



**NORTH PACIFIC UNION CONFERENCE OF
SEVENTH-DAY ADVENTISTS AND
NORTH PACIFIC UNION CONFERENCE
ASSOCIATION OF SEVENTH-DAY ADVENTISTS**

COMBINED FINANCIAL STATEMENTS
DECEMBER 31, 2020 and 2019

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To the Executive Committee
North Pacific Union Conference of Seventh-day Adventists, and
The Board of Trustees
North Pacific Union Conference Association of Seventh-day Adventists
Ridgefield, Washington

We have audited the accompanying combined financial statements of North Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference Association of Seventh-day Adventists, which comprise the combined statements of financial position as of December 31, 2020 and 2019, and the related combined statements of changes in net assets and statements of cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with United States of America auditing standards generally accepted by the Seventh-day Adventist denomination. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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



Opinion

In our opinion, as internal auditors of the General Conference of Seventh-day Adventists, the combined financial statements referred to above present fairly, in all material respects, the financial position of North Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference Association of Seventh-day Adventists as of December 31, 2020 and 2019, and the changes in their net assets and their cash flows for the years then ended in conformity with United States of America accounting principles generally accepted by the Seventh-day Adventist denomination.

General Conference Auditing Service

May 19, 2021

NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statement of Financial Position
December 31, 2020 and 2019

			Combined	
	Conference	Association	2020 Total*	2019 Total*
ASSETS				
<u>Current assets</u>				
Cash and cash equivalents (Note 2)	\$ 3,781,699	223,403	4,005,102	2,412,846
Cash held for agency funds (Note 2)	286,663	-	286,663	156,537
Investments (Note 3)	1,564,543	1,475,117	3,039,660	3,234,120
Accounts receivable (Note 5)	6,849,484	23,287	6,872,771	6,029,306
Notes receivable, net (Note 6)	-	34,000	34,000	34,000
Inventories and prepaid expense	53,529	-	53,529	95,833
Due to/ from other funds*	580,000	(580,000)	-	-
Total current assets	<u>13,115,918</u>	<u>1,175,807</u>	<u>14,291,725</u>	<u>11,962,642</u>
<u>Plant assets, net (Note 7)</u>	<u>-</u>	<u>5,785,288</u>	<u>5,785,288</u>	<u>6,000,326</u>
<u>Other assets</u>				
Notes receivable (Note 6)	-	620,500	620,500	654,500
Real estate and miscellaneous	-	9,584	9,584	9,584
For other than operating funds:				
Cash and investments (Note 3)	-	53,472,475	53,472,475	51,862,975
Accounts receivable (Note 5)	-	53,692	53,692	79,577
Notes receivable, net (Note 6)	-	27,379,641	27,379,641	24,491,215
Real estate held for unconditional trusts	-	820,001	820,001	820,001
Total other assets	<u>-</u>	<u>82,355,893</u>	<u>82,355,893</u>	<u>77,917,852</u>
Total assets	<u>\$ 13,115,918</u>	<u>89,316,988</u>	<u>102,432,906</u>	<u>95,880,820</u>
LIABILITIES				
<u>Current liabilities</u>				
Accounts payable (Note 8)	\$ 5,853,109	6,949	5,860,058	5,056,706
Agency accounts	286,663	-	286,663	156,537
Total current liabilities	<u>6,139,772</u>	<u>6,949</u>	<u>6,146,721</u>	<u>5,213,243</u>
<u>Other liabilities</u>				
Accrued retirement allowances	173,778	-	173,778	161,691
For other than operating funds:				
Accounts payable (Note 8)	-	13,924	13,924	3,051
Notes payable (Note 9)	-	40,746,381	40,746,381	33,948,323
Present value income distributions to primary beneficiaries (Note 20)	-	5,025,224	5,025,224	5,387,901
Remainder interest for residual trust beneficiaries (Note 22)	-	6,853,651	6,853,651	9,390,490
Annuities held for others (Note 17)	-	2,070,364	2,070,364	2,387,956
Present value, annuity liability (Note 19)	-	2,953,874	2,953,874	2,740,024
Total other liabilities	<u>173,778</u>	<u>57,663,418</u>	<u>57,837,196</u>	<u>54,019,436</u>
Total liabilities	<u>6,313,550</u>	<u>57,670,367</u>	<u>63,983,917</u>	<u>59,232,679</u>
<u>Net assets</u>				
Unrestricted: unallocated	2,492,570	995,803	3,488,373	2,866,269
Unrestricted: allocated- operating funds (Note 10)	2,713,436	650,622	3,364,058	2,828,115
Unrestricted: allocated- nonoperating funds	-	21,320,754	21,320,754	20,036,107
Unrestricted: net invested in plant	-	5,785,288	5,785,288	6,000,326
Total net assets without donor restrictions	<u>5,206,006</u>	<u>28,752,467</u>	<u>33,958,473</u>	<u>31,730,817</u>
Temporarily restricted (Note 11)	1,596,362	2,854,154	4,450,516	4,877,324
Permanently restricted (Notes 11 and 12)	-	40,000	40,000	40,000
Total net assets with donor restrictions	<u>1,596,362</u>	<u>2,894,154</u>	<u>4,490,516</u>	<u>4,917,324</u>
Total net assets	<u>6,802,368</u>	<u>31,646,621</u>	<u>38,448,989</u>	<u>36,648,141</u>
Total liabilities and net assets	<u>\$ 13,115,918</u>	<u>89,316,988</u>	<u>102,432,906</u>	<u>95,880,820</u>

* Due to/from funds eliminated in combined column

See accompanying notes.

NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statement of Changes in Net Assets; page 1 of 2
For the Years Ended December 31, 2020 and 2019

			Combined	
	Conference	Association	2020 Total	2019 Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
<u>Revenues and support without donor restrictions</u>				
Gross tithe income	\$ 9,119,471	-	9,119,471	8,616,203
Tithe percentages passed on	(916,810)	-	(916,810)	(866,171)
Net tithe income	8,202,661	-	8,202,661	7,750,032
Tithe exchanged with General Conference	(1,208,700)	-	(1,208,700)	(1,208,700)
Non-tithe funds from General Conference	1,208,700	-	1,208,700	1,208,700
Revolving Fund, net earnings (Note 15)	-	1,348,257	1,348,257	974,320
Matured trusts and wills without donor restrictions	-	575,209	575,209	42,964
Annuity fund (Note 16)	-	187,102	187,102	(26,281)
Appropriations without donor restrictions received	190,000	-	190,000	190,000
Investment earnings (Note 24)	94,361	16,880	111,241	194,692
Departmental fees and sales	513,059	-	513,059	666,632
Other income	144,205	19,161	163,366	166,262
Total revenues without donor restrictions	9,144,286	2,146,609	11,290,895	9,958,621
Released from net assets with donor restrictions (Note 11)	8,776,319	6,070	8,782,389	7,770,309
Total revenues and support without donor restrictions	17,920,605	2,152,679	20,073,284	17,728,930
<u>Expenses and losses</u>				
<u>Program services functions</u>				
Church ministries (Note 13)	3,500,269	64,547	3,564,816	3,112,816
Educational (Note 13)	7,697,604	31,092	7,728,696	7,546,282
Special services (Note 13)	1,528,752	7,524	1,536,276	1,574,065
Other (Note 13)	1,326,096	-	1,326,096	1,266,305
Total program services functions	14,052,721	103,163	14,155,884	13,499,468
<u>Supporting services functions</u>				
Administration - office resources (Note 13)	1,152,408	221,049	1,373,457	1,387,919
Conventions and meetings (Note 13)	24,787	-	24,787	111,017
Trust services	75,941	6,218	82,159	130,590
Other departments and services	844,513	59,493	904,006	812,352
Rental and miscellaneous	-	8,684	8,684	9,512
Retirement contribution to DB plan (Note 13)	1,302,247	-	1,302,247	1,259,333
Distributions and expenses of unconditional trusts (Note 21)	-	5,629,196	5,629,196	4,037,676
Total supporting services functions	3,399,866	5,924,640	9,324,536	7,748,399
Total expenses and losses (Note 13)	17,452,617	6,027,803	23,480,420	21,247,867
Net increase (decrease) from operations	\$ 467,988	(3,875,124)	(3,407,136)	(3,518,937)

See accompanying notes.



NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statement of Changes in Net Assets; page 2 of 2
For the Years Ended December 31, 2020 and 2019

			Combined	
	Conference	Association	2020 Total	2019 Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Net increase (decrease) from operations	\$ 467,988	(3,875,124)	(3,407,136)	(3,518,937)
NONOPERATING ACTIVITY WITHOUT DONOR RESTRICTIONS				
Nonoperating revenue (Note 14)	-	106,676	106,676	107,845
Nonoperating expense (Note 14)	-	(100,000)	(100,000)	(5,650)
Net book value of plant assets written off (Note 14)	-	(1,080)	(1,080)	(3,750)
Net transfers between funds	445,952	(445,952)	-	-
Released from net assets with donor restrictions (Note 11 and Note 14)	-	5,629,196	5,629,196	4,037,676
Total nonoperating activity increase (decrease)	445,952	5,188,840	5,634,792	4,136,121
Increase (decrease) net assets without donor restrictions	913,940	1,313,716	2,227,656	617,184
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Changes in net assets with temporary donor restrictions				
<u>Income with temporary donor restrictions</u>				
Subsidies	8,597,053	-	8,597,053	7,726,290
Offerings	6,584	-	6,584	6,370
Donations	235,529	-	235,529	249,105
Annuity fund (Note 16)	-	28,202	28,202	242
Unconditional trust agreements (Note 21)	-	5,117,409	5,117,409	4,402,710
Total restricted income received	8,839,166	5,145,611	13,984,777	12,384,717
Net assets released from restricted - operating (Note 11)	(8,776,319)	(6,070)	(8,782,389)	(7,770,309)
Net assets released from restricted - non operating (Note 11)	-	(5,629,196)	(5,629,196)	(4,037,676)
Increase (decrease) net assets with temporary donor restrictions	62,847	(489,655)	(426,808)	576,732
Changes in net assets with permanent donor restrictions				
Increase (decrease) in net assets with permanent donor restrictions	-	-	-	-
Increase (decrease) in net assets with donor restrictions	62,847	(489,655)	(426,808)	576,732
Increase (decrease) in net assets	976,787	824,061	1,800,848	1,193,916
Net assets, beginning	5,825,581	30,822,560	36,648,141	35,454,225
Net assets, ending	\$ 6,802,368	31,646,621	38,448,989	36,648,141

See accompanying notes.



NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Combined Statement of Cash Flows
For the Years Ended December 31, 2020 and 2019

			Combined	
	Conference	Association	2020 Total	2019 Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Increase (decrease) in net assets	\$ 976,787	824,061	1,800,848	1,193,916
<u>Adjustments to reconcile net income to net cash provided by operating activities</u>				
Bad debt expense	-	-	-	718,671
Depreciation expense	-	221,190	221,190	224,661
Net book value of plant assets written off	-	1,080	1,080	3,750
Realized (gain) loss on sale of investments	-	(2,381,330)	(2,381,330)	(54,760)
Unrealized (gain) loss in value of investments	(20,552)	(287,395)	(307,947)	(2,997,821)
Increase (decrease) present value liability of gift annuities	-	(92,532)	(92,532)	128,236
Increase (decrease) present value of income distributions	-	(362,678)	(362,678)	(3,400,843)
Increase (decrease) remainder interest to residual beneficiaries	-	(2,536,839)	(2,536,839)	(341,275)
(Increase) decrease - cash held for agency funds	(130,126)	-	(130,126)	8,782
(Increase) decrease - accounts receivable	(873,263)	29,797	(843,466)	1,244,660
(Increase) decrease - inventories and prepaid	42,304	-	42,304	(488)
(Increase) decrease - real estate and miscellaneous	-	-	-	3,287,000
Increase (decrease) - accounts payable	821,580	(18,226)	803,354	(1,118,660)
Increase (decrease) - accrued retirement allowances	12,087	-	12,087	(20,960)
Increase (decrease) - agency accounts	130,126	-	130,126	(8,782)
Net cash provided (used) by operating	<u>958,943</u>	<u>(4,602,872)</u>	<u>(3,643,929)</u>	<u>(1,133,913)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from maturity of investments	789,452	93,326,915	94,116,367	82,170,542
Purchase of investments	(194,166)	(92,647,965)	(92,842,131)	(79,527,065)
(Increase) decrease accounts receivable, other than operating	-	25,887	25,887	66,955
Increase (decrease) accounts payable, other than operating	-	(338)	(338)	583
Purchases of plant assets	-	(7,232)	(7,232)	(41,462)
New notes receivable issued	-	(7,089,211)	(7,089,211)	(6,011,938)
Payments received on notes receivable	-	4,234,785	4,234,785	6,831,989
Net cash provided (used) by investing	<u>595,286</u>	<u>(2,157,159)</u>	<u>(1,561,873)</u>	<u>3,489,604</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
Principal payments on notes payable	-	(3,894,973)	(3,894,973)	(3,293,006)
Proceeds from depositors	-	10,693,031	10,693,031	780,231
Net cash provided (used) by financing	<u>-</u>	<u>6,798,058</u>	<u>6,798,058</u>	<u>(2,512,775)</u>
Net increase (decrease) cash and cash equivalents	1,554,229	38,027	1,592,256	(157,084)
Cash and cash equivalents, beginning of year	2,227,470	185,376	2,412,846	2,569,930
Cash and cash equivalents, end of year	<u>\$ 3,781,699</u>	<u>223,403</u>	<u>4,005,102</u>	<u>2,412,846</u>
<u>Supplemental cash flow data</u>				
Cash paid for interest	<u>\$ -</u>	<u>706,936</u>	<u>706,936</u>	<u>842,821</u>

See accompanying notes.



**NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019**

Note 1 – Organizational description and summary of significant accounting policies

Organization description

The North Pacific Union Conference of Seventh-day Adventists (Conference) and North Pacific Union Conference Association of Seventh-day Adventists (Association) (collectively, Organizations) are administrative entities within the General Conference of Seventh-day Adventists, North American Division (NAD). As such, the Organizations supervise the operation of all denominational activities within the states of Alaska, Idaho, Montana, Oregon, and Washington. Most of their dealings are with the constituent conferences and the NAD. The Association holds title to all of the Organizations' assets, and performs certain fiduciary duties.

The Organizations' primary purpose is to spread the gospel of Jesus Christ throughout their territory. They accomplish this by supervising the activities of constituent conferences (regional headquarters). The Organizations receive most of their revenue from contributions from the constituent conferences and the NAD.

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. Washington State sales tax is applied for all purchases, as required by not-for-profit organizations in Washington State.

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. 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 May 19, 2021, which is the date the financial statements were available to be 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) Plant assets and depreciation: Uses of operating funds for plant acquisitions and debt service payments are accounted for as committee approved transfers to plant funds. Such transfers include depreciation funding as well as additional movements of operating Funds. Restricted proceeds from sale of plant assets and restricted income from plant fund investments are recorded as restricted support. Both principal and interest payments made to retire plant fund indebtedness are recorded in the plant fund. Plant assets are recorded at cost when purchased or at fair market value at date of gift. Plant assets that cost less than \$2,000 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 net invested in plant fund and reported by various program and supporting services in the Statement of Changes in Net Assets. The following ranges of estimates of useful lives are assigned to capital assets: Buildings: 40 years; Land Improvements: 10 years; Equipment: 3 to 20 years.

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

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

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

Notes and loans receivable are valued at the amortized amount receivable as of the reporting date. An allowance has been recorded based on an estimate of amounts which are not expected to be collected. The local conference shall make payments on loans over 60 days past due. 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.

Notes and loans payable are valued at the amortized amount payable as of the reporting date. Because these loans, by intent and practice, are expected to be amortized to maturity, the carrying amount approximates the discounted value of the future cash flows expected to be paid. 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 of loans payable to related or affiliated entities approximates their fair value. Further, because a reasonable estimate of fair value could not be made without incurring excessive costs, management has not attempted to estimate the fair value of any loans payable to creditors that are not related or affiliated entities.

NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

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

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

Real estate and other assets recorded in the Unconditional Trust Fund are valued at fair market value on the date they are transferred into trust.

(g) Inventory is stated at the lower of cost or fair market value, under the first-in, first-out method.

(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 are committed allocated for the acquisition or construction of plant assets or for the liquidation of plant fund debt. 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 fund are classified as current.

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

(j) Split-interest agreements: The Association acts as a trustee or is partial beneficiary in various kinds of trusts, annuities, and/or other split-interest agreements for which it acts as trustee or administrator. Other organizations are partial beneficiaries of some of these agreements. For those agreements that are irrevocable, assets are recorded by the Association at fair market value at the date of the gift or acceptance of the agreement. For agreements that designate other beneficiaries, liabilities are recorded for the present value of amounts due income beneficiaries and other remainder beneficiaries. Conservative discount rates are used to compute such present value amounts. Standard actuarial tables and conservative interest rates are used to compute liabilities due to annuitants. The Association's remainder interest is classified as temporarily restricted net assets until maturity of each agreement.

(k) Affiliated entities: The Organizations operate through several organizations with which they are affiliated by reason of membership on the respective governing boards of officers and other staff members of the Organizations. The financial statements of these other organizations are not combined with the Organizations' because they do not meet the criteria for consolidation. Inter-organization transactions carried on in the ordinary course of business are handled through current accounts receivable and payable, and are settled generally on a monthly basis. Other financial transactions involving appropriations, loans, and other long-term financing, are detailed in Notes 5, 8, 17, 22, 25, and 26 below. The specific organizations referred to above are:

The General Conference of Seventh-day Adventists (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. The NAD is an administrative entity of the GC which supervises denominational activities in North America.

The Organizations oversee denominational activities in the states of Alaska, Idaho, Montana, Oregon, and Washington. Activities in each region are administered by unincorporated and incorporated Conferences and Associations. The President of each Conference is a member of the Organizations' Executive Committee. The Organizations' officers are invitees of each Conference's Executive Committee.

Alaska Conference and Corporation of Seventh-day Adventists
Idaho Conference of Seventh-day Adventists, Inc.
Montana Conference of Seventh-day Adventists, Inc.
Oregon Conference and Western Oregon Conference Association of Seventh-day Adventists
Upper Columbia Conference and Corporation of Seventh-day Adventists
Washington Conference and Western Washington Corporation of Seventh-day Adventists

Walla Walla University is a separately incorporated organization operated by its own board and formed by the Organizations to provide Seventh-day Adventist higher learning opportunities. The President of each Conference is a member of the University Board of Trustees. The President of the Organizations is Chairman of the University Board. Operating and capital appropriations are made to the university by each Conference through the Organizations.

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

Operating funds: These consist of unrestricted and restricted resources available for current operations. This fund group reflects the combined operating activity of the Conference operating fund and the Association operating fund.

Plant funds: These consist of the unexpended plant and net invested in plant funds. The unexpended plant fund represents resources which were donor restricted or conference committee allocated for plant acquisitions. Since operating funds allocated by the conference committee can be returned to the operating funds by action of the committee, they are included in the unrestricted section of net assets, and appear as associated 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.

Annuity fund: This represents funds subject to conditions of charitable gift annuity agreements. Assets are used to produce income to fund the life income payments to the annuitants. If the annuity is funded with real estate, annuity payments required under the agreements are guaranteed by the local institution which will receive the funds upon maturity. Such funds may only be used to meet regular annuity payments.

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

Revolving fund. The North Pacific Union Conference Association Revolving Fund was established in February 1978. Notes were issued to church members and church entities investing in the fund through December 31, 1988. From January 1, 1989, interest-bearing account certificates were issued to investors. Funds invested in the account certificates can be withdrawn 90 days after demand. The funds are loaned to churches, schools, and conferences in the North Pacific Union Conference (NPUC). The fund is registered in the State of Oregon and is authorized in the states of Alaska, Idaho, Montana, and Washington. A Sinking Fund is provided in accordance with General Conference policy.

Endowment fund: Represent 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 allocated unrestricted net assets.

Unconditional trust funds. An accounting entity for irrevocable trusts where assets are held in a trustee capacity.

(j) Changes in presentation: certain amounts in the prior year's financial schedules have been reclassified to conform with the current year's presentation.

Note 2 – Cash and cash equivalents

			Combined	
	Conference	Association	2020 Total	2019 Total
Imprest cash	\$ 310	-	310	310
Checking accounts	2,349,815	79,116	2,428,931	2,368,435
General Conference money fund	13,099	-	13,099	12,963
Money market funds	1,705,138	144,287	1,849,425	187,675
Less: cash held for agency	(286,663)	-	(286,663)	(156,537)
Total cash and cash equivalents, 2020	\$ 3,781,699	223,403	4,005,102	
Total cash and cash equivalents, 2019	\$ 2,227,470	185,376		2,412,846

Note 3 – Investments

	2020			2020		
	Conference			Association		
<u>Investments held for operating</u>		Unrealized Appreciation (Decline)			Unrealized Appreciation (Decline)	
	Cost	Market		Cost	Market	
Certificates of deposit	\$ 308,000	312,240	4,240	374,000	375,887	1,887
Corporate bonds and notes	1,218,194	1,239,490	21,296	-	-	-
Government backed securities	-	-	-	992,891	978,155	(14,736)
Mutual funds	-	-	-	128,718	121,075	(7,643)
Preferred stock	12,813	12,813	-	-	-	-
Total operating investments at market value	\$ 1,539,007	1,564,543	25,536	1,495,609	1,475,117	(20,492)

	2020			2020		
	Combined			Combined		
<u>Investments held for operating</u>		Unrealized Appreciation (Decline)			Unrealized Appreciation (Decline)	
	Cost	Market		Cost	Market	
Certificates of deposit	\$ 682,000	688,127	6,127			
Corporate bonds and notes	1,218,194	1,239,490	21,296			
Government backed securities	992,891	978,155	(14,736)			
Mutual funds	128,718	121,075	(7,643)			
Preferred stock	12,813	12,813	-			
Total operating investments at market value	\$ 3,034,616	3,039,660	5,044			

	2019			2019		
	Conference			Association		
<u>Investments held for operating</u>		Unrealized Appreciation (Decline)			Unrealized Appreciation (Decline)	
	Cost	Market		Cost	Market	
Certificates of deposit	\$ 308,000	308,915	915	474,000	476,125	2,125
Corporate bonds and notes	1,813,529	1,817,599	4,070	-	-	-
Government backed securities	-	-	-	541,791	542,117	326
Mutual funds	-	-	-	76,607	76,600	(7)
Preferred stock	12,764	12,764	-	-	-	-
Total operating investments at market value	\$ 2,134,293	2,139,278	4,985	1,092,398	1,094,842	2,444

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Note 3 – Investments (continued)

	2019		
	Combined		Unrealized Appreciation (Decline)
	Cost	Market	
<u>Investments held for operating</u>			
Certificates of deposit	\$ 782,000	785,040	3,040
Corporate bonds and notes	1,813,529	1,817,599	4,070
Government backed securities	541,791	542,117	326
Mutual funds	76,607	76,600	(7)
Preferred stock	12,764	12,764	-
Total operating investments at market value	\$ 3,226,691	3,234,120	7,429
	2020		
	Association		Unrealized Appreciation (Decline)
	Cost	Market	
<u>Investments held for other than operating</u>			
<u>Cash</u>			
Petty cash	\$ 20,308	20,308	-
Checking accounts	4,704,467	4,704,467	-
Money market funds	5,943,461	5,943,461	-
Total cash	10,668,236	10,668,236	-
<u>Investments</u>			
Certificates of deposit	1,962,000	2,002,179	40,179
Corporate bonds and notes	1,862,475	1,275,781	(586,694)
US Government loan securities	21,313,724	20,882,838	(430,886)
Bond mutual fund	5,927,028	5,945,322	18,294
Equity mutual fund	7,847,316	9,744,138	1,896,822
Mutual funds	391,419	511,423	120,004
Preferred stock	2,222,869	2,442,558	219,689
Total investments	41,526,831	42,804,239	1,277,408
Total other than operating investments at market value	\$ 52,195,067	53,472,475	1,277,408
	2019		
	Association		Unrealized Appreciation (Decline)
	Cost	Market	
<u>Investments held for other than operating</u>			
<u>Cash</u>			
Petty cash	\$ 101	101	-
Checking accounts	3,280,311	3,280,311	-
Money market funds	2,993,245	2,993,245	-
Total cash	6,273,657	6,273,657	-
<u>Investments</u>			
Certificates of deposit	10,492,000	10,522,758	30,758
Corporate bonds and notes	584,815	724,264	139,449
US Government loan securities	18,430,061	17,638,212	(791,849)
Bond mutual fund	7,316,003	7,868,613	552,610
Equity mutual fund	6,315,962	7,303,203	987,241
Mutual funds	1,125,453	1,156,365	30,912
Exchange traded funds (ETF)	354,854	375,903	21,049
Total investments	44,618,148	45,589,318	970,170
Total other than operating investments at market value	\$ 50,892,805	51,862,975	970,170

The market value of investments changes with economic conditions.



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Note 4 – Fair value measurement

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

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

Level 2: Direct or indirect observable market data, such as quoted prices in inactive markets for identical assets 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 the best information available to the entity.

	Combined		
	Level 1	Level 2	Level 3
2020			
Assets recorded at fair value			
Certificates of deposit	\$ -	2,690,306	-
Debt securities	30,442,661	-	-
Equity securities	10,268,374	-	-
Total assets recorded at fair value	\$ 40,711,035	2,690,306	-
	Level 1	Level 2	Level 3
2019			
Assets recorded at fair value			
Certificates of deposit	\$ -	11,307,798	-
Debt securities	28,048,688	-	-
Equity securities	8,848,235	-	-
Total assets recorded at fair value	\$ 36,896,923	11,307,798	-

Note 5 – Accounts receivable

	Combined			
	Conference	Association	2020 Total	2019 Total
<u>Accounts receivable held for operating</u>				
Accrued interest	\$ -	3,255	3,255	2,221
GC/NAD	75	-	75	944
Local conference	6,759,965	-	6,759,965	5,934,365
WWU	-	(1,758)	(1,758)	9,741
Miscellaneous	89,444	21,790	111,233	82,035
Total accounts receivable held for operating, 2020	\$ 6,849,484	23,287	6,872,771	
Total accounts receivable held for operating, 2019	\$ 5,976,221	53,085		6,029,306
	Conference	Association	2020 Total	2019 Total
<u>Accounts receivable held for other than operating</u>				
Accrued interest	\$ -	53,692	53,692	79,577
Total other than operating accounts receivable, 2020	\$ -	53,692	53,692	
Total other than operating accounts receivable, 2019	\$ -	79,577		79,577

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Note 6 – Notes receivable- all funds

Notes receivable held for operating

Secured loan receivable, from the sale
of real property 1/2 interest, 0% interest
Total operating funds notes receivable

2020		
Association		
Current	Long-term	Total
\$ 34,000	620,500	654,500
\$ 34,000	620,500	654,500

Notes receivable held for operating

Secured loan receivable, from the sale
of real property 1/2 interest, 0% interest
Total operating funds notes receivable

2019		
Association		
Current	Long-term	Total
\$ 34,000	654,500	688,500
\$ 34,000	654,500	688,500

Notes receivable held for other than operating

Secured mortgage loans receivable, \$814 per month
8% interest, balloon payments due September 2029
Revolving Fund loans to conferences, churches, and schools,
4.5%* interest, due 90 days from demand
Total other than operating notes receivable

2020		
Association		
Current	Long-term	Total
\$ 5,081	53,745	58,826
27,320,815	-	27,320,815
\$ 27,325,896	53,745	27,379,641

Notes receivable held for other than operating

Secured mortgage loans receivable, \$814 per month
8% interest, balloon payments due September 2029
Revolving Fund loans to conferences, churches, and schools
5.00% interest, due 90 days from demand
Total other than operating notes receivable

2019		
Association		
Current	Long-term	Total
\$ 4,692	54,134	58,826
24,432,389	-	24,432,389
\$ 24,437,081	54,134	24,491,215

* Effective May 1, 2020, the interest rate was lowered to 4.5%.

Impaired notes:

The Association has purchased seven American Eagle Mortgage, LLC promissory notes, which there was, at acquisition, evidence of deterioration of credit quality since origination and it was probable, at acquisition, that all contractually required payments could not be collected. The carrying amount of those is as follows:

American Eagle Mortgage, LLC, in receivership
Allowance for uncollectible notes
Total impaired notes receivable

2020		
Current	Long-term	Total
\$ -	718,671	718,671
-	(718,671)	(718,671)
\$ -	-	-

American Eagle Mortgage, LLC, in receivership
Allowance for uncollectible notes
Total impaired notes receivable

2019		
Current	Long-term	Total
\$ -	718,671	718,671
-	(718,671)	(718,671)
\$ -	-	-

For these purchased credit impaired notes disclosed above, the Association increased the allowance for notes receivable by \$718,671 during 2019. No allowances for note losses were reversed during 2020.

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Note 7 – Plant assets

	Association			
	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
Balances 2020				
Land	\$ 1,503,343	-	1,503,343	-
Land improvements	187,508	187,508	-	-
Buildings	6,476,689	2,274,648	4,202,041	164,357
Equipment	1,229,300	1,149,396	79,904	56,833
Total plant assets	\$ 9,396,840	3,611,552	5,785,288	221,190

	Association			
	Total Cost	Accumulated Depreciation	Net Value	Depreciation Expense
Balances 2019				
Land	\$ 1,503,343	-	1,503,343	-
Land improvements	187,508	187,508	-	-
Buildings	6,476,689	2,110,291	4,366,398	164,135
Equipment	1,224,498	1,093,913	130,585	60,526
Total plant assets	\$ 9,392,038	3,391,712	6,000,326	224,681

	Association			
	Cost 2019	Additions	Deletions	Cost 2020
Changes in cost 2020				
Land	\$ 1,503,343	-	-	1,503,343
Land improvements	187,508	-	-	187,508
Buildings	6,476,689	-	-	6,476,689
Equipment	1,224,498	7,232	2,430	1,229,300
Total plant assets	\$ 9,392,038	7,232	2,430.00	9,396,840

	Association			
	Accumulated Depreciation 2019	Additions	Deletions	Accumulated Depreciation 2020
Changes in accumulated depreciation 2020				
Land improvements	\$ 187,508	-	-	187,508
Buildings	2,110,291	164,357	-	2,274,648
Equipment	1,093,913	56,833	1,350	1,149,396
Total accumulated depreciation	\$ 3,391,712	221,190	1,350	3,611,552

	Association			
	Cost 2018	Additions	Deletions	Cost 2019
Changes in cost 2019				
Land	\$ 1,503,343	-	-	1,503,343
Land improvements	187,508	-	-	187,508
Buildings	6,466,109	10,580	-	6,476,689
Equipment	1,438,471	30,882	244,855	1,224,498
Total plant assets	\$ 9,595,431	41,462	244,855	9,392,038

	Association			
	Accumulated Depreciation 2018	Additions	Deletions	Accumulated Depreciation 2019
Changes in accumulated depreciation 2019				
Land improvements	\$ 187,508	-	-	187,508
Buildings	1,946,156	164,135	-	2,110,291
Equipment	1,274,492	60,526	241,105	1,093,913
Total accumulated depreciation	\$ 3,408,156	224,661	241,105	3,391,712

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Note 8 – Accounts payable

	Conference	Association	Combined	
			2020 Total	2019 Total
<u>Accounts payable held for operating</u>				
Accrued audit fees	\$ 102,548	-	102,548	68,403
Accrued medical	27,279	-	27,279	30,748
Accrued retirement allowances	10,603	-	10,603	36,687
Accrued wages and payroll tax	157,102	-	157,102	107,847
Commercial accounts	32,582	-	32,582	38,625
Estate distribution	-	6,949	6,949	-
General Conference remittance and other	5,089,229	-	5,089,229	4,449,267
Local conferences	187,402	-	187,402	172,729
Miscellaneous	1,268	-	1,268	45,930
North American Division	234,703	-	234,703	67,144
Pacific Press Publishing Association	-	-	-	39,326
Walla Walla University	10,393	-	10,393	-
Total accounts payable, 2020	\$ 5,853,109	6,949	5,860,058	
Total accounts payable, 2019	\$ 5,031,530	25,176		5,056,706

	Conference	Association	Combined	
			2020 Total	2019 Total
<u>Accounts payable held for other than operating</u>				
Miscellaneous	\$ -	13,924	13,924	3,051
Total other than operating accounts payable, 2020	\$ -	13,924	13,924	
Total other than operating accounts payable, 2019	\$ -	3,051		3,051

Note 9 – Notes payable

	Association		
	2020		
	Current	Long-term	Total
<u>Notes payable held for other than operating</u>			
Revolving Fund account certificates and demand			
notes payable to church members and conference organizations, 1.75%* interest	\$ 40,746,381	-	40,746,381
Total other than operating notes payable	\$ 40,746,381	-	40,746,381

	Association		
	2019		
	Current	Long-term	Total
<u>Notes payable held for other than operating</u>			
Revolving Fund account certificates and demand			
notes payable to church members and conference organizations, 2.25% interest	\$ 33,948,323	-	33,948,323
Total other than operating notes payable	\$ 33,948,323	-	33,948,323

Principal payments due on notes payable are as follows:

2021 \$ 40,746,381

* Effective May 1, 2020, the interest rate was lowered to 1.75%.

Total \$ 40,746,381

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Note 10 – Allocated net assets- operating funds only

	Balance 2019	Allocation Made	Allocation Released	Balance 2020
<u>Conference operating fund</u>				
Church & evangelistic programs	\$ 245,947	945,910	888,704	303,153
Education programs	(20,006)	2,258,224	2,249,105	(10,887)
Medical & health programs	8,862	-	-	8,862
Humanitarian programs	42,772	7,500	152	50,120
Other programs	(43,185)	1,760,448	1,648,756	68,507
Conventions & meetings	(35,226)	151,519	26,519	89,774
Employee hospital and health benefit	-	317,036	317,036	-
Employee DB Retirement Plan	-	1,302,247	1,302,247	-
General administration	-	1,340,588	1,354,553	(13,965)
Recommended working capital	1,970,351	277,421	-	2,247,772
Unexpended plant capital functions	(30,000)	7,233	7,233	(30,000)
Total allocated net assets- conference operating fund	<u>2,139,615</u>	<u>8,368,126</u>	<u>7,794,305</u>	<u>2,713,436</u>
<u>Association operating fund</u>				
General administration	-	(3,878)	-	(3,878)
Conference auxiliary	688,500	-	34,000	654,500
Total allocated net assets- association operating fund	<u>688,500</u>	<u>(3,878)</u>	<u>34,000</u>	<u>650,622</u>
Total allocated net assets- operating funds	<u>\$ 2,828,115</u>	<u>8,364,248</u>	<u>7,828,305</u>	<u>3,364,058</u>

Net assets without donor restrictions: The Executive Committee of the North Pacific Union Conference of Seventh-day Adventists and the Board of Trustees of the North Pacific Union Conference Association of Seventh-day Adventists have several standing policies that affect the presentation of committee designations on net assets. Donations and bequests, without donor restrictions, are designated for Unrestricted Allocated Funds. Additionally, management maintains an operating reserve for working capital in accordance with guidelines of the North American Division Working Policy.

Note 11 – Net assets with donor restrictions

	Balance 2019	Restricted Income	Restrictions Released	Balance 2020
<u>Temporary restrictions</u>				
<u>Conference</u>				
<u>Conference operating funds</u>				
Adventist Health System	\$ 28,310	-	2,000	26,310
ASI-Pacific NW Chapter	17,923	30,240	23,979	24,184
College and university operating	-	3,105,635	3,105,635	-
Creation ministries	2,500	9,035	11,535	-
Cultural project- Asian Pacific	1,500	-	1,000	500
Disaster response	31,051	18,150	15,277	33,924
General evangelism	896,946	1,557,568	1,516,075	938,439
Global mission	6,370	6,584	2,176	10,778
Growing Young	-	63,925	42,173	21,752
Hispanic capital	-	42,852	42,852	-
In-house operations	-	2,000	2,000	-
K-12 operations	-	2,296,022	2,296,022	-
Ministerial interns	-	1,854	1,854	-
Miscellaneous nontithe appropriation	-	228,150	228,150	-
Miscellaneous tithe appropriation	-	752,385	752,385	-
Native American evangelism	-	3,209	3,209	-
Other internships	-	(1,854)	1,854	(3,708)
Regional capital	142,923	-	8,724	134,199
Regional development fund	44,393	7,156	3,920	47,629
Regional special assistance	134,236	206,894	224,290	116,840
Religious Liberty Association NW	-	16,814	7,887	8,927
Religious Liberty Mission Book Project	-	30,565	30,565	-
Small conference assistance	169,922	425,494	414,140	181,276
Temperance	399	413	-	812
Women's ministries	-	5,074	5,074	-
Youth activities	57,043	31,000	33,543	54,500
Total Conference operating funds	<u>\$ 1,533,516</u>	<u>8,839,165</u>	<u>8,776,319</u>	<u>1,596,362</u>

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Note 11 – Net assets with donor restrictions (continued)

	Balance 2019	Restricted Income	Restrictions Released	Balance 2020
Association				
<u>Association operating funds</u>				
Agreement per NAD	\$ 49,733	-	6,070	43,663
Education	370,562	-	-	370,562
Evangelism	424,036	-	-	424,036
Global mission	16,882	-	-	16,882
Missing members	127,375	-	-	127,375
Total Association operating funds	988,588	-	6,070	982,518
Total operating funds	2,522,104	8,839,165	8,782,389	2,578,880
 <u>Annuity funds</u>				
Education	80	(24)	-	56
Global mission	(695)	(279)	-	(974)
	-	28,505	-	28,505
Total annuity funds	(615)	28,202	-	27,587
 <u>Unconditional trust funds</u>				
Unconditional trusts	2,355,835	5,117,410	5,629,196	1,844,049
Total unconditional trust funds	2,355,835	5,117,410	5,629,196	1,844,049
Total other than operating funds- net assets with donor restrictions	2,355,220	5,145,612	5,629,196	1,871,636
Total Association funds with donor restrictions	3,343,808	5,145,612	5,635,266	2,854,154
Total net assets with temporary donor restrictions	\$ 4,877,324	13,984,777	14,411,585	4,450,516
 <u>Permanent restrictions</u>				
<u>Association operating funds</u>				
Nelson evangelism endowment	\$ 40,000	-	-	40,000
Total net assets with permanent donor restrictions	\$ 40,000	-	-	40,000
Total net assets with donor restrictions	\$ 4,917,324	13,984,777	14,411,585	4,490,516

Note 12 – 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 classify 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 fair value 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, the endowment assets are invested in a manner that is intended to preserve capital with minimal risk. The Organizations have placed endowment assets in revolving fund deposits with an annual return of 1.75%.

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Note 12 – Endowments (continued)

Endowment spending policies and relation to investment objectives

The Organizations have adopted an endowment spending policy that directs them to appropriate for distribution each year all earnings, which equate to 1.75% of the endowment's value.

In establishing this policy, the Organizations considered the long-term expected return on their endowments. Accordingly, over the long term, the Organizations expect the current spending policy to allow their endowments to maintain their balance.

	Association		
	Committee Designated	Temporarily Restricted	2020 Total Donor Restricted
<u>2020 Endowment net asset composition</u>			
Donor-restricted endowments	\$ -	-	40,000
Committee-designated endowments	-	-	-
Total endowments	\$ -	-	40,000

	Association		
	Committee Designated	Temporarily Restricted	2019 Total Donor Restricted
<u>2020 Changes in endowment net assets</u>			
Net assets, beginning of year	\$ -	-	40,000
Contributions	-	-	-
Appropriation of assets for expenditure	-	-	-
Endowment net assets, end of year	\$ -	-	40,000

	Association		
	Committee Designated	Temporarily Restricted	2019 Total Donor Restricted
<u>2019 Endowment net asset composition</u>			
Donor-restricted endowments	\$ -	-	40,000
Committee-designated endowments	-	-	-
Total endowments	\$ -	-	40,000

	Association		
	Committee Designated	Temporarily Restricted	2019 Total Donor Restricted
<u>2019 Changes in endowment net assets</u>			
Net assets, beginning of year	\$ -	-	40,000
Contributions	-	-	-
Appropriation of assets for expenditure	-	-	-
Endowment net assets, end of year	\$ -	-	40,000

Composition of endowment net assets

Permanently restricted net assets

Portion of perpetual endowments required to be retained permanently, either by explicit donor stipulation or by WPMIFA

Total Endowment assets classified as permanently restricted net assets

	Association	
	2020 Total	2019 Total
\$	40,000	40,000
\$	40,000	40,000

Note 13– Analysis of expenses

	Combined				
	2020 Program Services				
	Church Ministries	Educational	Special Services	Other	Total Program Services
Employee related expenses	\$ 790,830	444,591	535,354	364,356	2,135,131
Travel expenses	59,378	49,417	15,503	-	124,298
Appropriations	2,379,494	6,829,635	682,457	923,679	10,815,265
Office expenses	10,892	5,418	77,573	-	93,883
Program expenses	5,961	69,218	-	38,061	113,240
Administrative expenses	125,542	3,547	20,470	-	149,559
General expenses	32,848	249,861	176,563	-	459,272
Maintenance & depreciation	159,871	77,009	28,356	-	265,236
Total expenses	\$ 3,564,816	7,728,696	1,536,276	1,326,096	14,155,884

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Note 13— Analysis of expenses (continued)

Note 13— Analysis of expenses (continued)		Combined				
2020 Supporting Services						2020 Total
	Admin.	Retirement Contributions	Conventions & Meetings	Other Supporting Services	Total Supporting Services	Program & Supporting Services
Employee related expenses	\$ 918,721	1,302,247	-	219,082	2,440,050	4,575,181
Travel expenses	31,121	-	-	6,722	37,843	162,141
Appropriations	3,350	-	-	5,000	8,350	10,823,615
Office expenses	23,729	-	2,610	275,132	301,471	395,354
Program expenses	348	-	-	-	348	113,588
Administrative expenses	8,299	-	20,012	310,555	338,866	488,425
General expenses	234,179	-	2,165	5,668,807	5,905,151	6,364,423
Maintenance & depreciation	153,710	-	-	138,747	292,457	557,693
Total expenses	\$ 1,373,457	1,302,247	24,787	6,624,045	9,324,536	23,480,420

Combined					
2019 Program Services					
	Church Ministries	Educational	Special Services	Other	Total Program Services
Employee related expenses	\$ 801,939	418,415	575,960	413,138	2,209,452
Travel expenses	169,662	111,201	39,477	519	320,859
Appropriations	1,587,716	6,641,739	641,096	744,373	9,614,924
Office expenses	23,342	6,505	81,196	594	111,637
Program expenses	6,513	71,768	638.00	42,371	121,290
Administrative expenses	303,452	6,656	10,384	58,909	379,401
General expenses	77,989	219,809	200,748	6,401	504,947
Maintenance & depreciation	142,203	70,189	24,566	-	236,958
Total expenses	\$ 3,112,816	7,546,282	1,574,065	1,266,305	13,499,468

Combined						
2019 Supporting Services						
	Admin.	Retirement Contributions	Conventions & Meetings	Other Supporting Services	Total Supporting Services	2018 Total Program & Supporting Services
Employee related expenses	\$ 948,635	1,259,333	-	248,478	2,456,446	4,665,898
Travel expenses	120,639	-	-	22,605	143,244	464,103
Appropriations	3,100	-	-	1,000	4,100	9,619,024
Office expenses	24,560	-	16	271,407	295,983	407,620
Program expenses	-	-	-	-	-	121,290
Administrative expenses	48,513	-	107,840	251,105	407,458	786,859
General expenses	92,969	-	3,161	4,058,573	4,154,703	4,659,650
Maintenance & depreciation	149,503	-	-	136,962	286,465	523,423
Total expenses	\$ 1,387,919	1,259,333	111,017	4,990,130	7,748,399	21,247,867

Methods used for allocation of expenses among programs and supporting services

The financial statements report certain categories of expenses that are attributable to one program or supporting services of the Organizations. They are based on the actual functions of program and supporting services. No expenses are attributable to two or more program and supporting services of the Organizations. Health care expenses has its own function within supporting services. Health care expenses are allocated based on the percentage of employees working in each program or supporting service. Depreciation and maintenance are allocated on square footage and departmental use.

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Note 14 – Nonoperating activity without donor restrictions

	Association	
	2020	2019
	Total	Total
Interest income	\$ 6,676	7,845
Miscellaneous donations	100,000	100,000
Nonoperating revenue	106,676	107,845
Miscellaneous expense	(100,000)	(5,650)
Nonoperating expense	(100,000)	(5,650)
Net book value of plant assets written off	(1,080)	(3,750)
Net book value of plant assets written off	(1,080)	(3,750)
Unexpended plant resources spent	(7,232)	(41,462)
Purchases added to net invested in plant	7,232	41,462
Net transfers between funds	-	-
Release from restrictions (Note 11)	5,629,196	4,037,676
Net nonoperating activity without donor restrictions	\$ 5,834,792	4,147,421

Note 15 – Revolving fund net earnings

	Association	
	2020	2019
	Total	Total
Investment earnings (Note 24)	\$ 2,069,510	2,544,663
Interest expense	(706,937)	(842,822)
Bad debt expense	-	(718,671)
Other expense	(14,316)	(8,850)
Total revolving fund net earnings	\$ 1,348,257	974,320

Note 16 – Annuity fund net earnings

	Association	
	2020	2019
	Total	Total
<u>Unrestricted activity</u>		
Investment earnings (Note 24)	\$ 24,410	26,293
Miscellaneous income	161,650	1,933
Present value adjustment	20,832	20,832
Total unrestricted revenues, gains & other support	206,892	49,058
<u>Expenses and losses</u>		
Payments to annuitants	18,222	26,546
Matured distributions	-	4,294
Miscellaneous expenses	-	43,666
Investment expenses	1,568	833
Total expenses and losses	19,790	75,339
Increase (decrease) allocated unrestricted net assets	\$ 187,102	(26,281)
<u>Activity with donor restrictions</u>		
Gift annuities	\$ 100,000	-
Investment earnings (Note 24)	16,895	929
Miscellaneous income	508	68
Present value adjustment	(81,001)	289
Net assets released from temporary restrictions	(8,200)	(1,044)
Increase (decrease) in temporarily restricted net assets	\$ 28,202	242

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Note 17– Annuities held for others

Activity for annuities held for others is as follows

Unrestricted revenues and gains

Investment earnings (Note 24)

Miscellaneous income

Gift annuities

Present value adjustment

Total unrestricted revenues & gains

Expenses and losses

Annuity payments

Matured annuity distribution

Idaho Conference

Oregon Conference

Upper Columbia Conference

Washington Conference

Other

Other expense

Total expenses and losses

Increase (decrease) annuities held for others

Beginning annuities held for others

Ending annuities held for others

Association	
2020	2019
Total	Total
\$ 714,469	849,419
49,046	106,088
270,000	10,000
(153,681)	534,505
<u>879,834</u>	<u>1,500,022</u>
428,572	554,229
1,019	-
249,044	125,476
28,752	24,389
444,151	44,894
-	40,259
45,888	26,916
<u>1,197,426</u>	<u>816,163</u>
<u>(317,592)</u>	<u>683,859</u>
<u>2,387,956</u>	<u>1,704,097</u>
<u>\$ 2,070,364</u>	<u>2,387,956</u>

Annuities held for others

Alaska Conference

Idaho Conference

Montana Conference

Oregon Conference

Upper Columbia Conference

Washington Conference

Walla Walla University

Miscellaneous

Total annuities held for others

\$ (534)	(444)
-	(7,600)
33,976	24,711
1,002,309	1,163,621
491,863	354,497
183,762	566,599
134,827	109,170
224,161	177,402
<u>\$ 2,070,364</u>	<u>2,387,956</u>

Note 18 – State reserve requirements for charitable gift annuities

State of Washington

The State of Washington requires the Association to maintain a reserve which is calculated by an independent actuary as required by RCW 48.38.020 of the Washington Insurance Code. The information on the required reserve for annuities issued to Washington residents at December 31, 2020 was not available as of the date of report. The required reserve for annuities issued to Washington residents at December 31, 2019, was \$1,432,098. The total required reserve for all annuities was not available as of the date of report at December 31, 2020. The total required reserve for all annuities, as of the same date was \$3,063,327 at December 31, 2019. The Association held assets for charitable gift annuities of \$5,127,843 and \$5,030,588 as of December 31, 2020, and 2019, respectively. This exceeded the reserves required for the State of Washington for the year December 31, 2019.

Note 19 – Present value liability, annuity liability

Annuity fund

The annuity liability reflects the present value of the obligation due the annuitants. It is based on an assumed interest rate of 5.25% and the annuitants' life expectancy, which may vary from actual.

Present value liability - current portion
Present value liability - long-term portion
Total present value liability

Association	
2020	2019
Total	Total
\$ 591,848	842,473
<u>2,362,026</u>	<u>2,097,551</u>
<u>\$ 2,953,874</u>	<u>2,740,024</u>

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Note 20 – Present value income distributions to primary beneficiaries

Unconditional trust fund

The income distributions to primary beneficiaries liability reflects the present value of the obligation due the income beneficiaries. It is based on an assumed interest rate of 5.25% to 6.00% and the annuitants' life expectancy, which may vary from actual.

	Association	
	2020	2019
	Total	Total
Present value liability - current portion	\$ 787,749	1,076,723
Present value liability - long-term portion	4,237,475	4,311,178
Total present value liability	<u>\$ 5,025,224</u>	<u>5,387,901</u>

Note 21– Unconditional trusts' increase (decrease)

As of December 31, 2020 and 2019, respectively, the Association served as trustee for 38 and 50 irrevocable trusts which have been included in the financial statements, in accordance with the accounting standards. The activity for the irrevocable trusts is as follows:

	Association	
	2020	2019
	Total	Total
<u>Restricted revenues and gains</u>		
Irrevocable trust agreement additions	\$ -	637
Investment earnings (Note 24)	2,287,488	1,401,627
Other income	(72,594)	(741,671)
Total restricted revenue and gains	<u>2,214,894</u>	<u>660,593</u>
<u>Changes to restricted revenues and gains</u>		
Change in present value of income distributions to primary beneficiaries	365,676	3,400,842
Change in remainder interest to residual beneficiaries	2,536,839	341,275
Total changes to restricted revenues and gains	<u>2,902,515</u>	<u>3,742,117</u>
Net restricted revenues and gains	<u>5,117,409</u>	<u>4,402,710</u>
<u>Expenses and losses</u>		
Distributions to primary beneficiaries	536,970	579,710
Distributions to residual beneficiaries	4,979,547	4,085,226
Other expenses	112,879	(627,260)
Total unrestricted expenses and losses	<u>5,629,196</u>	<u>4,037,676</u>
Net unconditional trusts' increase (decrease)	<u>\$ (511,787)</u>	<u>365,034</u>

Note 22 – Remainder Interest for residual beneficiaries

	2020	2019
	Total	Total
<u>Unconditional trusts</u>		
Idaho Conference of SDA	\$ 950,983	668,173
Montana Conference of SDA	522,863	353,096
Oregon Conference and Western Oregon Conference Association of SDA	1,172,080	1,362,310
Upper Columbia Conference and Corporation of SDA	322,969	290,793
Washington Conference and Western Washington Corporation of SDA	46,138	35,112
Walla Walla University	1,738,948	2,155,807
Other Seventh-day Adventist entities	1,330,410	1,109,455
Other private/public charities	259,033	1,061,364
Individuals	1,383	213,207
Conditional trusts	508,844	2,141,173
Total remainder interest for residual beneficiaries	<u>\$ 6,853,651</u>	<u>9,390,490</u>

Note 23 – Revocable trust agreements

As of December 31, 2020 and 2019, the Association served as trustee of 5 and 4 revocable trusts, respectively. In accordance with accounting principles generally accepted by the Seventh-day Adventist denomination, these revocable trusts are not included in the financial statements. Generally, the Association is a remainder beneficiary of a portion of the trust assets.

The Association may be a beneficiary of wills or trusts administered by other trustees, of which the Association is not aware.

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Note 24— Investment earnings

Conference

Conference operating

Interest income
Unrealized capital gains (losses)
Total Conference operating

	2020 Total	2019 Total
\$	73,809	68,799
	20,552	54,724
	94,361	123,523

Association

Association operating

Interest income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total Association operating
Total operating investment earnings

	34,893	37,710
	4,923	10,726
	(22,936)	22,733
	16,880	71,169
\$	111,241	194,692

Revolving fund

Interest income
Other income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total revolving fund (Note 15)

	2020 Total	2019 Total
\$	1,873,164	1,969,645
	5,392	3,290
	316,507	(224,700)
	(125,553)	796,428
\$	2,069,510	2,544,663

Annuity fund

Annuity fund net earnings

Unrestricted activity

Interest income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total unrestricted activity (Note 16)

	2020 Total	2019 Total
\$	4,056	3,592
	15,981	1,273
	4,373	21,428
	24,410	26,293

Restricted activity

Investment income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total restricted activity (Note 16)
Total annuity fund net earnings

	2,808	127
	11,061	45
	3,026	757
	16,895	929
	41,305	27,222

Annuities held for others

Interest income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total annuities held for others (Note 17)
Total annuity fund

	118,724	116,038
	467,765	41,138
	127,980	692,243
	714,469	849,419
\$	755,774	876,641

Unconditional trust fund

Restricted activity

Interest income
Realized capital gains (losses)
Unrealized capital gains (losses)
Total unconditional trust fund (Note 21)

\$	421,891	699,712
	1,565,092	260,092
	300,505	441,823
\$	2,287,488	1,401,627

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Note 25 – Related party transactions

	Conference	
	2020 Total	2019 Total
<u>Appropriations received from</u>		
GC/NAD	\$ 5,757,324	4,982,926
Alaska Conference	92,023	67,872
Idaho Conference	215,502	198,377
Montana Conference	165,586	141,497
Oregon Conference	1,336,642	1,346,235
Upper Columbia Conference	1,264,466	1,200,675
Washington Conference	897,195	794,592
Miscellaneous organizations	84,811	152,898
Total appropriations received	<u>\$ 9,813,549</u>	<u>8,885,072</u>
	Conference	
	2020 Total	2019 Total
<u>Appropriations made to</u>		
Alaska Conference	\$ 754,950	687,709
Idaho Conference	658,985	516,456
Montana Conference	870,186	820,617
Oregon Conference	1,884,978	1,600,659
Upper Columbia Conference	1,440,102	1,147,861
Washington Conference	1,255,656	963,047
Miscellaneous organizations	183,619	466,857
Walla Walla University	4,393,273	4,309,303
Total appropriations made	<u>\$ 11,441,749</u>	<u>10,512,509</u>

Note 26 – Donated services

The NAD subsidizes the cost of auditing services within the NPUC territory. This subsidy was \$664,581 and \$621,459, for the years ended December 31, 2020 and 2019, respectively. The NPUC portion of this subsidy was \$44,402 and \$32,378 for the years ended December 31, 2020 and 2019, respectively. The NPUC pays the remainder of the cost of audits within its territory. This cost was \$300,807 and \$244,905 for the years ended December 31, 2020 and 2019, respectively. The NPUC has voted to bill local conferences for a portion of the audit costs. Local conferences were billed \$205,911 and \$244,612 for the years ended December 31, 2020 and 2019, respectively.

Note 27 – Pension and other post-retirement benefits

Defined benefit plans

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

1. The defined benefit pension plan is 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 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 is 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.

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Note 27 – Pension and other post-retirement benefits (continued)

Information about the required contributions to these plans, the actuarial obligation for future benefits, and the funded status of these plans, are presented in the tables below. Because the following information is not publicly available, it is required to be disclosed on the basis of information received from each plan:

<u>Required contributions from the Organizations:</u>	<u>NADRP</u>	<u>RAHAP</u>	<u>TOTAL</u>
For the year ended December 31, 2020	\$ 1,042,660	273,584	1,316,244
For the year ended December 31, 2019	985,119	258,486	1,243,605

<u>Total contributions received from all employers:</u>		
For the year ended December 31, 2020	Information not available	
For the year ended December 31, 2019	\$ 116,270,125	42,839,391

<u>Whether the Organizations' contributions were more than or less than 5% of the total contributions received</u>		
For the plan year ended December 31, 2020	Information not available	
For the plan year ended December 31, 2019	less than	less than

<u>Plan net assets available for benefits:</u>		
For the plan year ended December 31, 2020	Information not available	
For the plan year ended December 31, 2019	\$ 284,675,114	96,344,146

<u>Actuarial obligation and funded status</u>	<u>NADRP</u>	<u>RAHAP</u>
Date of plan year-end for latest actuarial information	12/31/2018	12/31/2018
Actuarial liability for future benefits	\$ 1,436,554,117	468,150,310
Value of net assets available for benefits	\$ 243,287,022	79,634,931
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 \$171,892 and \$180,562 to the plan for the years ended December 31, 2020 and 2019, respectively, based on a stated percentage of each employee's earnings and a stated matching percentage of certain employee voluntary contributions. Administration of the accumulated contributions designated for each employee is provided under an agreement between NAD Corporation and Great-West Life & Annuity Insurance Company- Empower Retirement.

Note 28 – Concentration of risk

The Organizations receive most of their revenue in the form of contributions from Seventh-day Adventist members, and contributions from the local constituent conferences. The amount of contributions is subject to changes in economic conditions that could cause loss of income to church members and local constituent conferences. The amount of contributions could also be subject to decrease if any significant number of individuals cease to be active members.

Cash, which exceeded the federally insured limits at certain times during the year and at year end, is deposited with high-credit-quality financial institutions.

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Note 29 – Liquidity and availability

	Conference	Association	Combined 2020	2019
Financial assets, at year-end*	\$ 13,062,389	83,531,700	96,594,089	89,784,661
Less those unavailable for general expenditures within one year, due to:				
<u>Contractual or donor-imposed restrictions:</u>				
Notes and loans receivable, noncurrent portion	-	(620,500)	(620,500)	(654,500)
Restricted by donor with time or purpose restrictions (Note 11)	(1,596,362)	(2,854,154)	(4,450,516)	(4,917,324)
Real estate held for unconditional trusts	-	(820,001)	(820,001)	(820,001)
<u>Board designations:</u>				
Funds allocated for specific operating purposes (Note 10)	(2,713,436)	(650,622)	(3,364,058)	(2,828,115)
Funds allocated for other funds liquidity	-	(21,320,754)	(21,320,754)	(20,036,107)
Financial assets available to meet cash needs for general expenditures within one year	\$ 8,752,591	57,285,689	66,018,280	60,528,614

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

As part of the Organizations' liquidity management, it invests cash in excess of daily requirements in short-term investments.

Note 30 – 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* and the *Seventh-day Adventist Accounting Manual*.

	Conference Operating	Association Operating	Combined 2020 Operating Funds	2019 Operating Funds
<u>Working capital</u>				
Total current assets	\$ 13,115,918	1,175,807	14,291,725	11,962,642
Less: total current liabilities	6,139,772	6,949	6,146,721	5,213,243
Total working capital	6,976,146	1,168,858	8,145,004	6,749,399
Recommended working capital	6,342,283	985,894	7,328,177	7,146,253
Working capital excess (deficit)	\$ 633,863	182,964	816,827	(396,854)
Percent of recommendation	110%	119%	111%	94%
Current ratio	2.14 to 1	169.21 to 1	2.33 to 1	2.29 to 1
<u>Liquid assets</u>				
Cash	\$ 3,781,699	223,403	4,005,102	2,412,846
Cash held for agency	286,663	-	286,663	156,537
Investments	1,584,543	1,475,117	3,039,660	3,234,120
Accounts receivable - conference remittances	6,759,965	-	6,759,965	5,894,322
Accounts receivable - GC and NAD	75	-	75	944
Total liquid assets	12,392,945	1,698,520	14,091,465	11,698,769
<u>Less commitments</u>				
Current liabilities	6,139,772	6,949	6,146,721	5,213,243
Temporarily restricted net assets - operating	1,596,362	982,518	2,578,880	2,522,104
Total commitments	7,736,134	989,467	8,725,601	7,735,347
Liquid assets surplus (deficit)	\$ 4,656,811	709,053	5,365,864	3,963,422
Percent liquid assets to commitments	160%	172%	161%	151%
<u>Calculation of recommended working capital</u>				
50% of Conference unrestricted income	\$ 4,572,143	-	4,572,143	4,448,224
**20% of Association unrestricted income	-	3,376	3,376	14,234
Long term payables	173,778	-	173,778	161,691
***Temporarily restricted net assets - operating	1,596,362	982,518	2,578,880	2,522,104
Total recommended working capital	\$ 6,342,283	985,894	7,328,177	7,146,253

** Excluding amounts covered by specific non-current assets, and releases from restrictions.

*** Excluding matured trusts and wills.

NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF SEVENTH-DAY ADVENTISTS
Notes to Financial Statements
For the Years Ended December 31, 2020 and 2019

Note 30 – Working capital and liquidity (continued)

	Conference Operating	Association Operating	Combined 2020 Operating Funds
New proposed working capital calculation			
<u>Core expenses</u>			
Operating expenses	\$ 6,629,001	171,817	6,800,818
Net outgoing appropriations	<u>827,863</u>	<u>-</u>	<u>827,863</u>
Total core expenses	<u>7,456,864</u>	<u>171,817</u>	<u>7,628,681</u>
<u>Available working capital</u>			
Current assets	13,115,918	1,755,807	14,871,725
Less: current liabilities	<u>(6,139,772)</u>	<u>(6,949)</u>	<u>(6,146,721)</u>
Working capital	6,976,146	1,748,858	8,725,004
Less: current assets held for donor restrictions	<u>(1,596,362)</u>	<u>(1,022,518)</u>	<u>(2,618,880)</u>
Available working capital	<u>\$ 5,379,784</u>	<u>726,340</u>	<u>6,106,124</u>
<u>Recommended minimum available working capital</u>			
Six months of total core expenses	\$ 3,728,432	85,909	3,814,341
Surplus/(shortfall) in Recommended Available Working Capital	1,651,352	640,431	2,291,783
Available Working Capital in Months	8.7 months	50.7 months	9.6 months
Available Working Capital Percentage (of recommended minimum of six months)	144.29%	845.48%	160.08%
<u>Available liquid assets</u>			
Cash and cash equivalents	3,781,699	223,403	4,005,102
Cash held for agency	286,663	-	286,663
Investments	1,564,543	1,475,117	3,039,660
Accounts receivables from higher organizations	<u>75</u>	<u>-</u>	<u>75</u>
Total liquid current assets	5,632,980	1,698,520	7,331,500
Minus: current liabilities	<u>(6,139,772)</u>	<u>(6,949)</u>	<u>(6,146,721)</u>
Less: current assets held for donor restrictions	<u>(1,596,362)</u>	<u>(1,022,518)</u>	<u>(2,618,880)</u>
Available liquid assets	<u>\$ (2,103,154)</u>	<u>669,053</u>	<u>(1,434,101)</u>
<u>Recommended minimum available liquid assets</u>			
Three months of total core expenses	1,864,216	42,954	1,907,170
Surplus/(shortfall) in Recommended Minimum Available Liquid Assets	(3,967,370)	626,099	(3,341,271)
Available Liquid Assets in Months (a minimum of three months recommended)	-3.38 months	46.73 months	-2.26 months
Available Liquid Assets Percentage (of recommended minimum of three months)	-112.82%	1557.60%	-75.20%

Note 31 – Impact of COVID-19

The COVID-19 outbreak in the United States has caused disruption of operations through mandated and voluntary closings of many businesses and non-profits, various "stay at home" orders, and significant unemployment. COVID-19's impact on operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impact on our church members' employment and related giving patterns, employees, vendors, churches, and affiliated entities, all of which are uncertain and cannot be predicted. Therefore the related financial impact and duration cannot be reasonably estimated at this time.

REPORT TO GOVERNANCE



REPORT TO GOVERNANCE 2020

NORTH PACIFIC UNION CONFERENCE OF SEVENTH-DAY ADVENTISTS
AND NORTH PACIFIC UNION CONFERENCE ASSOCIATION OF
SEVENTH-DAY ADVENTISTS



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EXECUTIVE SUMMARY

1

SCOPE

- We conducted an audit of the combined financial statements of North Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference Association of Seventh-day Adventists in order to express an opinion for the year ended December 31, 2020.
- Our audit was conducted in accordance with United States of America auditing standards adopted by the Seventh-day Adventist denomination.
- Those standards require us to plan and perform the audit to obtain reasonable assurance whether the combined financial statements are free from material misstatement.

MATERIALITY

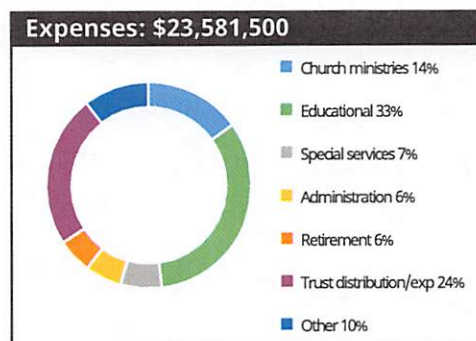
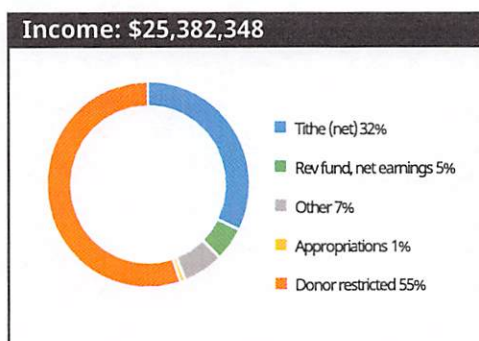
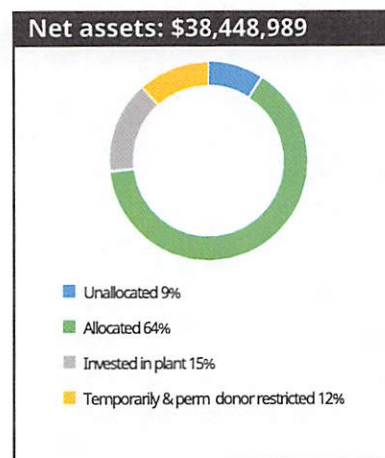
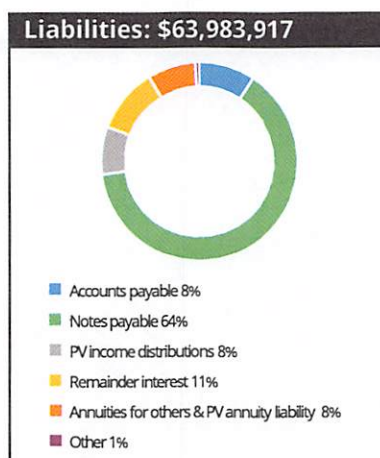
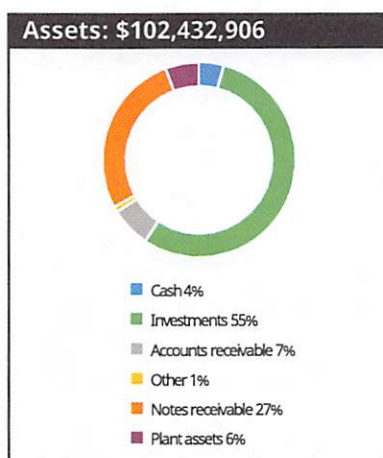
- Materiality is the size of a misstatement or omission that could be expected to influence the decisions of the financial statements' users.
- Our audit was conducted based on a materiality which was calculated using the benchmark of a combination of total assets and total revenue after considering qualitative and quantitative factors. Materiality benchmarks were selected to represent the measure most relevant to users of the financial statements.

RESULTS

Opinion	Unmodified
Policy Compliance Report	Standard
Internal control deficiencies	Not present
Significant audit adjustments	Not present

FINANCIAL SUMMARY

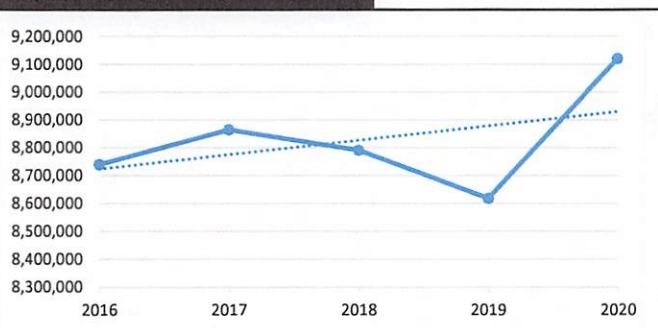
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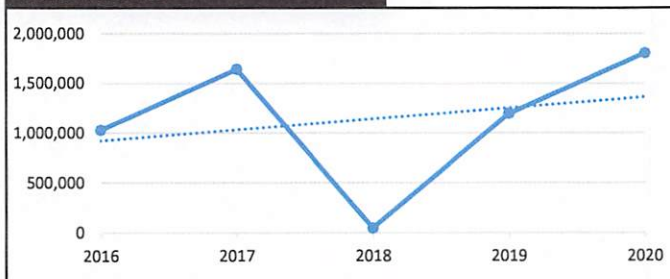
FINANCIAL TRENDS

3

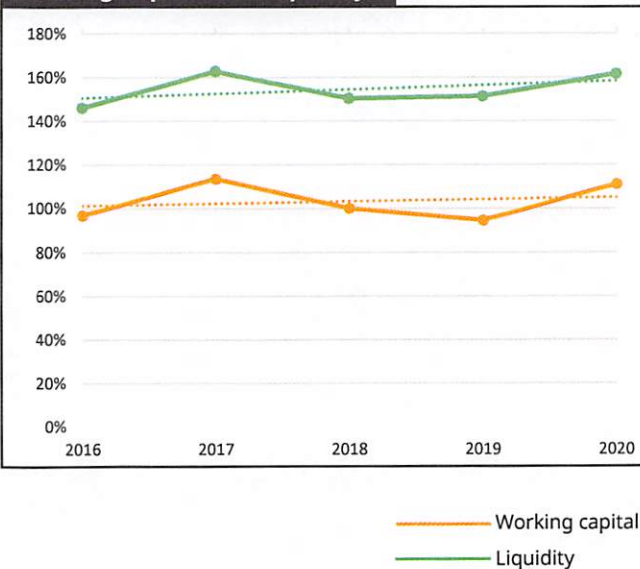
Tithe income



Net income



Working capital and liquidity



FINANCIAL RATIOS

4

			2020	2019	2018
Current ratio	<i>Higher ratio indicates greater ability to meet short-term obligations</i>	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.33	2.29	2.12
Liquidity percentage	<i>Higher percentage indicates greater ability to pay obligations</i>	$\frac{\text{Liquid assets}}{\text{Total commitments}}$	161%	151%	150%
Working capital percentage	<i>Higher percentage indicates greater proportion of working capital recommended by policy</i>	$\frac{\text{Actual working capital}}{\text{Rec. working capital}}$	111%	94%	100%

AUDIT OPINION

5

RESULTS

Unmodified opinion

DEFINITION

The auditor concludes that the overall financial statements are fairly presented.



Please refer to the auditor's opinion attached to the audited financial statements for more detail.

POLICY COMPLIANCE

May 19, 2021

To the Executive Committee
North Pacific Union Conference of Seventh-day Adventists
To the Board of Trustees
North Pacific Union Conference Association of Seventh-day Adventists

We have audited, in accordance with United States of America auditing standards adopted by the Seventh-day Adventist denomination, the combined financial statements of North Pacific Union Conference of Seventh-day Adventists and North Pacific Union Conference Association of Seventh-day Adventists (Association) (collectively, Organizations), which comprise the combined statement of financial position as of December 31, 2020, and the combined statement of changes in net assets and statement of cash flows for the year then ended, and the related notes to the financial statements. We have issued our report thereon dated May 19, 2021.

In connection with our audit, as internal auditors of the General Conference of Seventh-day Adventists, nothing came to our attention that caused us to believe that the Organizations failed to comply with the Working Policy of the General Conference of Seventh-day Adventists, North American Division insofar as it relates to those policies designated as “core” policies. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

General Conference Auditing Service

NADWP S 60 05 (4) requires auditors to inform the governing committee whether the provisions of insurance coverage are in harmony with working policy.

INSURANCE COVERAGE	FINDINGS
NADWP S 60 05 (4) – Applicable insurance coverage meets established minimums	No noted noncompliance with insurance coverage

MATERIAL WEAKNESSES IN INTERNAL CONTROLS

7

The purpose of the audit was to express an opinion on the financial statements and included consideration of internal control over financial reporting to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control, therefore we do not express an opinion on the effectiveness of internal control.

Our consideration of internal control was for the limited purpose described above and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

A **material weakness** is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

No material weaknesses were noted

AUDIT ADJUSTMENTS AND UNADJUSTED DIFFERENCES | 8

DESCRIPTION	ASSETS	LIABILITIES	BEGINNING NET ASSETS	REVENUE	EXPENSE	NET INCOME
<i>Significant audit adjustments accepted by management:</i> We did not propose any significant audit adjustments for 2020						
<i>Unadjusted differences considered by management to be immaterial:</i> There were no misstatements aggregated by us during the audit which were not corrected						

Accounting for leases

- The FASB issued ASU 2016-02, Leases, in February 2016. This new accounting standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to the lease, the lessee and the lessor. This new standard was to be effective for most not-for-profit organizations for fiscal years beginning after December 15, 2019, but has now been deferred for that group of organizations until December 15, 2021. Under the pre-existing standard, a majority of leases have not been reported on a lessee's balance sheet. This new standard requires a lessee to recognize assets and liabilities for the rights and obligations created by leases, thereby causing most leases to be reported on a lessee's balance sheet in the future.



Agree

Develop and agree on written terms of engagement with the client

Obtain

Obtain information about client's accounting and financial reporting system

Assess

Assess the risk of material misstatement, whether due to error or fraud

Perform

Design and perform audit procedures based on assessed risk of material misstatement

Conclude

Analyze results, draw conclusions, and form an opinion about the financial statement

Report

Prepare and issue audit opinion and other communications to prescribed recipients

ABOUT YOUR AUDITORS

11

GCAS provides assurance and related services to organizations of the Seventh-day Adventist church. With approximately 275 professionals, operating from 45 regional offices, we make delivering excellence our signature every day.

We serve God by delivering excellent audit services to the Seventh-day Adventist Church!

The auditor responsible for the 2020 audit is:



Melissa Reynolds
Regional Manager

ReynoldsM@gcasconnect.org

Melissa Reynolds, MSA, CPA, CGMA serves GCAS as the Regional Manager for the North Pacific Office. Melissa joined GCAS in 2010. She is a Certified Public Accountant licensed in the State of California, and is a Chartered Global Management Accountant. She is a member in good standing of the California Society of Certified Public Accountants and the American Institute of Certified Public Accountants.



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REQUIRED COMMUNICATIONS WITH GOVERNANCE

12-1

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Significant accounting policies</p> <p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Organizations are described in Note 1 to the financial statements.</p>	<p>No new accounting policies were adopted and the application of existing policies was not changed during 2020. We did not note any transactions the Organizations entered into during the year that were both significant and unusual, about which professional standards require us to inform you.</p>
<hr/>	
<p>Restriction on distribution and use of report</p> <p>This report is intended solely for the information and use of the officers of the Organizations, their audit committee, their governing committees, and the officers and their designees of higher denominational organizations, and is not intended to be, and should not be, used by anyone other than these specified parties.</p>	

REQUIRED COMMUNICATIONS WITH GOVERNANCE

12-2

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Information related to review of trust operations</p> <p>The Association serves as trustee of various revocable and irrevocable trust agreements and as administrator of various charitable gift annuities. The scope of our audit included tests and analyses of the asset, liability, and net asset account balances related to trust and annuity agreements for which the Association has control of the assets. The scope of our audit did not include a review of the trustee's or administrator's fiduciary administration of these trust or annuity agreements, and accordingly, this report does not address such fiduciary responsibilities. The Association maintains a number of wills and powers of attorney in its files. Some of those documents may provide for the Association to serve as personal representative and attorney-in-fact. The Association has contracted with Western Adventist Foundation to provide certain administrative services regarding the agreements of which the Association is the trustee or the administrator. This arrangement does not absolve the Association of its fiduciary responsibility as trustee or administrator.</p> <p>The Association planned giving and trust services function received a three year accreditation from the North American Division Trust Services Certification and Accreditation Committee.</p>	<p>We have performed a review of the trustee's and administrator's fiduciary administration of the trusts and annuities it administers for the year ended December 31, 2019. We performed a review of the wills and other estate planning documents for which the Association has fiduciary responsibility for 2019. In connection with those reviews, we issued a separate report dated February 17, 2021. We plan to perform our next review of the Association's planned giving and trust services function during 2023.</p>

REQUIRED COMMUNICATIONS WITH GOVERNANCE

12-3

MATTERS TO BE COMMUNICATED	AUDITOR'S RESPONSE
<p>Management judgment and accounting estimates</p> <p>Collectability of accounts receivable - It is management's responsibility to make estimates about the collectability of accounts receivable, based on past collection experience and current expectations according to the nature of the accounts.</p>	<p>We evaluated the factors used by management to develop the allowance for uncollectable accounts to determine whether it is reasonable in relation to the financial statements taken as a whole.</p>
<p>Fair value of investments - It is management's responsibility to make estimates about the fair value of investments, based on observable and unobservable market indicators, including quoted market prices and other information provided by investment managers and other market participants.</p>	<p>We evaluated the factors used by management to develop these estimates to determine whether they are reasonable in relation to the financial statements taken as a whole.</p>
<p>Depreciation expense - It is management's responsibility to make estimates about depreciation expense, based on the estimated useful lives of property, plant, and equipment assets.</p>	<p>We evaluated the factors used by management to develop useful lives and depreciation expense to determine whether they are reasonable in relation to the financial statements taken as a whole.</p>
<p>Net realizable value of loans receivable - It is management's responsibility to make estimates of the net realizable value of loans receivable, based on terms of the loans, collection history, and knowledge of the financial condition of the debtors, especially debtors that are affiliated denominational entities.</p>	<p>We evaluated the factors used by management to develop these estimates to determine whether they are reasonable in relation to the financial statements taken as a whole.</p>

REQUIRED COMMUNICATIONS WITH GOVERNANCE

12-4

MATTERS TO BE COMMUNICATED

AUDITOR'S RESPONSE

Management judgment and accounting estimates

Fair value of assets held in trust - It is management's responsibility to make estimates about the value of assets held in trust, based on the fair value of the underlying assets. For cash and investments, fair value is determined in consultation with financial institutions and investment brokers and managers. For loans receivable, management estimates the net realizable value based on terms and collection history.

We evaluated the factors used by management to develop these estimates to determine whether they are reasonable in relation to the financial statements taken as a whole.

Present value of liabilities for split-interest agreements, including annuity agreements - It is management's responsibility to make estimates about the net present value of the liabilities to beneficiaries of split-interest agreements the Association administers, such as charitable gift annuities, irrevocable charitable remainder trust agreements, etc. Management estimates those liabilities based on life expectancy tables obtained from the Internal Revenue Service, applied to the age or ages of donor(s).

We evaluated the factors used by management to develop these estimates to determine whether they are reasonable in relation to the financial statements taken as a whole.

SIGNED REPRESENTATION AND RELEASE LETTER



May 19, 2021

General Conference Auditing Service
201 NE Park Plaza Drive, Suite 248
Vancouver, WA, 98684

We are providing this letter in connection with your audit(s) of the statement(s) of financial position of North Pacific Union Conference of Seventh-day Adventists as of December 31, 2020 and 2019, and the related statements of changes in net assets and cash flows for the then ended. Your audits were for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, changes in net assets, and cash flows of North Pacific Union Conference of Seventh-day Adventists in conformity with United States of America accounting generally accepted by the Seventh-day Adventist denomination. We confirm that we are responsible for fair presentation in the financial statements of the financial position, changes in net assets, and cash flows in conformity with United States of America accounting generally accepted by the Seventh-day Adventist denomination. We are also responsible for adopting sound accounting policies, establishing and maintaining internal control, and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, as of May 19, 2021, the following representations made to you during your audit(s).

1. The financial statements referred to above are fairly presented in conformity with United States of America accounting principles generally accepted by the Seventh-day Adventist denomination, and include all assets and liabilities under the organization's control.
2. We have made available to you all:
 - a. Financial records and related data.
 - b. Minutes of the meetings of North Pacific Union Conference Executive Committee or summaries of actions of recent meetings for which minutes have not yet been prepared.
3. There have been no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
4. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements.
5. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We understand that fraud can take either of two forms; the misrepresentation of data in financial reports or the misappropriation of assets.

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6. We have no knowledge of any fraud or suspected fraud (either misrepresentation of data or misappropriation of assets) affecting the Organization involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Others where the fraud could have a material effect on the financial statements.
7. We have no knowledge of any allegations of fraud or suspected fraud (either misrepresentation of data or misappropriation of assets) affecting the Organization received in communications from employees, former employees, grantors, regulators, or others.
8. Receivables recorded in the financial statements represent valid claims against debtors for charges and transactions arising on or before the financial statement date and have been reduced to their estimated net realizable value.
9. The Organization has no plans or intentions that may materially affect the carrying value or classification of assets, liabilities, or net asset balances.
10. The following, if any, have been properly recorded or disclosed in the financial statements:
 - a. Identity of related parties, and summarized related party transactions and balances, including revenues, expenses, loans, transfers, leasing arrangements, guarantees, and amounts receivable from or payable to related parties.
 - b. Guarantees, whether written or oral, under which the Organization is contingently liable.
11. There are no estimates that may be subject to a material change in the near term that have not been properly disclosed in the financial statements. We understand that *near term* means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations existing at the date of the financial statements that make the organization vulnerable to the risk of severe impact that have not been properly disclosed in the financial statements.
12. We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us; and we have identified and disclosed to you all laws, regulations and provisions of contracts and grant agreements that we believe have a direct and material effect on the determination of financial statement amounts.
13. North Pacific Union Conference of Seventh-day Adventists is an exempt organization under the Internal Revenue Service 501(c)3. Any activities of which we are aware that would jeopardize the Organization's tax-exempt status have been disclosed to you. [Any activities subject to tax on unrelated business income or excise or other tax have been disclosed to you.] All required filings with tax authorities are up to date.
14. There are no:
 - a. Violations or possible violations of laws and regulations and provisions of contracts and grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - b. Un-asserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with accounting principles generally accepted by the Seventh-day Adventist denomination.
 - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by accounting principles generally accepted by the Seventh-day Adventist denomination.

- d. Designations of net assets disclosed to you that were not properly authorized and approved, or reclassifications of net assets that have not been properly reflected in the financial statements.
 - e. Instances in which the Organization or its subsidiaries have been named as a potential responsible party by any government environmental regulatory agency.
15. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged.
16. We have complied with all restrictions on resources (including donor restrictions) and all aspects of contractual and grant agreements that would have a material effect on the financial statements in the event of noncompliance. This includes complying with donor requirements to maintain a specific asset composition necessary to satisfy their restrictions.
17. Except as outlined in the auditor's Report to Governance, the financial operations of the Organization were in conformity, in all material respects, with applicable policies of the Seventh-day Adventist denomination.
19. To the best of our knowledge and belief, no events have occurred subsequent to the date of the financial statements and through the date of this letter that would require adjustment to, or disclosure in, the financial statements, that is not already reflected therein.

We have examined the audited financial statements and make the following representation by checking one of the boxes below.

☐ We have examined the audited financial statements for North Pacific Union Conference of Seventh-day Adventists for the years ended December 31, 2020 and 2019. They are materially correct. Please provide final copies (in the format noted below) to our administrative officers, as required by policy.

☒ We have examined the audited financial statements for North Pacific Union Conference of Seventh-day Adventists for the years ended December 31, 2020 and 2019. Please make the corrections or adjustments to the financial statements described below. Please consider the suggested changes to the Report to Governance described below. Then please provide final copies (in the format noted below) to our administrative officers, as required by policy.

Page 7 - Note 1 (a) : date needs to be inserted at "xx" } See
Page 20 - Note 18 : Rewrite paragraph for one to understand } attached.

Final report release process: Electronic copies of the audit reports will be provided in two PDF portfolios.

- The **management portfolio** includes all reports and letters resulting from the audit.
- The **committee portfolio** includes the financial statement and opinion, Report to Governance, with management response, if any, client representation letter, and F-49. Denominational policy requires our CFO to distribute this portfolio to our audit committee and our governing committee.

The next meeting of our Audit Review Committee is scheduled for two weeks prior to August 25, 2021.

The next meeting of our North Pacific Union Conference Executive Committee is scheduled for

August 25, 2021.

We plan to respond to the Report to Governance: ☐ Yes ☒ No

Signed: John C. Freedman Title: President Date: 05/19/2021

Signed: Bruce McLaughlin Title: VP for Administration Date: 05/19/2021

Signed: Mark D. Dwyer Title: CFO/Treasurer Date: 5/19/2021

FORM F-49

1. Financial Summary of: <u>North Pacific Union Conference</u>		<u>NPUC</u>
Name of Organization		Code Number Union
For Year Ended: <u>December 31, 2020</u>	Currency Used: <u>U.S. Dollar</u>	
CURRENT ASSETS		
2 Cash	4,291,765	
3 Securities and Investments	3,039,660	
4 Accounts Receivable - Net	6,872,771	
5 Notes and Loans Receivable - Net	34,000	
6 Supplies Inventories and Prepaid Expense	53,529	
A. Total Current Assets		14,291,725
FIXED ASSETS		
B. Total Fixed Assets - Net		5,785,288
7 Total Other Assets - Operating	630,084	
8 Cash, Bank and Investments Other than Operating	53,472,475	
9 Miscellaneous Assets Other Than Operating	28,253,334	
C. Total Other Assets		82,355,893
D. Total Assets		102,432,906
CURRENT LIABILITIES		
10 Accounts Payable and Accrued Expense	5,860,058	
11 Notes and Loans Payable		
12 Agency (Trust) Funds	286,663	
13 Deferred Income		
E. Total Current Liabilities		6,146,721
OTHER LIABILITIES		
14 Other Liabilities - Operating	173,778	
15 Miscellaneous Liabilities Other Than Operating	57,663,418	
16 Investment in Plant - Payables	-	
F. Total Other Liabilities		57,837,196
G. Total Liabilities		63,983,917
NET WORTH/FUND BALANCES		
17 Unallocated & Allocated Operating Net Worth/Fund Balances	8,601,310	
18 Allocated Capital Net Worth/Fund Bal (Line 17+18=A+7-E-14)		
19 Nonexpendable Fund Balances (Line 8+9-15)	24,062,391	
20 Net Investment in Plant Fund Balance (Line B-16)	5,785,288	
H* Total Net Worth/Fund Balances		38,448,989
I. Total Liabilities and Net Worth/Fund Balances		102,432,906

In order to make the F-50 financial indicators more meaningful, the above figures include duplications of assets and liabilities resulting from inter-fund borrowing not eliminated between operating, plant and other funds as follows: (Lines 21+22=23+24)

	Operating	Plant	Other	Cross Totals
21 Current Assets				-
22 Other Assets				-
23 Current Liabilities				-
24 Other Liabilities			-	-



SUMMARY OF CHANGES IN NET WORTH/FUND BALANCES

CHANGES DUE TO OPERATING ACTIVITY:

J	Earned Operating Income (Not Donations & Appropriations)	19,883,284	
K	Operating Expense	23,480,420	
L	Increase (Decr) From Operations (Excluding Donations)	(3,597,136)	
M	Net Operating Donations & Appropriations Rcvd & Retained	190,000	
	25 NET INCREASE (DECREASE) FROM OPERATING		(3,407,136)

CHANGE DUE TO ACTIVITY OTHER THAN OPERATING:

N	Net Increase (Decr) (Excl Net Increase (Decr) From Oper)	5,207,984	
O	Exchange Adjust (Not applicable when local currency use)		
	26 NET INCREASE (DECREASE) OTHER THAN OPERATING		5,207,984

TOTAL CHANGE IN NET WORTH/FUND BALANCES FOR THE YEAR:

	27 Net Increase (Decr) in Total Net Worth/Fund Balances this period	1,800,848	
P	Previous total net worth/fund balance as reported on last F-49	36,648,141	
Q*	PRESENT TO DATE TOTAL NET WORTH/FUND BALANCES	38,448,989	

MISCELLANEOUS INFORMATION

28	Working Capital (Deficit) (Line A - E)	8,145,004	
29	Recommended Working Capital Per Policy	7,328,177	
30	A/R: Higher Organ: 75 Church Remit:	6,759,965	
31	Net Assets of Funds Held as Trustee	1,274,980	

* Line H & Q Must Agree

Instruction For Reporting Organizations:

Please use a typewriter in completing this summary. It is to be prepared in Triplicate immediately after completing the statement before the audit. The ORIGINAL is to be kept for the Auditor with the unaudited financial statement. The DUPLICATE copy is to be sent to the Assistant Treasurer of the General Conference of Seventh-day Adventists, 8640 Eastern Avenue, NW, Washington, DC 20012, USA. The TRIPLICATE is for the Reporting Organization's file.

Date: _____ Prepared by: Position: _____ Name: _____

Date: _____ Approved By: _____

Instructions for Auditors:

Please make TWO copies of the F-49. ONE copy of the financial statement including the auditor's report, and ONE copy of the F-49 are to be forwarded to the Director of Archives and Statistics, General Conference of Seventh-day Adventists, 6840 Eastern Avenue, NW, Washington, DC 20012, USA. The second copy of the F-49 is for auditor's file. (Note: If the changes are few and can be made in a clear manner on the original F-49 prepared by the Reporting Organization, simply photocopy the corrected F-49; otherwise it must be retyped.)

Audited by: Melissa Reynolds For Year Ended: December 31, 2020 Fixed Exchange Rate: _____

Date: May 19, 2021 Auditor's Signature: Melissa Reynolds

Form F-49 (Revised 1984)

