) loss on investments	24,239	(90,382)	36,074	39,589	(41,533)
Unrealized (gain) loss on investments	(287,717)	(285,554)	67,054	(133,845)	(33,073)
(Increase) decrease - accounts receivable	1,795,385	(2,958,248)	(435,193)	(1,337,081)	854,061
(Increase) decrease - inventories and prepaid expense	56,396	209,933	(155,906)	60,587	23,708
Increase (decrease) - accounts payable	996,020	(1,054,200)	1,493,321	191,724	(945,569)
(Increase) decrease - cash held for agency	3,465	1,759	15,471	14,940	(1,561)
Increase (decrease) - agency funds	(3,465)	(1,759)	(15,471)	(14,940)	1,561
Increase (decrease) - deferred revenue	59,762	(104,094)	110,707	(332,342)	(103,029)
Increase (decrease) - accrued retirement allowances	88,248	91,185	111,914	(35,460)	61,735
Net cash provided (used) by operating	<u>2,603,448</u>	<u>(2,339,167)</u>	<u>5,871,408</u>	<u>(467,388)</u>	<u>1,280,514</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from maturity of investments	9,156,821	5,996,124	1,541,078	907,736	7,336,729
Purchase of investments	(9,275,277)	(4,276,365)	(1,292,621)	(1,752,695)	(7,600,115)
Purchase of plant assets (Note 20)	(1,574,406)	(361,698)	(750,100)	(255,842)	(320,512)
(Increase) decrease - land held for sale	-	-	-	-	100,000
(Increase) decrease - real estate and miscellaneous	-	-	290,000	-	-
Increase (decrease) - liabilities held for others	-	-	(902,941)	(387,141)	-
New notes receivable issued	(319,028)	(1,858,767)	(967,180)	(833,121)	-
Payments received on notes receivable	291,984	395,982	142,922	58,627	276,628
Net cash provided (used) by investing	<u>(1,719,906)</u>	<u>(104,724)</u>	<u>(1,938,842)</u>	<u>(2,262,436)</u>	<u>(207,270)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
New capital lease obligation added	-	-	-	-	38,111
(Proceeds) payments from assets held in trust	64,271	1,003,561	(421,069)	1,602,434	830,071
Proceeds from external borrowing	-	-	-	651,600	-
Principal payments on capital lease	(35,495)	(8,105)	(32,158)	(31,287)	(16,944)
Principal payments on notes payable	(33,421)	(58,537)	(41,026)	(22,848)	(21,391)
(Increase) decrease - accounts receivable, other than operating	3,321	(77,109)	261,545	582,095	(383,999)
Increase (decrease) - accounts payable, other than operating	678,799	(35,788)	(5,430)	(40,976)	(19,854)
Proceeds (payments) from liabilities held in trust	(88,909)	(798,331)	362,213	(1,031,793)	(1,181,393)
Net cash provided (used) by financing	<u>588,566</u>	<u>25,691</u>	<u>124,075</u>	<u>1,709,225</u>	<u>(755,399)</u>
Net increase (decrease) cash and cash equivalents	1,472,108	(2,418,200)	4,056,641	(1,020,599)	317,845
Cash and cash equivalents, beginning of year	<u>2,387,534</u>	<u>4,805,734</u>	<u>749,093</u>	<u>1,769,692</u>	<u>1,451,847</u>
Cash and cash equivalents, end of year	<u>\$ 3,859,642</u>	<u>2,387,534</u>	<u>4,805,734</u>	<u>749,093</u>	<u>1,769,692</u>
<u>Supplemental cash flow data</u>					
Cash paid for interest was	<u>\$ 29,067</u>	<u>3,664</u>	<u>21,151</u>	<u>26,135</u>	<u>18,482</u>

See accompanying notes.



**WASHINGTON CONFERENCE OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON CORPORATION OF SEVENTH-DAY ADVENTISTS  
WESTERN WASHINGTON EDUCATION ENDOWMENT HOLDINGS, LLC  
Notes to Combined Unconsolidated Financial Statements  
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**Note 1 – Organization description and summary of significant accounting policies**

Organization description

Seventh-day Adventist congregations within Western Washington have formed the Washington Conference of Seventh-day Adventists (Conference) and Western Washington Corporation of Seventh-day Adventists (Corporation). In addition, the Western Washington Education Endowment Holdings, LLC (LLC) is a single-member limited liability separate from its sole member, the Corporation. Because the Conference, Corporation and LLC are commonly controlled, their financial statements are combined (collectively, Organizations).

The Organizations' primary purpose is to spread the gospel of Jesus Christ throughout their territory. The Organizations support the operation of all churches and schools in their territory, and are member organizations of the North Pacific Union Conference of Seventh-day Adventists. The Corporation holds legal title to all denominational property in its territory, and performs certain fiduciary duties. The Organizations receive most of their revenue in the form of contributions from individuals in their constituent congregations.

The LLC's primary purpose is limited to activities that are carried on for the exclusive benefit of the Corporation.

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

Summary of significant accounting policies

(a) Basis of accounting: The significant accounting policies of the Organizations are essentially the same as generally accepted accounting principles for not-for-profit organizations as promulgated by the Financial Accounting Standards Board and the American Institute of Certified Public Accountants. The significant policies are described below to enhance the usefulness of the financial statements. The financial statements of the Organizations have been prepared on the accrual basis of accounting. In conformity with the accrual basis of accounting, the Organizations have evaluated events that occurred subsequent to the financial statement date, up to April 17, 2024, which is the date the financial statements were issued.

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

(c) Restricted resources: The Organizations report gifts of cash and other assets as 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

The Organizations report 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 Organizations report expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

(d) Net assets without donor restrictions: The Conference uses net assets without donor restriction as needed. Donations without restriction are spent in accordance with the yearly budget that is approved by the Conference Executive Committee each year. If there is a request to spend net assets without donor restriction outside of budget, approval from the Conference's Administration is obtained before disbursement. If the expenditure is over \$10,000, approval is obtained from the Executive Committee. Additionally, the management strives to maintain an operating reserve for working capital in accordance with guidelines of the North American Division Working Policy.

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

(e) 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 \$1,000 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. 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. The following ranges of estimates of useful lives are assigned to the capital assets: Buildings: 10 to 50 years, Land Improvements: 5 to 20 years, Equipment: 3 to 15 years.

In its corporate capacity, the Corporation holds legal title to the church and school properties used by local church congregations and other affiliated entities. The historical cost of these properties, and related accumulated depreciation, is included in the plant fund, and the related depreciation expense is recorded as non-operating expense in the Statement of Changes in Net Assets. (Note 9)

Uses of operating funds for plant acquisitions and debt service payments are accounted for as committee approved transfers to the plant fund. Such transfers include depreciation funding as well as additional movements of resources from operating funds to the plant fund. Restricted proceeds from the sale of assets and restricted income from plant fund investments are recorded as restricted support. Both principal and interest payments made to retire plant fund debt are recorded in the plant fund.

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

(f) Cash and equivalents: Cash equivalents are highly-liquid assets held for operating purposes, which are readily convertible to cash and have a maturity date of less than three months from date of acquisition. Cash and investments held for purposes other than operating are not classified as cash and cash equivalents. The increase or decrease in nonoperating cash and investments is reported in the statement of cash flows as proceeds or purchases of investments.

(g) 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 fair value, which is determined by the quoted market price or other reasonable fair value estimate at the reporting date for those or similar securities. The difference between aggregate fair value and historical cost for each type of security is recorded in a valuation account. The change in the valuation account during each period is recognized as gain or loss. The Organizations do not have significant credit risk to any other entity.

Loans receivable are valued at the amortized amount receivable at the reporting date. An allowance has been recorded based on an estimate of amounts which are not expected to be collected. Because these loans, by intent and practice, are expected to be held to maturity, the carrying amount approximates the discounted value of future cash flows expected to be received. Because of the difficulty and inherent subjectivity involved in determining fair values, which is not susceptible to independent substantiation, management has concluded that the amortized face value of loans receivable from related or affiliated entities approximates fair value.

(h) 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, or committee allocated for the acquisition or construction of plant assets or for the liquidation of plant fund debt, or held as agent for others. This excludes from current liabilities the long-term portion of all debt, and plant fund debt payable within the next fiscal year to the extent covered by designated plant fund liquid assets. Working capital (current assets less current liabilities) for the Organizations usually reflects working capital of only the operating funds, since usually no assets or liabilities of the plant or endowment funds are classified as current.

(i) Inventory: Inventory is stated at the lower of cost or market, under the first-in, first-out method. Merchandise and items held for sale are classified as inventory. Supplies held for future consumption are classified as prepaid expense.

(j) Investment income: Income from investments, loans, and similar assets is accounted for in the fund owning the assets.

(k) Split-interest agreements: The Corporation acts as a trustee of and/or has a beneficial interest in 33 charitable gift annuities and/or other split-interest agreements. For those agreements that are irrevocable, the respective donated assets are recorded by the Corporation at fair value at the date of gift or acceptance of agreement. For those agreements, liabilities are recorded for the present value of the amount due to income beneficiaries and other remainder beneficiaries. 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. For those irrevocable agreements that are unconditional, the Corporation's interest is classified as unrestricted or temporarily restricted depending on the terms of each agreement. For those irrevocable agreements that are conditional, a liability is recorded as a refundable advance in an amount equal to the value of the respective trust assets. (For additional details, see Notes 8 and 23)

(l) Affiliated entities: The Organizations operate through several organizations with which they are affiliated by reason of economic interest and/or membership on the respective governing committees. The financial statements of these other organizations are not consolidated with these Organizations. Inter-organization transactions carried on in the ordinary course of business are handled through current accounts receivable and payable, and are settled generally on a monthly basis. Other financial transactions involving appropriations, loans, and other long-term financing, are detailed in Notes 5, 11, 18, and 22 below. These other organizations are:

(1) 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.

(2) General Conference of Seventh-day Adventists, North American Division (NAD): The NAD is the administrative entity of the GC which supervises denominational activities in North America.

(3) North Pacific Union Conference of Seventh-day Adventists (NPUC): The NPUC is the organization responsible for church activities in the states of Alaska, Idaho, Montana, Oregon, and Washington. The NPUC determines remuneration and other policies for institutions within the above states in accordance with GC policies.

(4) Walla Walla University (WWU): WWU is a separately incorporated organization operated by the NPUC to provide Seventh-day Adventist college educational opportunities in the NPUC. The Conference President is a member of the WWU Board of Trustees. The Conference makes operating appropriations to WWU through the NPUC.

(5) Auburn Adventist Academy: A Christian secondary school, which is a separate unincorporated entity serving the Organizations' territory. It is governed by a committee whose chairman is the president of the conference, and whose members are selected by the governing committee of the Conference. Legal title to real property used by the Academy is vested in the Corporation. The cost and accumulated depreciation of that property is included in the financial statements of the Corporation.

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(6) Puget Sound Adventist Academy, Orcas Christian School, and Skagit Adventist School: These Christian secondary schools are separate unincorporated entities serving part of the Organizations' territory. They are each governed by a committee that is chosen by the members of certain constituent churches within the Organizations' territory. Two administrative employees of the Conference serve on each committee. Legal title to real property used by each Academy is vested in the Corporation. The cost and accumulated depreciation of that property is included in the financial statements of the Corporation.

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

Operating funds: Unrestricted and restricted resources available for current operations. This fund group reflects the activity of the Conference Operating Fund and the Corporation Operating Fund.

Plant fund: The unexpended plant and net invested are incorporated in one plant fund. The unexpended plant fund represents resources that were donor-restricted or conference committee-allocated for plant acquisitions. Since operating resources allocated by the 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.

Endowment fund: Represents funds that are subject to restrictions of gift instruments requiring that the principal be held in perpetuity, be invested, and only the income from such investments be used. The principal of true endowments is reported as permanently restricted net assets. Committee-directed quasi-endowments are reported as unrestricted allocated net assets.

LLC fund: Represents funds limited to activities carried on for the exclusive benefit of the Corporation.

(n) Certain prior-year amounts have been reclassified to conform with current year classifications.

**Note 2 – Cash**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Checking and petty cash	\$ 3,469,024	1,453,575	2,274,427	289,980	502,311
Savings	388,773	935,579	2,534,686	477,963	1,271,291
Less: cash held for agency	1,845	(1,620)	(3,379)	(18,850)	(3,910)
Total cash	<u>\$ 3,859,642</u>	<u>2,387,534</u>	<u>4,805,734</u>	<u>749,093</u>	<u>1,769,692</u>

**Note 3 – Investments**

	<b>2023</b>			<b>2022</b>		
	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>
<u>Investments held for operating</u>						
North Pacific Union Conference Association (NPUCA) revolving fund certificates	\$ 400,000	400,000	-	400,000	400,000	-
Total investments held for operating	<u>\$ 400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>

	<b>2021</b>			<b>2020</b>		
	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>
<u>Investments held for operating</u>						
NPUCA revolving fund certificates	\$ 400,000	400,000	-	400,000	400,000	-
Total investments held for operating	<u>\$ 400,000</u>	<u>400,000</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>	<u>-</u>

	<b>2023</b>			<b>2022</b>		
	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>	<b>Cost</b>	<b>Market</b>	<b>Unrealized Appreciation (Decline)</b>
<u>Investments held for other than operating</u>						
Checking accounts	\$ 255,264	255,264	-	146,400	146,400	-
Savings accounts	6,507	6,507	-	3,636	3,636	-
Money market accounts	73,304	73,304	-	155,180	155,180	-
Mutual funds	467,261	467,452	191	-	-	-
NPUCA revolving fund certificates	2,795,100	2,795,100	-	2,795,100	2,795,100	-
Common stocks and mutual funds	863,585	1,039,791	176,206	923,416	831,350	(92,066)
Government backed securities	708,082	653,029	(55,053)	1,051,153	976,847	(74,306)
Total investments held for other than operating	<u>\$ 5,169,103</u>	<u>5,290,447</u>	<u>121,344</u>	<u>5,074,885</u>	<u>4,908,513</u>	<u>(166,372)</u>



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**Note 3 – Investments (continued)**

	2021			2020		
	Cost	Market	Unrealized Appreciation (Decline)	Cost	Market	Unrealized Appreciation (Decline)
<u>Investments held for other than operating</u>						
Checking accounts	\$ 326,256	326,256	-	290,460	290,460	-
Savings accounts	847,248	847,248	-	1,565,241	1,565,241	-
Money market accounts	247,246	247,246	-	206,612	206,612	-
NPUCA revolving fund certificates	2,795,100	2,795,100	-	2,795,100	2,795,100	-
Common stocks and mutual funds	1,015,797	1,111,690	95,893	801,976	956,118	154,142
Government backed securities	901,507	924,795	23,288	719,562	757,060	37,498
Total investments held for other than operating	<u>\$ 6,133,154</u>	<u>6,252,335</u>	<u>119,181</u>	<u>6,378,951</u>	<u>6,570,591</u>	<u>191,640</u>

	2019		
	Cost	Market	Unrealized Appreciation (Decline)
<u>Investments held for other than operating</u>			
Checking accounts	\$ 248,235	248,235	-
Savings accounts	1,919,052	1,919,052	-
Money market accounts	112,282	112,282	-
Mutual funds	21,107	21,122	15
NPUCA revolving fund certificates	2,095,100	2,095,100	-
Common stocks and mutual funds	767,186	801,419	34,233
Government backed securities	824,750	834,170	9,420
Total investments held for other than operating	<u>\$ 5,987,712</u>	<u>6,031,380</u>	<u>43,668</u>

Composition of investment return

	2023		2022	
	Operating Activity	Non- Operating Activity	Operating Activity	Non- Operating Activity
Investment income (interest and dividends)	\$ 1,277	94,781	270	79,479
Realized gain (loss) in value of investments	-	(24,239)	-	90,382
Unrealized gain (loss) in value of investments	-	287,717	-	285,554
Interest earned on cash & cash equivalents	-	52,994	-	46,111
Net gain (loss) on investments*	-	316,472	-	422,047
Total investment earnings	<u>\$ 1,277</u>	<u>411,253</u>	<u>270</u>	<u>501,526</u>

Composition of investment return

	2021		2020	
	Operating Activity	Non- Operating Activity	Operating Activity	Non- Operating Activity
Investment income (interest and dividends)	\$ 140	77,101	471	158,341
Realized gain (loss) in value of investments	-	(36,074)	-	(39,589)
Unrealized gain (loss) in value of investments	-	(67,054)	-	133,845
Interest earned on cash & cash equivalents	-	45,170	232	677
Net gain (loss) on investments*	-	(57,958)	232	94,933
Total investment earnings	<u>\$ 140</u>	<u>19,143</u>	<u>703</u>	<u>253,274</u>

Composition of investment return

	2019	
	Operating Activity	Non- Operating Activity
Investment income (interest and dividends)	\$ 3,189	113,644
Realized gain (loss) in value of investments	-	41,533
Unrealized gain (loss) in value of investments	-	33,073
Interest earned on cash & cash equivalents	861	4,119
Net gain (loss) on investments*	861	78,725
Total investment earnings	<u>\$ 4,050</u>	<u>192,369</u>

\* The Organizations did not have any gain or loss on investments for which carrying value is not fair value.





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**Note 6 – Inventories and prepaid expense**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<u>Inventories</u>					
Treasury	\$ 10,294	12,012	6,300	9,436	11,645
Youth camp	12,056	12,175	16,952	19,960	19,005
Total inventories	<u>22,350</u>	<u>24,187</u>	<u>23,252</u>	<u>29,396</u>	<u>30,650</u>
<u>Prepaid expense</u>					
Insurance	224,130	333,543	375,931	257,874	203,711
Miscellaneous	61,314	6,460	174,940	130,948	244,443
Total prepaid expense	<u>285,444</u>	<u>340,003</u>	<u>550,871</u>	<u>388,822</u>	<u>448,154</u>
Total inventories and prepaid expense	<u>\$ 307,794</u>	<u>364,190</u>	<u>574,123</u>	<u>418,218</u>	<u>478,804</u>

**Note 7 – Real estate and miscellaneous assets**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<u>Plant funds</u>					
Miscellaneous properties	\$ 127	127	127	127	127
Witzel property (A)	225,000	225,000	225,000	225,000	225,000
Other real estate (B)	-	-	-	80,000	80,000
Total real estate and miscellaneous assets - plant funds	<u>225,127</u>	<u>225,127</u>	<u>225,127</u>	<u>305,127</u>	<u>305,127</u>
<u>Endowment fund</u>					
Real estate (C)	100,000	100,000	100,000	310,000	310,000
Total real estate and miscellaneous assets - endowment fund	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>310,000</u>	<u>310,000</u>
Total real estate and miscellaneous assets	<u>\$ 325,127</u>	<u>325,127</u>	<u>325,127</u>	<u>615,127</u>	<u>615,127</u>

(A) This property was received from a matured trust and is being held for Auburn Adventist Academy. (See Note 13)

(B) This is a property at Auburn Adventist Academy received from a matured trust.

(C) This property was received to fund an endowment. (See Note 27)

**Note 8 – Annuities and irrevocable trust agreements**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<u>Assets held in trust</u>					
Cash	\$ 2,606	4,097	704,975	731,216	1,264,106
Bonds	143,771	219,768	357,912	-	30,007
Certificates of deposit	-	-	-	2	2,428
Gift annuities - NPUCA Trustee	146,845	130,795	150,573	183,762	566,599
Irrevocable trusts - NPUCA Trustee	30,626	29,460	51,727	46,138	35,112
Real estate	110,007	110,007	223,000	106,000	667,000
Receivables	128,500	132,498	142,000	142,000	246,300
Total assets held in trust	<u>\$ 562,355</u>	<u>626,625</u>	<u>1,630,187</u>	<u>1,209,118</u>	<u>2,811,552</u>
<u>Liabilities held in trust</u>					
*Present value of liability to income beneficiaries	\$ -	5,033	5,033	5,712	6,992
Liability to other residual beneficiaries	196,535	299,982	1,098,313	735,421	1,765,934
Total liabilities held in trust	<u>\$ 196,535</u>	<u>305,015</u>	<u>1,103,346</u>	<u>741,133</u>	<u>1,772,926</u>

\*Present value liabilities are calculated using an assumed interest rate of 4% and individual life expectancies, which may vary from actual.

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<u>Change in net value of annuities and irrevocable trusts</u>					
New or matured trusts	\$ 1,161,094	-	1,194,717	2,129,628	636,124
Income of trusts	15,617	130,175	14,335	44,674	228,954
Expenses of trusts	(137,581)	(40,703)	(38,699)	(200,343)	(343,325)
Change in present value liability	(1,012,136)	(252,657)	(1,083,896)	(2,172,791)	(432,118)
Change in value of irrevocable trusts - NPUCA Trustee	1,166	(22,268)	5,589	11,026	4,688
Change in value of annuities - NPUCA Trustee	16,050	(19,779)	(33,189)	(382,837)	256,999
Total change in net value of annuities and irrevocable trusts	<u>\$ 44,210</u>	<u>(205,232)</u>	<u>58,857</u>	<u>(570,643)</u>	<u>351,322</u>

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**Note 9 – Plant assets**

	<b>2023</b>			
	<b>Total Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>	<b>Depreciation Expense</b>
<u>Conference use</u>				
Land	\$ 1,888,919	-	1,888,919	-
Land improvements	3,507,034	3,243,515	263,519	32,571
Buildings	7,307,654	3,635,454	3,672,200	186,626
Equipment	3,290,179	2,664,548	625,631	138,451
Leased equipment	110,081	103,093	6,988	7,622
Construction in progress	8,805,038	-	8,805,038	-
Total for conference use	<u>24,908,905</u>	<u>9,646,610</u>	<u>15,262,295</u>	<u>365,270</u>
<u>Affiliated entities use</u>				
Land	16,187,895	-	16,187,895	-
Land improvements	1,413,470	1,153,770	259,700	51,892
Buildings	73,792,094	42,842,030	30,950,064	1,845,044
Total for affiliated entities use	<u>91,393,459</u>	<u>43,995,800</u>	<u>47,397,659</u>	<u>1,896,936</u>
<u>LLC use</u>				
Land	8,961	-	8,961	-
Construction in progress	230,692	-	230,692	-
Total LLC use	<u>239,653</u>	<u>-</u>	<u>239,653</u>	<u>-</u>
Total plant assets, net	<u>\$ 116,542,017</u>	<u>53,642,410</u>	<u>62,899,607</u>	<u>2,262,206</u>
<b>2022</b>				
	<b>Total Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>	<b>Depreciation Expense</b>
<u>Conference use</u>				
Land	\$ 1,888,515	-	1,888,515	-
Land improvements	3,411,145	3,210,944	200,201	161,781
Buildings	7,277,831	3,448,828	3,829,003	189,132
Equipment	3,005,534	2,526,097	479,437	118,864
Leased equipment	110,081	95,471	14,610	8,821
Construction in progress	8,414,938	-	8,414,938	-
Total for conference use	<u>24,108,043</u>	<u>9,281,340</u>	<u>14,826,703</u>	<u>478,598</u>
<u>Affiliated entities use</u>				
Land	16,187,895	-	16,187,895	-
Land improvements	1,413,470	1,101,878	311,592	78,893
Buildings	72,761,261	40,996,986	31,764,275	1,859,171
Total for affiliated entities use	<u>90,362,626</u>	<u>42,098,864</u>	<u>48,263,762</u>	<u>1,938,064</u>
<u>LLC use</u>				
Land	8,961	-	8,961	-
Construction in progress	204,047	-	204,047	-
Total LLC use	<u>213,008</u>	<u>-</u>	<u>213,008</u>	<u>-</u>
Total plant assets, net	<u>\$ 114,683,678</u>	<u>51,380,204</u>	<u>63,303,474</u>	<u>2,416,662</u>

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**Note 9 – Plant assets (continued)**

	<b>2021</b>			
	<b>Total Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>	<b>Depreciation Expense</b>
<u>Conference use</u>				
Land	\$ 1,888,515	-	1,888,515	-
Land improvements	3,402,205	3,049,163	353,042	179,284
Buildings	7,277,831	3,259,696	4,018,135	189,639
Equipment	2,787,912	2,408,146	379,766	129,570
Leased equipment	110,080	86,650	23,430	18,418
Construction in progress	7,415,679	-	7,415,679	-
Total for conference use	<u>22,882,222</u>	<u>8,803,655</u>	<u>14,078,567</u>	<u>516,911</u>
<u>Affiliated entities use</u>				
Land	14,764,460	-	14,764,460	-
Land improvements	1,413,470	1,022,985	390,485	64,423
Buildings	72,161,261	39,137,815	33,023,446	1,841,707
Total for affiliated entities use	<u>88,339,191</u>	<u>40,160,800</u>	<u>48,178,391</u>	<u>1,906,130</u>
<u>LLC use</u>				
Land	8,961	-	8,961	-
Construction in progress	178,326	-	178,326	-
Total LLC use	<u>187,287</u>	<u>-</u>	<u>187,287</u>	<u>-</u>
Total plant assets, net	<u>\$ 111,408,700</u>	<u>48,964,455</u>	<u>62,444,245</u>	<u>2,423,041</u>
<b>2020</b>				
	<b>Total Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>	<b>Depreciation Expense</b>
<u>Conference use</u>				
Land	\$ 2,027,514	-	2,027,514	-
Land improvements	3,171,485	2,907,980	263,505	186,975
Buildings	7,001,081	3,097,061	3,904,020	189,631
Equipment	2,819,308	2,395,245	424,063	143,713
Leased equipment	110,080	59,974	50,106	14,394
Construction in progress	6,042,614	-	6,042,614	-
Total for conference use	<u>21,172,082</u>	<u>8,460,260</u>	<u>12,711,822</u>	<u>534,713</u>
<u>Affiliated entities use</u>				
Land	13,722,520	-	13,722,520	-
Land improvements	1,564,963	920,461	644,502	56,622
Buildings	72,438,012	37,269,104	35,168,908	1,855,139
Total for affiliated entities use	<u>87,725,495</u>	<u>38,189,565</u>	<u>49,535,930</u>	<u>1,911,761</u>
<u>LLC use</u>				
Land	8,961	-	8,961	-
Construction in progress	134,228	-	134,228	-
Total LLC use	<u>143,189</u>	<u>-</u>	<u>143,189</u>	<u>-</u>
Total plant assets, net	<u>\$ 109,040,766</u>	<u>46,649,825</u>	<u>62,390,941</u>	<u>2,446,474</u>
<b>2019</b>				
	<b>Total Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Value</b>	<b>Depreciation Expense</b>
<u>Conference use</u>				
Land	\$ 2,027,514	-	2,027,514	-
Land improvements	3,171,485	2,721,005	450,480	193,176
Buildings	7,001,081	2,907,430	4,093,651	185,583
Equipment	2,768,675	2,268,305	500,370	140,032
Leased equipment	110,080	45,580	64,500	14,394
Construction in progress	3,327,686	-	3,327,686	-
Total for conference use	<u>18,406,521</u>	<u>7,942,320</u>	<u>10,464,201</u>	<u>533,185</u>
<u>Affiliated entities use</u>				
Land	13,710,411	-	13,710,411	-
Land improvements	1,564,963	863,839	701,124	55,893
Buildings	72,438,012	35,413,965	37,024,047	1,863,425
Total for affiliated entities use	<u>87,713,386</u>	<u>36,277,804</u>	<u>51,435,582</u>	<u>1,919,318</u>
Total plant assets, net	<u>\$ 106,119,907</u>	<u>44,220,124</u>	<u>61,899,783</u>	<u>2,452,503</u>

The Corporation owns the real property of Auburn Adventist Academy. The net value of these assets included in the above total is \$6,364,316, \$5,504,660, \$5,787,464, \$6,046,588 and \$6,588,454 for 2023, 2022, 2021, 2020, and 2019, respectively. Maintenance expenses for the property are paid by the Academy and are considered to be rental value due to the Corporation for the right to use the property.

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**Note 10 – Accounts receivable - other than operating**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Accrued interest	\$ 40,333	40,333	40,333	44,687	34,468
Buildings projects, local churches	17,156	17,156	17,156	198,582	785,161
Miscellaneous	73,787	77,109	-	19,265	25,000
Total accounts receivable - other than operating	<u>\$ 131,276</u>	<u>134,598</u>	<u>57,489</u>	<u>262,534</u>	<u>844,629</u>

**Note 11 – Notes receivable - other than operating**

	<b>2023</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
<u>Related entities</u>			
Local churches	\$ 183,315	3,589,897	3,773,212
Auburn Adventist Academy	-	488,437	488,437
Allowance for uncollectable notes receivable	-	(1,305,174)	(1,305,174)
Total notes receivable - other than operating	<u>\$ 183,315</u>	<u>2,773,160</u>	<u>2,956,475</u>

	<b>2022</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
<u>Related entities</u>			
Local churches	\$ 138,473	3,573,655	3,712,128
Auburn Adventist Academy	-	488,437	488,437
Allowance for uncollectable notes receivable	-	(1,305,174)	(1,305,174)
Total notes receivable - other than operating	<u>\$ 138,473</u>	<u>2,756,918</u>	<u>2,895,391</u>

	<b>2021</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
<u>Related entities</u>			
Local churches	\$ 112,473	2,184,070	2,296,543
Auburn Adventist Academy	-	488,437	488,437
Allowance for uncollectable notes receivable	-	(505,174)	(505,174)
Total notes receivable - other than operating	<u>\$ 112,473</u>	<u>2,167,333</u>	<u>2,279,806</u>

	<b>2020</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
<u>Related entities</u>			
Local churches	\$ 123,540	1,357,436	1,480,976
Auburn Adventist Academy	-	578,262	578,262
Allowance for uncollectable notes receivable	-	(595,000)	(595,000)
Total notes receivable - other than operating	<u>\$ 123,540</u>	<u>1,340,698</u>	<u>1,464,238</u>

	<b>2019</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
<u>Related entities</u>			
Local churches	\$ 82,212	607,599	689,811
Auburn Adventist Academy	-	578,262	578,262
Total related entities	<u>82,212</u>	<u>1,185,861</u>	<u>1,268,073</u>

<u>Secured estate loans</u>			
Wiggins estate, 7%	-	16,671	16,671
Total secured estate loans	<u>-</u>	<u>16,671</u>	<u>16,671</u>

Allowance for uncollectable notes receivable	-	(595,000)	(595,000)
Total notes receivable - other than operating	<u>\$ 82,212</u>	<u>607,532</u>	<u>689,744</u>

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**Note 12 – Accounts payable - operating funds**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Adventist Risk Management	\$ 668,199	521,465	449,811	429,760	228,013
Auburn Adventist Academy	28,063	(3,923)	257,904	-	281,558
Commercial and miscellaneous	226,556	110,180	211,771	136,549	221,387
Deposits	19,180	(1,950)	580	5,240	7,610
Employees	56,572	25,892	25,796	-	23,881
Local church schools	309,452	276,234	213,231	241,724	138,912
NPUC	2,331,679	1,785,021	2,700,033	1,437,907	1,247,957
Other related entities	1,770	1,799	13,349	27,565	3,996
Vacation payable	287,765	244,617	235,746	373,040	270,209
Workers comp & payroll taxes	120,807	94,686	-	(36,886)	(348)
Total accounts payable - operating funds	<u>\$ 4,050,043</u>	<u>3,054,021</u>	<u>4,108,221</u>	<u>2,614,899</u>	<u>2,423,175</u>

**Note 13 – Liabilities held for others**

In October 1999, a trust matured and distributed real property to Auburn Adventist Academy. The Corporation has legal title to such real property and holds the property as an agent for the Academy. Under the terms of this trust, this property may be sold upon the direction of the Academy Operating Board. (See Note 7).

**Note 14 – Accounts payable - other than operating**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
<u>Plant fund</u>					
Auburn Adventist Academy	\$ 29,000	-	-	-	-
Building projects - Construction in Progress	524,759	(31,420)	836	6,166	49,082
Miscellaneous	147,588	53,968	57,500	1,100	(840)
Total plant fund accounts payable	<u>701,347</u>	<u>22,548</u>	<u>58,336</u>	<u>7,266</u>	<u>48,242</u>
Total accounts payable - other than operating	<u>\$ 701,347</u>	<u>22,548</u>	<u>58,336</u>	<u>7,266</u>	<u>48,242</u>

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**Note 15 – Line of credit and notes payable**

	<b>2023</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
Wells Fargo construction loan			
interest only payments, 5.25% interest, due June 2024	\$ 107,232	-	107,232
NPUCA loan - Southside Samoan Church			
\$4,222 per month, 4.5% interest, due March 2040	24,836	558,137	582,973
NPUCA loan - Sunset Lake gym			
\$2,112 per month, 4.5% interest, due January 2033	16,764	162,450	179,214
Total line of credit and notes payable	<u>\$ 148,832</u>	<u>720,587</u>	<u>869,419</u>

	<b>2022</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
Wells Fargo construction loan			
interest only payments, 4.75% interest, due June 2024	\$ 24,992	86,307	111,299
NPUCA loan - Southside Samoan Church			
\$4,222 per month, 4.5% interest, due March 2040	20,795	586,023	606,818
NPUCA loan - Sunset Lake gym			
\$2,112 per month, 4.5% interest, due January 2033	16,482	168,241	184,723
Total line of credit and notes payable	<u>\$ 62,269</u>	<u>840,571</u>	<u>902,840</u>

	<b>2021</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
Wells Fargo construction loan			
interest only payments, 4.75% interest, due June 2024	\$ 24,992	94,495	119,487
NPUCA loan - Southside Samoan Church			
\$4,222 per month, 4.5% interest, due March 2040	19,624	610,088	629,712
NPUCA loan - Sunset Lake gym			
\$2,112 per month, 4.5% interest, due January 2033	15,077	197,103	212,180
Total line of credit and notes payable	<u>\$ 59,693</u>	<u>901,686</u>	<u>961,379</u>

	<b>2020</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
Wells Fargo construction loan			
interest only payments, 4.75% interest, due June 2024	\$ 24,992	98,168	123,160
NPUCA loan - Southside Samoan Church			
\$4,222 per month, 4.5% interest, due March 2040	19,529	632,072	651,601
NPUCA loan - Sunset Lake gym			
\$2,112 per month, 4.5% interest, due January 2033	14,286	213,357	227,643
Total line of credit and notes payable	<u>\$ 58,807</u>	<u>943,597</u>	<u>1,002,404</u>

	<b>2019</b>		
	<b>Current</b>	<b>Long-term</b>	<b>Total</b>
<u>Plant fund</u>			
Wells Fargo construction loan			
interest only payments, 4.75% interest, due June 2024	\$ 24,992	106,630	131,622
NPUCA loan - Sunset Lake gym			
\$2,112 per month, 4.5% interest, due January 2033	13,551	228,478	242,029
Total line of credit and notes payable	<u>\$ 38,543</u>	<u>335,108</u>	<u>373,651</u>

Amounts due in each of the next five years:

	<u>Total</u>
2024 \$	148,832
2025	43,703
2026	45,803
2027	48,004
2028	50,311
Future	532,766
\$	<u>869,419</u>



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**Note 16 – Leased equipment and capital lease liability**

Photocopiers were acquired under the terms of a capital lease in 2019 and 2016. The assets and liabilities under the capital lease are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset at the time of acquisition. The assets are depreciated over the lower of their related lease term or their estimated useful life. The assets' cost, accumulated depreciation, and depreciation expense are included in Note 9 above.

	2023		
	Current	Long-term	Total
<u>Plant fund</u>			
Copier capital lease			
\$2,354 per month, 14.075% interest, due October 2024	\$ 22,090	-	22,090
Total leased equipment and capital lease liability	<u>\$ 22,090</u>	<u>-</u>	<u>22,090</u>

	2022		
	Current	Long-term	Total
<u>Plant fund</u>			
Copier capital lease			
\$2,354 per month, 14.075% interest, due October 2024	\$ 12,172	45,413	57,585
Total leased equipment and capital lease liability	<u>\$ 12,172</u>	<u>45,413</u>	<u>57,585</u>

	2021		
	Current	Long-term	Total
<u>Plant fund</u>			
Copier capital lease			
\$2,354 per month, 14.075% interest, due October 2024	\$ 20,277	45,413	65,690
Total leased equipment and capital lease liability	<u>\$ 20,277</u>	<u>45,413</u>	<u>65,690</u>

	2020		
	Current	Long-term	Total
<u>Plant fund</u>			
Copier capital lease			
\$2,354 per month, 14.075% interest, due October 2024	\$ 20,442	62,877	83,319
Copier capital lease			
\$1,518 per month, 9.70% interest, due October 2021	14,528	-	14,528
Total leased equipment and capital lease liability	<u>\$ 34,970</u>	<u>62,877</u>	<u>97,847</u>

	2019		
	Current	Long-term	Total
<u>Plant fund</u>			
Copier capital lease			
\$2,354 per month, 14.075% interest, due October 2024	\$ 15,328	83,320	98,648
Copier capital lease			
\$1,518 per month, 9.70% interest, due October 2021	13,192	17,295	30,487
Total leased equipment and capital lease liability	<u>\$ 28,520</u>	<u>100,615</u>	<u>129,135</u>

Minimum future lease payments under noncancelable capital leases having remaining terms in excess of one year as of December 31, 2023, for each of the next five years and in the aggregate are:

	Total
2024	\$ 28,248
2025	-
2026	-
2027	-
2028	-
Total minimum future lease payments	<u>28,248</u>
Less: imputed interest	(6,158)
Total	<u>\$ 22,090</u>



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**Note 17 – Net assets with donor restrictions**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>	<b>Balance</b>
<u>Temporary restrictions</u>					
<u>Conference operating funds</u>					
Building/Land improvement	\$ (7,927)	(7,927)	-	-	-
Children's ministries	23,136	15,025	3,655	-	-
Church planting	-	-	-	37,500	-
Collegiate grant	45,207	-	-	-	-
Community services administration	-	-	-	-	-
Creative works digital media	-	-	-	3,130	1,745
Deaf ministries	36,315	32,606	23,969	12,685	11,401
Disaster relief	121,919	116,112	113,455	111,656	91,331
General evangelism	-	-	-	(6)	-
Health and temperance	-	-	-	-	-
Ingathering reversion	14,304	9,667	4,688	4,330	3,523
Inner city	9,260	8,589	5,177	2,299	-
K-12 operations	-	-	-	-	-
Literature evangelism	122	-	-	-	-
Northern Federation	-	-	-	120	-
Pathfinders	26,446	43,765	43,765	42,468	41,988
Prayer ministry & Spiritual Growth	-	-	-	-	245
Prison ministries	2,409	-	435	1,964	-
Regional coordinator	9,910	-	-	5,651	-
SAGE projects	84,369	84,369	84,369	84,369	84,369
Seniors SAGE	5,403	-	-	10,000	-
Southern Federation	-	-	-	798	798
Spanish ministries	13,725	12,288	7,228	8,020	8,020
Sunset Lake Camp	20,445	16,469	6,233	8,824	2,792
Sunset Lake Camp board activities	-	-	-	-	1,458
Thrift Store ministries	2,784	2,784	2,784	2,784	2,784
Women's ministries	(1,436)	6,953	3,113	821	-
Total conference operating	<u>406,391</u>	<u>340,700</u>	<u>298,871</u>	<u>337,413</u>	<u>250,454</u>
<u>Corporation operating funds</u>					
Corporation trusts	188,348	161,355	324,541	238,083	436,915
NPUCA trusts	30,626	29,460	51,728	46,139	35,112
NPUCA annuities	146,846	130,795	150,573	183,763	566,598
Total corporation operating	<u>365,820</u>	<u>321,610</u>	<u>526,842</u>	<u>467,985</u>	<u>1,038,625</u>
Total operating funds - net assets with donor restrictions	<u>772,211</u>	<u>662,310</u>	<u>825,713</u>	<u>805,398</u>	<u>1,289,079</u>
<u>Plant fund</u>					
HOPE House	87,788	115,219	40,949	34,173	-
Sunset Lake capital improvements	240,340	259,711	202,010	138,442	130,901
Total other funds - net assets with donor restrictions	<u>328,128</u>	<u>374,930</u>	<u>242,959</u>	<u>172,615</u>	<u>130,901</u>
<u>Endowment fund</u>					
Cedarhome endowment	29,285	29,285	27,354	25,423	23,309
Cesar Umayam memorial endowment	29,235	29,534	31,413	28,893	31,805
David and Tomi Glen endowment	67,837	57,206	27,806	26,661	25,045
Education endowment	18,160	50,131	50,131	27,429	8,590
Evangelism endowment	-	-	-	5,725	-
Global mission endowment	45,363	74,019	45,363	43,679	42,515
Jensen education endowment	117,191	116,141	115,356	114,306	113,157
K-12 operations	28,656	-	-	-	-
Leiske endowment	222,074	222,074	222,673	215,245	222,961
Total endowment fund - net assets with donor restrictions	<u>557,801</u>	<u>578,390</u>	<u>520,096</u>	<u>487,361</u>	<u>467,382</u>
Total other funds - net assets with donor restrictions	<u>885,929</u>	<u>953,320</u>	<u>763,055</u>	<u>659,976</u>	<u>598,283</u>
Total net assets with temporary donor restrictions	<u>\$ 1,658,140</u>	<u>1,615,630</u>	<u>1,588,768</u>	<u>1,465,374</u>	<u>1,887,362</u>

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**Note 17 – Net assets with donor restrictions (continued)**

Permanent restrictions

<u>Endowment fund</u>	<u>2023</u> <u>Balance</u>	<u>2022</u> <u>Balance</u>	<u>2021</u> <u>Balance</u>	<u>2020</u> <u>Balance</u>	<u>2019</u> <u>Balance</u>
Cesar Umayam memorial endowment	\$ 139,951	139,951	139,951	139,951	139,951
Total net assets with permanent donor restrictions	<u>\$ 139,951</u>	<u>139,951</u>	<u>139,951</u>	<u>139,951</u>	<u>139,951</u>
Total net assets with donor restrictions	<u>\$ 1,798,091</u>	<u>1,755,581</u>	<u>1,728,719</u>	<u>1,605,325</u>	<u>2,027,313</u>

**Note 18 – Related party transactions**

<u>Appropriations received without restrictions:</u>	<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>
Auditing service appropriation*	\$ 60,833	45,797	48,360	42,792	42,792
General Conference	-	-	-	27,244	27,110
NPUC	100,957	74,816	72,710	278,545	149,944
Total unrestricted appropriations	<u>161,790</u>	<u>120,613</u>	<u>121,070</u>	<u>348,581</u>	<u>219,846</u>
<u>Appropriation received with donor restrictions:</u>					
GC	-	-	-	275,819	258,919
NAD - capital appropriation	-	-	-	-	15,000
NPUC	891,065	842,555	597,077	529,645	414,007
Total restricted appropriations	<u>891,065</u>	<u>842,555</u>	<u>597,077</u>	<u>805,464</u>	<u>687,926</u>
Total appropriations received	<u>\$ 1,052,855</u>	<u>963,168</u>	<u>718,147</u>	<u>1,154,045</u>	<u>907,772</u>
<u>Appropriations made to:</u>					
Auburn Adventist Academy	\$ 597,612	812,612	726,274	763,374	767,960
Oakwood University	-	-	-	20,949	22,803
NPUC	88,007	88,007	88,007	109,772	110,004
WWU (via NPUC)	846,125	658,625	662,927	667,151	607,238
Total appropriations made	<u>\$ 1,531,744</u>	<u>1,559,244</u>	<u>1,477,208</u>	<u>1,561,246</u>	<u>1,508,005</u>

\*The cost of obtaining audits is funded by the Organizations, the North Pacific Union Conference, and the North American Division. In accordance with FASC 958-605-15-2, for portions not paid for by the Organizations, the funding of these services has been recorded on the financial statements as a contribution received and as an auditing expense.

**Note 19 – Analysis of expenses**

	<b>2023 Program Services</b>				<b>Total Program Services</b>
	<b>Church Ministries</b>	<b>Educational</b>	<b>Locally funded employee</b>	<b>Other</b>	
Basic pay & allowances	\$ 8,521,523	7,259,957	3,662,053	253,185	19,696,718
Travel expenses	93,433	191,931	-	36,325	321,689
DC- Retirement Plan Contributions	479,084	470,358	149,753	14,074	1,113,269
Appropriations	90,000	2,360,286	-	91,007	2,541,293
Advertising and selling expenses	23,847	10,572	-	-	34,419
Office expenses	37,676	10,524	-	4,011	52,211
Program expenses	823,040	253,034	-	16,971	1,093,045
Administrative expenses	375,427	285,273	-	29,574	690,274
General expenses	434,852	1,050,075	-	237,001	1,721,928
Maintenance & depreciation	608,115	71,635	-	723,487	1,403,237
Miscellaneous	12,703	153,609	-	-	166,312
Total expenses	<u>\$ 11,499,700</u>	<u>12,117,254</u>	<u>3,811,806</u>	<u>1,405,635</u>	<u>28,834,395</u>

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**Note 19 – Analysis of expenses (continued)**

	<b>2023 Supporting Services</b>				<b>2023 Total Program &amp; Supporting Services</b>
	<b>Admin.</b>	<b>Trust services</b>	<b>Retirement contributions to</b>	<b>Total Supporting</b>	
			<b>DB Plan</b>	<b>Services</b>	
Basic pay & allowances	\$ 4,645,912	174,318	-	4,820,230	24,516,948
Travel expenses	94,268	9,802	-	104,070	425,759
DB - retirement plan contributions	-	-	3,145,737	3,145,737	3,145,737
DC - retirement plan contributions	71,246	12,533	-	83,779	1,197,048
Appropriations	14,308	7,782	-	22,090	2,563,383
Advertising and selling expenses	-	3,500	-	3,500	37,919
Office expenses	39,774	242	-	40,016	92,227
Program expenses	-	-	-	-	1,093,045
Administrative expenses	120,747	26,788	-	147,535	837,809
General expenses	656,637	24,312	-	680,949	2,402,877
Maintenance & depreciation	251,669	78,156	-	329,825	1,733,062
Miscellaneous	-	-	-	-	166,312
<b>Total expenses</b>	<b>\$ 5,894,561</b>	<b>337,433</b>	<b>3,145,737</b>	<b>9,377,731</b>	<b>38,212,126</b>

	<b>2022 Program Services</b>				<b>Total Program Services</b>
	<b>Church Ministries</b>	<b>Educational</b>	<b>Locally funded</b>		
			<b>employee</b>	<b>Other</b>	
Basic pay & allowances	\$ 7,135,225	6,058,744	3,354,323	186,128	16,734,420
Travel expenses	212,522	79,743	38	12,651	304,954
DC - retirement plan contributions	446,347	456,789	134,432	11,829	1,049,397
Appropriations	83,240	2,156,083	-	90,012	2,329,335
Advertising and selling expenses	14,995	4,009	-	109	19,113
Office expenses	37,311	16,539	-	4,707	58,557
Program expenses	606,244	266,368	-	12,980	885,592
Administrative expenses	295,072	105,351	-	12,331	412,754
General expenses	596,483	405,477	336	207,537	1,209,833
Maintenance & depreciation	496,881	80,031	-	725,606	1,302,518
Miscellaneous	20,558	46,502	-	-	67,060
<b>Total expenses</b>	<b>\$ 9,944,878</b>	<b>9,675,636</b>	<b>3,489,129</b>	<b>1,263,890</b>	<b>24,373,533</b>

	<b>2022 Supporting Services</b>				<b>2022 Total Program &amp; Supporting Services</b>
	<b>Admin.</b>	<b>Trust services</b>	<b>Retirement contributions to</b>	<b>Total Supporting</b>	
			<b>DB Plan</b>	<b>Services</b>	
Basic pay & allowances	\$ 3,982,259	184,757	-	4,167,016	20,901,436
Travel expenses	115,969	9,311	-	125,280	430,234
DB - retirement plan contributions	-	-	2,740,607	2,740,607	2,740,607
DC - retirement plan contributions	55,475	27,055	-	82,530	1,131,927
Appropriations	31,267	19,868	-	51,135	2,380,470
Advertising and selling expenses	-	3,500	-	3,500	22,613
Office expenses	88,376	556	-	88,932	147,489
Program expenses	-	-	-	-	885,592
Administrative expenses	100,819	35,436	-	136,255	549,009
General expenses	945,045	26,797	-	971,842	2,181,675
Maintenance & depreciation	238,722	79,574	-	318,296	1,620,814
Miscellaneous	-	-	-	-	67,060
<b>Total expenses</b>	<b>\$ 5,557,932</b>	<b>386,854</b>	<b>2,740,607</b>	<b>8,685,393</b>	<b>33,058,926</b>

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	<b>2021 Program Services</b>				<b>Total Program Services</b>
	<b>Church</b>		<b>Locally funded</b>		
	<b>Ministries</b>	<b>Educational</b>	<b>employee</b>	<b>Other</b>	
Basic pay & allowances	\$ 6,353,993	5,510,803	2,947,352	169,482	14,981,630
Travel expenses	21,247	21,998	33	888	44,166
DC - retirement plan contributions	409,449	359,129	123,959	10,628	903,165
Appropriations	114,735	2,065,862	-	103,343	2,283,940
Advertising and selling expenses	16,731	5,374	-	181	22,286
Office expenses	20,474	8,924	-	13,424	42,822
Program expenses	421,967	226,358	-	12,053	660,378
Administrative expenses	113,452	22,996	-	9,851	146,299
General expenses	348,052	251,802	-	222,066	821,920
Maintenance & depreciation	418,520	76,613	-	720,993	1,216,126
Miscellaneous	7,517	60,475	-	-	67,992
<b>Total expenses</b>	<b>\$ 8,246,137</b>	<b>8,610,334</b>	<b>3,071,344</b>	<b>1,262,909</b>	<b>21,190,724</b>

	<b>2021 Supporting Services</b>				<b>2021 Total Program &amp; Supporting Services</b>
	<b>Admin.</b>	<b>Trust services</b>	<b>Retirement contributions to</b>	<b>Total</b>	
			<b>DB Plan</b>	<b>Supporting Services</b>	
Basic pay & allowances	\$ 3,579,086	226,444	-	3,805,530	18,787,160
Travel expenses	13,474	805	-	14,279	58,445
DB - retirement plan contributions	-	-	3,194,002	3,194,002	3,194,002
DC - retirement plan contributions	56,083	12,682	-	68,765	971,930
Appropriations	22,487	50,882	-	73,369	2,357,309
Advertising and selling expenses	-	3,500	-	3,500	25,786
Office expenses	82,745	3,169	-	85,914	128,736
Program expenses	-	-	-	-	660,378
Administrative expenses	97,405	50,256	-	147,661	293,960
General expenses	438,156	36,625	-	474,781	1,296,701
Maintenance & depreciation	229,783	76,594	-	306,377	1,522,503
Miscellaneous	-	-	-	-	67,992
<b>Total expenses</b>	<b>\$ 4,519,219</b>	<b>460,957</b>	<b>3,194,002</b>	<b>8,174,178</b>	<b>29,364,902</b>

	<b>2020 Program Services</b>				<b>Total Program Services</b>
	<b>Church</b>		<b>Locally funded</b>		
	<b>Ministries</b>	<b>Educational</b>	<b>employee</b>	<b>Other</b>	
Basic pay & allowances	\$ 6,438,991	7,923,049	2,656,043	160,280	17,178,363
Travel expenses	25,742	16,469	341	685	43,237
DC - retirement plan contributions	391,467	517,004	116,001	9,536	1,034,008
Appropriations	155,176	2,123,726	-	141,402	2,420,304
Advertising and selling expenses	19,896	4,752	-	175	24,823
Office expenses	19,381	5,439	-	4,446	29,266
Program expenses	444,339	223,876	-	10,536	678,751
Administrative expenses	211,346	166,875	-	11,925	390,146
General expenses	293,704	543,389	-	160,247	997,340
Maintenance & depreciation	476,720	77,558	-	721,394	1,275,672
Miscellaneous	847	12,683	-	-	13,530
<b>Total expenses</b>	<b>\$ 8,477,609</b>	<b>11,614,820</b>	<b>2,772,385</b>	<b>1,220,626</b>	<b>24,085,440</b>



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**Note 19 – Analysis of expenses (continued)**

	<b>2020 Supporting Services</b>				<b>2020 Total Program &amp; Supporting Services</b>
	<b>Admin.</b>	<b>Trust services</b>	<b>Retirement contributions to DB Plan</b>	<b>Total Supporting Services</b>	
Basic pay & allowances	\$ 3,676,047	200,283	-	3,876,330	21,054,693
Travel expenses	22,562	2,060	-	24,622	67,859
DB - retirement plan contributions	-	-	2,502,774	2,502,774	2,502,774
DC - retirement plan contributions	55,577	13,139	-	68,716	1,102,724
Appropriations	12,726	360,605	-	373,331	2,793,635
Advertising and selling expenses	-	3,500	-	3,500	28,323
Office expenses	87,067	1,152	-	88,219	117,485
Program expenses	-	-	-	-	678,751
Administrative expenses	71,546	27,052	-	98,598	488,744
General expenses	377,174	12,547	-	389,721	1,387,061
Maintenance & depreciation	232,618	77,539	-	310,157	1,585,829
Miscellaneous	-	-	-	-	13,530
<b>Total expenses</b>	<b>\$ 4,535,317</b>	<b>697,877</b>	<b>2,502,774</b>	<b>7,735,968</b>	<b>31,821,408</b>

	<b>2019 Program Services</b>				<b>Total Program Services</b>
	<b>Church Ministries</b>	<b>Educational</b>	<b>Locally funded employee</b>	<b>Other</b>	
Basic pay & allowances	\$ 6,508,043	8,003,978	3,090,686	118,819	17,721,526
Travel expenses	111,541	92,444	1,564	3,973	209,522
DC - retirement plan contributions	377,813	488,544	119,462	6,903	992,722
Appropriations	90,150	2,238,089	-	111,004	2,439,243
Advertising and selling expenses	28,250	4,030	-	-	32,280
Office expenses	18,931	12,641	-	10,453	42,025
Program expenses	685,637	249,766	-	11,928	947,331
Administrative expenses	525,183	305,586	-	14,887	845,656
General expenses	502,721	606,790	-	141,119	1,250,630
Maintenance & depreciation	538,464	77,490	-	729,115	1,345,069
Miscellaneous	36,906	38,865	-	5,403	81,174
<b>Total expenses</b>	<b>\$ 9,423,639</b>	<b>12,118,223</b>	<b>3,211,712</b>	<b>1,153,604</b>	<b>25,907,178</b>

	<b>2019 Supporting Services</b>				<b>2019 Total Program &amp; Supporting Services</b>
	<b>Admin.</b>	<b>Trust services</b>	<b>Retirement contributions to DB Plan</b>	<b>Total Supporting Services</b>	
Basic pay & allowances	\$ 3,333,799	271,811	-	3,605,610	21,327,136
Travel expenses	89,203	10,722	-	99,925	309,447
DB - retirement plan contributions	-	-	2,508,208	2,508,208	2,508,208
DC - retirement plan contributions	56,890	16,816	-	73,706	1,066,428
Appropriations	12,490	89,754	-	102,244	2,541,487
Advertising and selling expenses	-	3,500	-	3,500	35,780
Office expenses	86,734	2,167	-	88,901	130,926
Program expenses	-	-	-	-	947,331
Administrative expenses	113,332	54,632	-	167,964	1,013,620
General expenses	340,125	13,004	-	353,129	1,603,759
Maintenance & depreciation	232,083	77,361	-	309,444	1,654,513
Miscellaneous	-	-	-	-	81,174
<b>Total expenses</b>	<b>\$ 4,264,656</b>	<b>539,767</b>	<b>2,508,208</b>	<b>7,312,631</b>	<b>33,219,809</b>

Methods used for allocation of expenses among program and supporting services

The financial statements report certain categories of expenses that are attributable to one or more program or supporting services of the Organizations. Those expenses include payroll, health care benefit, and insurance. Payroll is allocated based on the actual cost of employees working in each program or supporting service. Health care benefit is allocated based on the percentage of employees working in each program or supporting service. Insurance is allocated on a square footage basis. Depreciation and maintenance are allocated on square footage and departmental use.



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<b>Note 20 – Nonoperating activity without donor restrictions</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
Appropriations from local church and school	\$ -	-	-	-	216,000
Donated plant assets	302,432	2,914,194	1,742,390	2,702,712	2,014,299
Investment income	146,724	122,873	113,042	132,588	110,396
Miscellaneous income	172,312	193,502	79,954	43,731	57,745
Rental Housing Committee	676,000	89,860	-	-	-
Realized gain (loss) on investments	(24,239)	(90,382)	251,444	(39,589)	41,533
Unrealized gain (loss) on investments	287,717	(285,554)	67,054	133,845	33,073
Nonoperating revenue	<u>\$ 1,560,946</u>	<u>2,944,493</u>	<u>2,253,884</u>	<u>2,973,287</u>	<u>2,473,046</u>
Appropriations to churches	\$ (617,487)	(374,195)	(51,142)	(980,135)	(346,339)
Bad debt expense	-	(800,000)	-	-	-
Depreciation on church & schools properties (Note 9)	(1,896,936)	(1,938,064)	(1,906,130)	(1,911,761)	(1,919,318)
Rental Housing Committee	(691,975)	(26,959)	-	-	-
Miscellaneous expense	(278,513)	(207,494)	(182,829)	(114,873)	(71,132)
Nonoperating expense	<u>\$ (3,484,911)</u>	<u>(3,346,712)</u>	<u>(2,140,101)</u>	<u>(3,006,769)</u>	<u>(2,336,789)</u>
Proceeds from sale of plant assets	\$ 11,459	7,000	5,000	791,993	199,100
Gain on sale of plant assets	562,537	-	-	-	-
Net value of plant assets sold	-	-	(16,144)	(20,922)	(377,632)
Net value of plant assets written off	(18,500)	-	-	-	-
Net gain (loss) on sale of assets	<u>\$ 555,496</u>	<u>7,000</u>	<u>(11,144)</u>	<u>771,071</u>	<u>(178,532)</u>
Unexpended plant resources spent	\$ (1,574,406)	(361,698)	(750,100)	(255,842)	(320,512)
Purchases added to net invested in plant	1,574,406	361,698	750,100	255,842	320,512
Net transfers between funds	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Note 21 – Pension and other post-retirement benefits**

Defined benefits plans

The Organizations participate in the following non-contributory, defined benefit plans:

1. The defined benefit pension plan known as the Seventh-day Adventist Retirement Plan of the North American Division (NADRP). This plan, which covers substantially all employees of the Organizations, 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 Organizations continue to make contributions to this plan, at rates determined annually by the plan.

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

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

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

<u>Required contributions from the Organizations:</u>	<u>NADRP</u>	<u>RAHAP</u>	<u>TOTAL</u>
For the year ended December 31, 2023	\$ 2,271,227	827,825	3,099,052
For the year ended December 31, 2022	\$ 1,942,746	721,212	2,663,958
For the year ended December 31, 2021	\$ 2,318,814	840,178	3,158,992
For the year ended December 31, 2020	\$ 1,950,693	660,538	2,611,231
For the year ended December 31, 2019	\$ 1,945,958	659,734	2,605,692



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**Note 21 – Pension and other post-retirement benefits (continued)**

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 plan year ended December 31, 2023	Information not available	
For the plan year ended December 31, 2022	\$ 121,177,397	44,486,345
For the plan year ended December 31, 2021	\$ 120,772,828	44,236,352
For the plan year ended December 31, 2020	\$ 110,214,223	40,842,097
For the plan year ended December 31, 2019	\$ 116,270,125	42,839,391

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

For the plan year ended December 31, 2023	Information not available	
For the plan year ended December 31, 2022	less than	less than
For the plan year ended December 31, 2021	less than	less than
For the plan year ended December 31, 2020	less than	less than
For the plan year ended December 31, 2019	less than	less than

Plan net assets available for benefits:

	<u>NADRP</u>	<u>RAHAP</u>
For the plan year ended December 31, 2023	Information not available	
For the plan year ended December 31, 2022	\$ 324,907,063	124,818,366
For the plan year ended December 31, 2021	\$ 360,211,817	132,382,939
For the plan year ended December 31, 2020	\$ 314,525,989	111,303,608
For the plan year ended December 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

Date of plan year-end for latest actuarial information	12/31/2021	12/31/2021
Actuarial liability for future benefits	\$ 1,347,230,797	377,651,008
Value of net assets available for benefits	\$ 360,211,817	132,382,939
Plan funded status as of date of last actuarial data	Less than 65%	Less than 65%

Risks and other information

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

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

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

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

Defined contribution plan

Effective January 1, 2000, the Organizations participate in a defined contribution retirement plan known as "The Adventist Retirement Plan." This plan, which covers substantially all employees of the Organizations, is administered by NAD in Columbia, Maryland, and is exempt from the Employee Retirement Income Security Act of 1974 as a multiple-employer plan of a church-related agency. The Organizations contributed \$1,360,689, \$1,155,495, \$1,036,383, \$1,206,170, and \$1,095,767 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. Investment management of the accumulated contributions designated for each employee is provided under an agreement between NAD Corporation and Great-West Life & Annuity Insurance Company.

**Note 22 – Contingent liabilities**

The Organizations have guaranteed loans made by the NPUCA Revolving Fund for various church and school building projects. The contingent liability for these projects was \$9,888,523, \$10,069,406, \$9,897,308, \$11,406,141 and \$10,929,827 at December 31, 2023, 2022, 2021, 2020, and 2019, respectively.

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**Note 23 – Trust agreements**

In its corporate capacity, the Corporation acts as fiscal agent and/or has a beneficial interest in certain unconditional irrevocable trusts of which the Organizations are generally a partial beneficiary. Accounting principles generally accepted by the Seventh-day Adventist denomination require these trusts to be included in the financial statements for years beginning after December 15, 1994.

The Corporation served as trustee or personal representative of 5, 8, 12, 5 and 5 unconditional irrevocable trusts and wills as of December 31, 2023, 2022, 2021, 2020, and 2019, respectively. 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.

The Corporation also served as trustee of 25, 28, 37, 43 and 44 revocable trusts as of December 31, 2023, 2022, 2021, 2020, and 2019, respectively. 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 the trusts are included in the financial statements. The Corporation is generally a remainder beneficiary of at least a portion of the trust assets.

The Corporation is beneficiary of irrevocable split-interest agreements managed by the North Pacific Union Conference Association as trustee. The Corporation's interest in the split-interest agreements is included in these financial statements. (See Note 8)

The Corporation may also be a beneficiary of wills or trusts administered by other trustees, of which the Organizations are not aware.

**Note 24 – Concentration of risk**

The Organizations receive revenue primarily in the form of contributions from Seventh-day Adventist members. The amount of contributions is subject to economic conditions that could cause loss of income to church members. The amount of contributions could also decrease if a significant number of individuals cease to be active members. However, the Organizations do not expect this to happen.

The Organizations' assets include loans to related organizations and employees, revolving fund deposits and other assets held by related organizations, which total \$3,133,946 for the year ended December 31, 2023. This represents 3.73% of total assets. Management's estimate of the collectability of these amounts could be subject to a similar economic impact as mentioned above for contribution revenue.

**Note 25 – Basis of special presentation**

The accompanying combined unconsolidated financial statements do not include any accounts or activity of, or investment in, Auburn Adventist Academy, which is a related entity controlled by the Conference. The accompanying financial statements include the cost and accumulated depreciation of certain real property that is owned by the Corporation, but which is used by this subsidiary entity. Compliance with FASB Accounting Standards Codification 958-810 would require a consolidated statement when presenting complete financial statements of the Organizations.

The Organizations believe this special presentation is useful to analyze the financial statements of the Organizations, and not consolidating Auburn Adventist Academy.

**Note 26 – Sources of fair value measurement**

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

Level 1: Observable quoted 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 or 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 judgment and the best information available.

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**Note 26 – Sources of fair value measurement (continued)**

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2023 Total</u>
Common stocks and mutual funds	\$ 1,507,243	-	-	1,507,243
Government backed securities	653,029	-	-	653,029
NPUCA Revolving Fund	-	-	3,195,100	3,195,100
Total investments	<u>2,160,272</u>	<u>-</u>	<u>3,195,100</u>	<u>5,355,372</u>

Irrevocable trust assets and annuities subject to fair value measurement

Bonds	143,771	-	-	143,771
Real estate	-	-	110,007	110,007
Beneficial interest from another trustee	-	-	177,471	177,471
Total trust and annuity assets	<u>143,771</u>	<u>-</u>	<u>287,478</u>	<u>431,249</u>
Totals	<u>\$ 2,304,043</u>	<u>-</u>	<u>3,482,578</u>	<u>5,786,621</u>

Investments

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2022 Total</u>
Common stocks and mutual funds	\$ 831,350	-	-	831,350
Government backed securities	976,847	-	-	976,847
NPUCA Revolving Fund	-	-	3,195,100	3,195,100
Total investments	<u>1,808,197</u>	<u>-</u>	<u>3,195,100</u>	<u>5,003,297</u>

Irrevocable trust assets and annuities subject to fair value measurement

Bonds	219,768	-	-	219,768
Real estate	-	-	110,007	110,007
Beneficial interest from another trustee	-	-	160,255	160,255
Total trust and annuity assets	<u>219,768</u>	<u>-</u>	<u>270,262</u>	<u>490,030</u>
Totals	<u>\$ 2,027,965</u>	<u>-</u>	<u>3,465,362</u>	<u>5,493,327</u>

Investments

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2021 Total</u>
Common stocks and mutual funds	\$ 1,111,690	-	-	1,111,690
Government backed securities	924,795	-	-	924,795
NPUCA Revolving Fund	-	-	3,195,100	3,195,100
Total investments	<u>2,036,485</u>	<u>-</u>	<u>3,195,100</u>	<u>5,231,585</u>

Irrevocable trust assets and annuities subject to fair value measurement

Bonds	357,912	-	-	357,912
Real estate	-	-	223,000	223,000
Beneficial interest from another trustee	-	-	202,300	202,300
Total trust and annuity assets	<u>357,912</u>	<u>-</u>	<u>425,300</u>	<u>783,212</u>
Totals	<u>\$ 2,394,397</u>	<u>-</u>	<u>3,620,400</u>	<u>6,014,797</u>

Investments

<u>Investments</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>2020 Total</u>
Common stocks and mutual funds	\$ 956,118	-	-	956,118
Government backed securities	757,060	-	-	757,060
NPUCA Revolving Fund	-	-	3,195,100	3,195,100
Total investments	<u>1,713,178</u>	<u>-</u>	<u>3,195,100</u>	<u>4,908,278</u>

Irrevocable trust assets and annuities subject to fair value measurement

Certificate of deposit	2	-	-	2
Real estate	-	-	106,000	106,000
Beneficial interest from another trustee	-	-	229,900	229,900
Total trust and annuity assets	<u>2</u>	<u>-</u>	<u>335,900</u>	<u>335,902</u>
Totals	<u>\$ 1,713,180</u>	<u>-</u>	<u>3,531,000</u>	<u>5,244,180</u>

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**Note 26 – Sources of fair value measurement (continued)**

Investments

	Level 1	Level 2	Level 3	2019 Total
Common stocks and mutual funds	\$ 822,541	-	-	822,541
Government backed securities	834,170	-	-	834,170
NPUCA Revolving Fund	-	-	2,095,100	2,095,100
Total investments	<u>1,656,711</u>	<u>-</u>	<u>2,095,100</u>	<u>3,751,811</u>

Irrevocable trust assets and annuities subject to fair value measurement

Bonds	30,007	-	-	30,007
Certificate of deposit	2,428	-	-	2,428
Real estate	-	-	667,000	667,000
Beneficial interest from another trustee	-	-	601,711	601,711
Total trust and annuity assets	<u>32,435</u>	<u>-</u>	<u>1,268,711</u>	<u>1,301,146</u>
Totals	<u>\$ 1,689,146</u>	<u>-</u>	<u>3,363,811</u>	<u>5,052,957</u>

For investments valued at fair market value with level 3 inputs:

	2023 Total	2022 Total	2021 Total	2020 Total	2019 Total
Beginning balance	\$ 3,465,362	3,620,400	3,531,000	3,363,811	3,740,124
Total purchases and sales (net)	17,216	(155,038)	89,400	167,189	(376,313)
Ending balance	<u>\$ 3,482,578</u>	<u>3,465,362</u>	<u>3,620,400</u>	<u>3,531,000</u>	<u>3,363,811</u>

**Note 27 – Endowments**

Administration has interpreted the Washington Prudent Management of Institutional Funds Act (WPMIFA) to require the preservation of the fair value of the original gift as of the gift date of donor-restricted endowment funds (absent explicit donor stipulations to the contrary).

As a result of this interpretation, the Organizations classifies as permanently restricted net assets:

- (a) The original value of gifts donated as permanent endowments,
- (b) The original value of subsequent gifts to the permanent endowment,
- (c) Accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the endowment.

The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organizations in a manner consistent with the standard prescribed by WPMIFA.

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

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

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

The Organizations have adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted endowments that the Organizations must hold in perpetuity or for a donor-specified period, as well as committee-designated (quasi) endowments.

Under this policy, as approved by the Executive Committee, the endowment assets are invested in a manner that is intended to produce results that minimize risk with a diversified asset allocation while achieving its long-term return objectives. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, the Organizations rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organizations target a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints. The Organizations place the endowment assets into the following ranges of investment types: 35% in cash and money markets, 49% in NPUCA revolving fund deposits, 8% in equities and mutual funds, and 8% in real estate.

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**Note 27 – Endowments (continued)**

Endowment spending policies and relation to investment objectives

In establishing this policy, the Organizations considered the long-term expected return on its endowments. Accordingly, over the long term, the Organizations expect the current spending policy to allow its endowments to grow at an average of 4% annually. This is consistent with the Organizations' objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return. The Organizations have a policy of appropriating approximately 5% of the market value of the endowment assets.

Endowment net asset composition as of December 31, 2023

Endowments by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2023 Total</u>
Donor - restricted endowments	\$ -	467,382	139,951	607,333
Committee - designated endowments	3,856,632	-	-	3,856,632
Total endowments	<u>\$ 3,856,632</u>	<u>467,382</u>	<u>139,951</u>	<u>4,463,965</u>

Changes in endowment net assets for the year ended December 31, 2023

Activity by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2023 Total</u>
Net assets, beginning of year	\$ 3,600,293	578,390	139,951	4,318,634
<u>Investment return</u>				
Investment income	86,730	29,850	-	116,580
Net appreciation or (decline)	263,478	-	-	263,478
Total investment return	<u>350,208</u>	<u>29,850</u>	<u>-</u>	<u>380,058</u>
Contributions	16,605	-	-	16,605
Appropriation of assets for expenditure	(110,474)	(50,439)	-	(160,913)
Transfers in (out) to create or use	-	-	-	-
Endowment net assets, end of year	<u>\$ 3,856,632</u>	<u>557,801</u>	<u>139,951</u>	<u>4,554,384</u>

Endowment net asset composition as of December 31, 2022

Endowments by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2022 Total</u>
Donor - restricted endowments	\$ -	578,390	139,951	718,341
Committee-designated endowments	3,600,293	-	-	3,600,293
Total endowments	<u>\$ 3,600,293</u>	<u>578,390</u>	<u>139,951</u>	<u>4,318,634</u>

Changes in endowment net assets for the year ended December 31, 2022

Activity by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2022 Total</u>
Net assets, beginning of year	\$ 3,971,617	520,096	139,951	4,631,664
<u>Investment return</u>				
Investment income	46,375	63,772	-	110,147
Net appreciation or (decline)	(375,936)	-	-	(375,936)
Total investment return	<u>(329,561)</u>	<u>63,772</u>	<u>-</u>	<u>(265,789)</u>
Contributions	9,461	-	-	9,461
Appropriation of assets for expenditure	(51,224)	(5,478)	-	(56,702)
Transfers in (out) to create or use	-	-	-	-
Endowment net assets, end of year	<u>\$ 3,600,293</u>	<u>578,390</u>	<u>139,951</u>	<u>4,318,634</u>

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**Note 27 – Endowments (continued)**

Endowment net asset composition as of December 31, 2021

Endowments by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2021 Total</u>
Donor - restricted endowments	\$ -	520,096	139,951	660,047
Committee-designated endowments	3,971,617	-	-	3,971,617
Total endowments	<u>\$ 3,971,617</u>	<u>520,096</u>	<u>139,951</u>	<u>4,631,664</u>

Changes in endowment net assets for the year ended December 31, 2021

Activity by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2021 Total</u>
Net assets, beginning of year	\$ 3,850,757	487,361	139,951	4,478,069
Investment return				
Investment income	72,659	53,094	-	125,753
Net appreciation or (decline)	103,128	-	-	103,128
Total investment return	175,787	53,094	-	228,881
Contributions	-	-	-	-
Appropriation of assets for expenditure	(54,927)	(20,359)	-	(75,286)
Transfers in (out) to create or use	-	-	-	-
Endowment net assets, end of year	<u>\$ 3,971,617</u>	<u>520,096</u>	<u>139,951</u>	<u>4,631,664</u>

Endowment net asset composition as of December 31, 2020

Endowments by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2020 Total</u>
Donor - restricted endowments	\$ -	487,361	139,951	627,312
Committee - designated endowments	3,850,758	-	-	3,850,758
Total endowments	<u>\$ 3,850,758</u>	<u>487,361</u>	<u>139,951</u>	<u>4,478,070</u>

Changes in endowment net assets for the year ended December 31, 2020

Activity by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2020 Total</u>
Net assets, beginning of year	\$ 3,530,541	467,382	139,951	4,137,874
Investment return				
Investment income	85,600	40,638	-	126,238
Net appreciation or (decline)	94,256	-	-	94,256
Total investment return	179,856	40,638	-	220,494
Contributions	-	-	-	-
Appropriation of assets for expenditure	(8,215)	(20,659)	-	(28,874)
Transfers in (out) to create or use	148,576	-	-	148,576
Endowment net assets, end of year	<u>\$ 3,850,758</u>	<u>487,361</u>	<u>139,951</u>	<u>4,478,070</u>

Endowment net asset composition as of December 31, 2019

Endowments by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2019 Total</u>
Donor - restricted endowments	\$ -	467,382	139,951	607,333
Committee - designated endowments	3,530,541	-	-	3,530,541
Total endowments	<u>\$ 3,530,541</u>	<u>467,382</u>	<u>139,951</u>	<u>4,137,874</u>

Changes in endowment net assets for the year ended December 31, 2019

Activity by type	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2019 Total</u>
Net assets, beginning of year	\$ 3,451,607	444,481	139,951	4,036,039
Investment return				
Investment income	62,927	54,208	-	117,135
Net appreciation or (decline)	74,607	-	-	74,607
Total investment return	137,534	54,208	-	191,742
Contributions	2	-	-	2
Appropriation of assets for expenditure	(9,264)	(31,307)	-	(40,571)
Transfers in (out) to create or use	(49,338)	-	-	(49,338)
Endowment net assets, end of year	<u>\$ 3,530,541</u>	<u>467,382</u>	<u>139,951</u>	<u>4,137,874</u>

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**Note 27 – Endowments (continued)**

	<b>2023 Total</b>	<b>2022 Total</b>
<u>Net assets with permanent donor restrictions</u>		
Portion of perpetual endowments required to be retained permanently, either by explicit donor stipulation of by WPMIFA	\$ 139,951	139,951
Total endowment assets classified as net assets with permanent donor restrictions	\$ 139,951	139,951

	<b>2021 Total</b>	<b>2020 Total</b>	<b>2022 Total</b>
<u>Net assets with permanent donor restrictions</u>			
Portion of perpetual endowments required to be retained permanently, either by explicit donor stipulation of by WPMIFA	\$ 139,951	139,951	139,951
Total endowment assets classified as net assets with permanent donor restrictions	\$ 139,951	139,951	139,951

	<b>2023 Total</b>	<b>2022 Total</b>
<u>Net assets with temporary donor restrictions</u>		
Portion of perpetual endowments subject to a time restriction under WPMIFA:		
Without purpose restrictions	\$ -	-
With purpose restrictions	557,801	578,390
Total endowment assets classified as net assets with temporary donor restrictions	\$ 557,801	578,390

	<b>2021 Total</b>	<b>2020 Total</b>	<b>2019 Total</b>
<u>Net assets with temporary donor restrictions</u>			
Portion of perpetual endowments subject to a time restriction under WPMIFA:			
Without purpose restrictions	\$ -	-	-
With purpose restrictions	520,096	487,361	467,382
Total endowment assets classified as net assets with temporary donor restrictions	\$ 520,096	487,361	467,382

**Note 28 – Liquidity and availability**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
Financial assets at year end*	\$ 20,770,227	21,455,584	22,524,787	17,669,515	18,033,914
<u>Contractual or donor-imposed restrictions</u>					
Cash held for agency funds	1,845	(1,620)	(3,379)	(18,850)	(3,910)
Notes and loan receivable, noncurrent portion	(3,121,793)	(3,052,351)	(2,436,766)	(1,621,198)	(1,011,703)
Restricted by donor for permanent endowment (Note 17)	(139,951)	(139,951)	(139,951)	(139,951)	(139,951)
Restricted by donor with time or purpose restrictions (Note 17)	(1,658,140)	(1,615,630)	(1,588,768)	(1,465,374)	(1,887,362)
<u>Board designations:</u>					
Funds allocated for future plant acquisitions	(2,539,373)	(3,369,096)	(4,637,210)	(5,624,747)	(5,308,325)
Funds allocated for other funds liquidity	(3,639,374)	(3,405,182)	(3,797,720)	(3,712,779)	(3,530,539)
Financial assets available to meet cash needs for general expenditures	\$ 9,673,441	9,871,754	9,920,993	5,086,616	6,152,124

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

As part of the Organizations' liquidity management, it invests cash in excess of daily requirements in short-term investments. To help manage unanticipated liquidity needs, the Organizations have committed lines of credit in the amount of \$1,000,000 which it could draw upon.

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**Note 29 – Working capital and liquidity**

In order that adequate financial resources will be available for the sound and effective operation of all organizations, the Seventh-day Adventist denominational policy recommends organizations maintain specified levels of working capital and liquidity. This footnote summarizes the Organizations' operating fund working capital and liquidity as compared to the policy recommendation stated in the *North American Division of the General Conference of Seventh-day Adventists Working Policy*.

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>
	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>	<b>Operating</b>
	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>	<b>Funds</b>
<u>Core expenses</u>					
Operating expenses*	\$ 35,949,920	30,642,264	26,941,861	29,374,934	30,767,306
Total core expenses	<u>\$ 35,949,920</u>	<u>30,642,264</u>	<u>26,941,861</u>	<u>29,374,934</u>	<u>30,767,306</u>
<u>Available working capital</u>					
Current assets**	\$ 11,647,023	12,772,560	12,397,006	7,809,165	7,198,327
Less: current liabilities	<u>(4,550,029)</u>	<u>(3,497,710)</u>	<u>(4,657,765)</u>	<u>(3,069,207)</u>	<u>(3,194,885)</u>
Working capital	7,096,994	9,274,850	7,739,241	4,739,958	4,003,442
Less: current assets held for donor restrictions	<u>(406,391)</u>	<u>(340,700)</u>	<u>(298,871)</u>	<u>(337,413)</u>	<u>(250,454)</u>
Available working capital	<u>\$ 6,690,603</u>	<u>8,934,150</u>	<u>7,440,370</u>	<u>4,402,545</u>	<u>3,752,988</u>
<u>Recommended minimum available working capital</u>					
Six months of total core expenses	\$ 17,974,960	15,321,132	13,470,931	14,687,467	15,383,653
Surplus/(shortfall) in Recommended Available Working Capital	<u>\$ (11,284,357)</u>	<u>(6,386,982)</u>	<u>(6,030,561)</u>	<u>(10,284,922)</u>	<u>(11,630,665)</u>
Available Working Capital in Months	2.2 months	3.5 months	3.3 months	1.8 months	1.5 months
<u>Available liquid assets</u>					
Cash	\$ 3,859,642	2,387,534	4,805,734	749,093	1,769,692
Cash held for agency	(1,845)	1,620	3,379	18,850	3,910
Investments	400,000	400,000	400,000	400,000	-
Accounts receivables from higher organizations	-	2,803	5,216	132,781	57,115
Accounts receivables- conference remittances	<u>4,085,614</u>	<u>3,828,539</u>	<u>3,453,091</u>	<u>3,300,759</u>	<u>2,669,132</u>
Total liquid current assets	8,343,411	6,620,496	8,667,420	4,601,483	4,499,849
Minus: current liabilities	<u>(4,550,029)</u>	<u>(3,497,710)</u>	<u>(4,657,765)</u>	<u>(3,069,207)</u>	<u>(3,194,885)</u>
Less: current assets held for donor restrictions	<u>(406,391)</u>	<u>(340,700)</u>	<u>(298,871)</u>	<u>(337,413)</u>	<u>(250,454)</u>
Available liquid assets	<u>\$ 3,386,991</u>	<u>2,782,086</u>	<u>3,710,784</u>	<u>1,194,863</u>	<u>1,054,510</u>
<u>Recommended minimum available liquid assets</u>					
Three months of total core expenses	\$ 8,987,480	7,660,566	6,735,465	7,343,734	7,691,827
Surplus/(Shortfall) in Recommended Minimum Available Liquid Assets	<u>\$ (5,600,489)</u>	<u>(4,878,480)</u>	<u>(3,024,681)</u>	<u>(6,148,871)</u>	<u>(6,637,317)</u>
Available Liquid Assets in Months (a minimum of three months recommended)	1.1 months	1.1 months	1.7 months	0.5 months	0.4 months
<u>*Calculation of operating expenses</u>					
Total program and supporting expenses	\$ 38,212,126	33,058,926	29,364,902	31,821,408	33,219,809
Less: depreciation (Note 9)	<u>(2,262,206)</u>	<u>(2,416,662)</u>	<u>(2,423,041)</u>	<u>(2,446,474)</u>	<u>(2,452,503)</u>
Total operating expenses	<u>\$ 35,949,920</u>	<u>30,642,264</u>	<u>26,941,861</u>	<u>29,374,934</u>	<u>30,767,306</u>

\*\*Excludes due to/from funds