



**SLAVIC GOSPEL ASSOCIATION**

**FINANCIAL STATEMENTS**

**With Independent Auditors' Report**

**June 30, 2022 and 2021**

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# SLAVIC GOSPEL ASSOCIATION

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## **INDEPENDENT AUDITORS' REPORT**

**Board of Directors  
Slavic Gospel Association  
Loves Park, IL**

### **OPINION**

We have audited the financial statements of Slavic Gospel Association, which consist of the statements of financial position as of June 30, 2022 and 2021, the related statements of activities, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Slavic Gospel Association as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **BASIS FOR OPINION**

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

### **RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Slavic Gospel Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS**

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

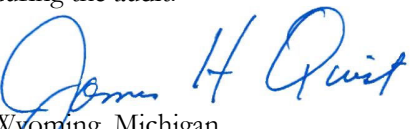
In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

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- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Slavic Gospel Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Slavic Gospel Association's ability to continue as a going concern for a reasonable period of time.

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



Wyoming, Michigan  
September 2, 2022

# SLAVIC GOSPEL ASSOCIATION

## Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
Cash and cash equivalents	\$ 4,850,029	\$ 3,375,195
Investments	855,353	269,915
Prepaid expenses	110,982	80,250
Other assets	57,337	14,813
Funds held in trust by others	283,374	153,077
Property and equipment	537,827	569,854
Total Assets	\$ 6,694,902	\$ 4,463,104
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 143,464	\$ 100,460
Accrued payroll and related liabilities	172,869	225,797
Post-retirement benefit obligation	238,800	299,445
Total Liabilities	555,133	625,702
Net Assets		
Without donor restrictions		
Undesignated	1,612,671	1,211,048
Board designated reserve	971,945	870,564
Net investment in property and equipment	537,827	569,854
	3,122,443	2,651,466
With donor restrictions	3,017,326	1,185,936
Total Net Assets	6,139,769	3,837,402
Total Liabilities and Net Assets	\$ 6,694,902	\$ 4,463,104

See accompanying notes and independent auditors' report

# SLAVIC GOSPEL ASSOCIATION

## Statements of Activities

	Years Ended June 30,					
	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE</b>						
Contributions	\$ 4,045,509	\$ 9,356,465	\$ 13,401,974	\$ 3,693,839	\$ 5,031,899	\$ 8,725,738
Foundation grants	132,969	120,760	253,729	75,598	51,305	126,903
In-kind contributions	-	865	865	-	-	-
Investment (loss) income	(14,429)	-	(14,429)	20,750	-	20,750
Change in value of split-interest agreements	-	-	-	542	-	542
Other income	81,623	-	81,623	312,542	-	312,542
Total Support and Revenue	<u>4,245,672</u>	<u>9,478,090</u>	<u>13,723,762</u>	<u>4,103,271</u>	<u>5,083,204</u>	<u>9,186,475</u>
<b>RECLASSIFICATIONS</b>						
Net assets released for satisfaction of time restrictions	113,925	(113,925)	-	501,665	(501,665)	-
purpose restrictions	7,532,775	(7,532,775)	-	4,709,330	(4,709,330)	-
Total Reclassifications	<u>7,646,700</u>	<u>(7,646,700)</u>	<u>-</u>	<u>5,210,995</u>	<u>(5,210,995)</u>	<u>-</u>
<b>EXPENSES</b>						
Program						
Training	1,329,260	-	1,329,260	1,145,946	-	1,145,946
Equipping	4,479,642	-	4,479,642	3,016,384	-	3,016,384
Sponsoring	2,769,235	-	2,769,235	2,333,607	-	2,333,607
	8,578,137	-	8,578,137	6,495,937	-	6,495,937
Management and general	987,180	-	987,180	690,246	-	690,246
Fund-raising	1,856,078	-	1,856,078	1,688,933	-	1,688,933
	2,843,258	-	2,843,258	2,379,179	-	2,379,179
Total Expenses	<u>11,421,395</u>	<u>-</u>	<u>11,421,395</u>	<u>8,875,116</u>	<u>-</u>	<u>8,875,116</u>
Change in Net Assets	470,977	1,831,390	2,302,367	439,150	(127,791)	311,359
Net Assets, Beginning of Year	2,651,466	1,185,936	3,837,402	2,212,316	1,313,727	3,526,043
Net Assets, End of Year	<u>\$ 3,122,443</u>	<u>\$ 3,017,326</u>	<u>\$ 6,139,769</u>	<u>\$ 2,651,466</u>	<u>\$ 1,185,936</u>	<u>\$ 3,837,402</u>

See accompanying notes and independent auditors' report

# SLAVIC GOSPEL ASSOCIATION

## Statement of Functional Expenses

Year Ended June 30, 2022

	Program			Total	Management and General	Fund- Raising	Total
	Training	Equipping	Sponsoring				
Salary, benefits and taxes	\$ 214,574	\$ 461,812	\$ 385,056	\$ 1,061,442	\$ 479,334	\$ 403,476	\$ 1,944,252
Professional services	43,138	71,122	35,333	149,593	158,643	612,858	921,094
Printing and mailing services	-	-	-	-	-	306,917	306,917
Promotion	-	-	-	-	21,123	193,423	214,546
Office expenses	16,752	39,445	25,886	82,083	116,163	251,144	449,390
Travel	61,254	52,877	41,252	155,383	18,627	48,223	222,233
Contributions to global/local partners	980,229	3,713,659	2,235,071	6,928,959	-	-	6,928,959
Information technology	2,342	2,168	475	4,985	25,064	12,497	42,546
Occupancy	2,501	8,500	5,847	16,848	46,243	12,993	76,084
Depreciation	1,055	4,530	1,992	7,577	50,007	7,881	65,465
Other	7,415	125,529	38,323	171,267	71,976	6,666	249,909
<b>Total Expenses</b>	<b>\$ 1,329,260</b>	<b>\$ 4,479,642</b>	<b>\$ 2,769,235</b>	<b>\$ 8,578,137</b>	<b>\$ 987,180</b>	<b>\$ 1,856,078</b>	<b>\$ 11,421,395</b>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits and taxes, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

See accompanying notes and independent auditors' report



# SLAVIC GOSPEL ASSOCIATION

## Statement of Functional Expenses

Year Ended June 30, 2021

	Program			Total	Management and General	Fund- Raising	Total
	Training	Equipping	Sponsoring				
Salary, benefits and taxes	\$ 193,120	\$ 335,975	\$ 321,564	\$ 850,659	\$ 489,558	\$ 517,653	\$ 1,857,870
Professional services	35,849	32,445	13,481	81,775	56,885	494,726	633,386
Printing and mailing services	-	-	-	-	-	219,042	219,042
Promotion	-	-	-	-	-	167,138	167,138
Office expenses	3,868	11,643	11,107	26,618	28,935	221,099	276,652
Travel	34,410	85,720	16,783	136,913	6,154	31,651	174,718
Contributions to global/local partners	861,628	2,412,618	1,921,985	5,196,231	-	-	5,196,231
Information technology	1,076	1,493	206	2,775	18,492	11,264	32,531
Occupancy	6,055	21,169	3,035	30,259	47,149	10,082	87,490
Depreciation	2,170	4,508	2,986	9,664	45,025	12,648	67,337
Other	7,770	110,813	42,460	161,043	(1,952)	3,630	162,721
<b>Total Expenses</b>	<b>\$ 1,145,946</b>	<b>\$ 3,016,384</b>	<b>\$ 2,333,607</b>	<b>\$ 6,495,937</b>	<b>\$ 690,246</b>	<b>\$ 1,688,933</b>	<b>\$ 8,875,116</b>

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and occupancy, which are allocated on a square footage basis, as well as salaries, benefits and taxes, travel, and certain office expenses, which are allocated on the basis of estimates of time and effort.

See accompanying notes and independent auditors' report

# SLAVIC GOSPEL ASSOCIATION

## Statements of Cash Flows

	Years Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,302,367	\$ 311,359
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Contributions of marketable securities	(108,516)	(240,003)
Forgiveness of debt	-	(301,600)
Decrease (increase) in value of remainder unitrusts	5,778	(7,011)
Loss (gain) from investments	20,073	(25,288)
Change in actuarial value of split-interest agreements	-	(6,687)
Change in actuarial value of accrued post-retirement benefits	(36,021)	(2,027)
Depreciation	65,465	67,337
Loss on disposals of property and equipment	-	23,145
Change in:		
Prepaid expenses	(30,732)	(12,945)
Other assets	(42,524)	9,322
Funds held in trust by others	(136,075)	387,740
Accounts payable	43,004	49,263
Accrued payroll and related liabilities	(52,928)	13,656
Post-retirement benefit obligation	(24,624)	(26,250)
Net Cash Provided by Operating Activities	2,005,267	240,011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	512,592	460,303
Purchases of investments	(1,009,587)	(231,744)
Purchases of property and equipment	(33,438)	(112,616)
Net Cash (Used) Provided by Investing Activities	(530,433)	115,943
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments made to split-interest agreement beneficiaries	-	(5,504)
Net Cash Used by Financing Activities	-	(5,504)
Change in Cash and Cash Equivalents	1,474,834	350,450
Cash and Cash Equivalents, Beginning of Year	3,375,195	3,024,745
Cash and Cash Equivalents, End of Year	\$ 4,850,029	\$ 3,375,195

See accompanying notes and independent auditors' report

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 1. NATURE OF ORGANIZATION

Slavic Gospel Association (SGA) is an interdenominational, evangelical missionary organization dedicated to helping evangelical churches make disciples of the people in the lands of Russia for our Lord and Savior, Jesus Christ, through prayer, strategic ministry and financial assistance. Its main objectives are to stimulate, develop and maintain a vital, growing base of faithful prayer support; to strengthen and encourage evangelical churches, the other SGA international ministries, and other like-minded parachurch ministries; to provide for the training and equipping of national pastors, missionaries, church planters and lay workers; to secure and coordinate the sponsorship and equipping of national missionaries, church planters and local churches; to equip local churches for strategic outreach ministries; to assist in the development of church-based media ministries; to provide Russian-language Bibles, New Testaments, Bible study tools, theology texts, commentaries, etc., as well as literature for evangelism and discipleship to facilitate the achievement of the previously stated objectives. The financial statements do not include the financial position, results of activities or cash flows of SGA's affiliated organizations in Canada, Germany, the United Kingdom, the former Soviet Union, New Zealand or Australia, due to their financial and administrative independence.

As a faith mission, SGA is dependent upon God as He moves the hearts of interested individuals, local churches and other organizations to meet financial needs. Strict fiscal integrity is maintained. The mission is a charter member of the Evangelical Council for Financial Accountability.

SGA is nonprofit corporation incorporated in Illinois and is exempt from federal taxes under section 501(c)(3) of the United States Internal Revenue Code (code) and comparable state law, and has been defined as a publicly supported organization that is not a private foundation under Section 509(a)(1) of the code. Contributions to SGA are tax deductible within the limits prescribed by the code.

Support for SGA's ministry comes primarily from donor contributions.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements of SGA have been prepared using the accrual basis of accounting. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates. The more significant accounting policies are summarized below.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in interest bearing accounts (checking and savings), money market accounts, highly liquid investments with original maturities of less than 90 days, and cash held by overseas partners not yet spent. Cash accounts may, at times, exceed federally insured limits. At June 30, 2022 and 2021, SGA's cash balances exceeded federally insured limits by \$3,488,421 and \$1,705,987, respectively. SGA has not experienced any loss on these accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### INVESTMENTS

Investments consist primarily of managed portfolios of cash equivalents and mutual funds. Funds held in these managed portfolios are classified as available for sale and carried at fair value based on quoted prices in active markets where applicable and estimated market value when no ready market exists. For purposes of determining gross realized gains and losses, the cost of securities sold is based on specific identification. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Donated investments are reported at market value at the date of donation and thereafter carried in accordance with the above policies.

During the year ended June 30, 2021, SGA received as a contribution a 20 percent share in 14,052 partner units in a gold mining limited partnership. Because this investment is not a publicly-traded holding and because determining the fair value would entail costly appraisals, it is being reported on the cost basis of accounting. SGA recorded an initial basis in this holding of \$217,600, which is based on a professional appraisal of fair value obtained by the donor in August 2019. Further, because of the volatile and uncertain nature of this holding, SGA is accounting for any distributions received as return of principal, thereby reducing its basis in this investment over time. SGA will continue to apply distributions as return of principal until the remaining basis equals \$10,000, which will then remain the basis until the partnership terminates or is sold. The basis in this holding at June 30, 2022 and 2021 is \$21,462 and \$110,961, respectively.

#### PREPAID EXPENSES

Prepaid expenses at June 30, 2022 and 2021 consist of expenditures for insurance, postage, travel and other operating costs which were paid prior to the end of the fiscal years but which benefit the subsequent fiscal years.

#### OTHER ASSETS

Other assets consists of employee advances, vendor credit memos and contributions receivable at June 30, 2022 and 2021.

#### FUNDS HELD IN TRUST BY OTHERS

Funds held in trust by others consists of assets due to SGA from estates and trusts. SGA reports amounts due from planned giving if the gift is irrevocable and the amount expected to be received can be determined in a reasonable manner.

#### PROPERTY AND EQUIPMENT

Property and equipment are reported at cost, estimated cost or fair value. Expenditures for property and equipment in excess of \$1,500 are capitalized at cost when purchased. Donated items are reported at their estimated fair values as of the date the gifts are received. Depreciation is reported using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Depreciation expense was and \$65,465 and \$67,337 for the years ended June 30, 2022 and 2021, respectively.

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### POST-RETIREMENT BENEFIT OBLIGATION

The post-retirement benefit obligation is the estimated present value of future health and life insurance costs over the actuarially determined lives of plan participants. SGA provides Medicare supplemental and life insurance benefits to employees who had 25 years of ministry prior to 1993. Medicare supplemental coverage for retiree and spouse continues for the lifetime of each individual. The life insurance coverage is fixed at \$15,000 for employees under 70 and is reduced to \$7,500 at age 70. The spouse coverage is fixed at \$5,000 and is not to exceed 50% of the amount in force for the employee. Upon the employee's death, the spouse coverage is terminated. SGA accrues the cost of these post-retirement benefits over the term of employment.

#### NET ASSETS

Net assets, revenues, gains and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net asset and changes in net assets therein are reported as follows:

NET ASSETS WITHOUT DONOR RESTRICTIONS are net assets available for use in general operations and not subject to donor or certain grantor-imposed restrictions. The net investment in property and equipment is reported to clarify that this component of net assets without donor restrictions is not available for current expenditure. At June 30, 2022 and 2021, the board has also designated \$971,945 and \$870,564, respectively, of net assets without donor restrictions for an operating reserve, from which funds can be drawn with board approval.

NET ASSETS WITH DONOR RESTRICTIONS are net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for which the donor stipulates the resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

#### SUPPORT AND REVENUE

Contributions are recognized when cash, securities or other assets, an unconditional promise to give or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

Contributions of assets other than cash and services are reported at their estimated fair value. SGA reports donations of property and equipment as contributions without donor restriction unless the donor has restricted the donated asset to a specific purpose. Property and equipment donated with restrictions regarding their use and contributions of cash to acquire property are reported as contributions with donor restrictions.

All other revenues are reported when earned.

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### GIFTS IN KIND

Donated goods and services are reflected as contributions at their estimated fair value on the date of donation. Property and equipment donated with restrictions regarding their use are reported as restricted support. Absent any donor stipulations, these restrictions expire when the asset is acquired and placed in service, at which time a reclassification is made from net assets with donor restrictions to net assets without donor restrictions.

During the year ended June 30, 2022, SGA received and distributed personal care items having an estimated value of \$865. There were no in-kind contributions during the year ended June 30, 2021

#### FUNCTIONAL ALLOCATION OF EXPENSES

Expenses are reported when incurred, that is, when the purchased goods or services have been received.

The costs of program, management and fund-raising activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefitting from those expenditures.

Certain categories of expenses are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. At SGA the methods used to allocate costs among program and support functions vary depending upon the nature of the expense category. Compensation related expenses are allocated based on proportional estimates of paid time spent in each functional area of performance. Occupancy and depreciation costs are allocated to each functional area based on proportional estimates of facility and equipment usage. Other expenses are allocated based on the guidelines defining the nature of the program, management or fund-raising expenses and the associated estimates of time and effort.

#### JOINT COSTS

Joint costs are costs incurred in activities that involve a combination of fund-raising and program and/or management and general activities. SGA incurred joint costs totaling \$455,694 and \$335,134 for certain advancement projects during the years ended June 30, 2022 and 2021, respectively, and were allocated as follows:

	Years Ended June 30,			
	2022		2021	
	Percent	Amount	Percent	Amount
Program	62	\$ 282,229	52	\$ 174,779
Management and general	10	45,253	10	33,818
Fund-raising	28	128,212	38	126,537
		<u>\$ 455,694</u>		<u>\$ 335,134</u>

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

#### LIQUIDITY AND AVAILABILITY

SGA has financial assets available within one year of the statement of financial position date to meet cash needs for general expenditure as detailed below. The amounts shown below are net of financial assets required to meet donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date.

	June 30,	
	2022	2021
Cash and cash equivalents	\$ 4,850,029	\$ 3,375,195
Investments	855,353	269,915
Funds held in trust by others	283,374	153,077
Less:		
Board-designated for operating reserves	(971,945)	(870,564)
Donor-restricted net assets:		
Time	(283,374)	(153,077)
Purpose	(2,733,952)	(1,032,859)
	<u>\$ 1,999,485</u>	<u>\$ 1,741,687</u>

SGA maintains bank checking accounts and money market accounts for liquidity management.

#### RECLASSIFICATIONS

Certain reclassifications, specifically changes in the functional allocation of expenses, have been made to the prior year's financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported activities or net assets.

### 3. INVESTMENTS

Investments consist of the following:

	June 30, 2022		
	Market Value	Carrying Value	Unrealized Gains (Losses)
Fixed income mutual funds	\$ 820,747	\$ 835,685	\$ (14,938)
Equity growth mutual funds	13,144	12,840	304
Limited partnerships	21,462	21,462	-
	<u>\$ 855,353</u>	<u>\$ 869,987</u>	<u>\$ (14,634)</u>

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 3. INVESTMENTS, continued

	June 30, 2021		
	Market Value	Carrying Value	Unrealized Gains
Cash and cash equivalents	\$ 4,476	\$ 4,476	\$ -
Fixed income mutual funds and ETFs	54,449	53,603	846
Equity growth and income mutual funds and ETFs	84,468	57,231	27,237
Alternative investment mutual funds, ETFs and limited partnerships	126,522	125,302	1,220
	<u>\$ 269,915</u>	<u>\$ 240,612</u>	<u>\$ 29,303</u>

SGA accounts for most investments at fair value (as described in Note 2, SGA accounts for the gold mining limited partnership using the cost basis), which is defined as the price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

Financial accounting standards have established a hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. Under the standards, three levels of inputs that may be used to measure fair value:

**Level 1** - In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that SGA has the ability to access.

**Level 2** - Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. Level 2 inputs include quoted prices for similar assets in active markets and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

**Level 3** - Level 3 inputs are unobservable inputs including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. SGA's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Investments are held and managed by Morgan Stanley and include allocations to money funds, mutual funds and exchange traded products. Management has concluded the value of all holdings in the portfolio are determined using Level 1 measurement inputs.



# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

3. INVESTMENTS, continued

Holdings by valuation level are as follows:

	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Morgan Stanley	\$ 820,747	\$ -	\$ -	\$ 820,747
Amundi Pioneer	13,144	-	-	13,144
Ordrich Gold Reserves Limited Partnership	-	-	21,462	21,462
	<u>\$ 833,891</u>	<u>\$ -</u>	<u>\$ 21,462</u>	<u>\$ 855,353</u>

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Morgan Stanley	\$ 143,855	\$ -	\$ -	\$ 143,855
Amundi Pioneer	15,099	-	-	15,099
Ordrich Gold Reserves Limited Partnership	-	-	110,961	110,961
	<u>\$ 158,954</u>	<u>\$ -</u>	<u>\$ 110,961</u>	<u>\$ 269,915</u>

Investment (loss) income consists of the following:

	Years Ended June 30,	
	2022	2021
Dividends and interest	\$ 6,188	\$ 2,097
Realized gains (losses)	22,470	(5,113)
Unrealized (losses) gains	(42,543)	24,796
Investment management fees	(544)	(1,030)
	<u>\$ (14,429)</u>	<u>\$ 20,750</u>

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	June 30,	
	2022	2021
Land	\$ 278,324	\$ 278,324
Buildings and improvements	1,221,612	1,221,612
Furniture and equipment - Note 5	605,845	605,636
Vehicles - Note 5	11,612	11,612
Accumulated depreciation	(1,579,566)	(1,547,330)
	<u>\$ 537,827</u>	<u>\$ 569,854</u>

### 5. DEBT

SGA received a loan of \$301,600 under the federal Paycheck Protection Program in April 2020. The loan was unsecured with an interest rate of 1 percent per annum and an April 2022 maturity date. This loan was forgiven in full by the Small Business Administration in April 2021 and is reported as other income on the statements of activities for the year ended June 30, 2021.

SGA has an on-demand \$250,000 bank line of credit which is secured by all financial assets and personal property. Amounts borrowed under this agreement bear interest at the bank's prime rate plus one percent (effective rate of 5.75 percent per annum at June 30, 2022). This line was not utilized during the years ended June 30, 2022 and 2021.

### 6. POST-RETIREMENT BENEFIT OBLIGATION

The post-retirement benefit obligation is reported based on the present value of future health care costs over the actuarially-determined lives of the participants. SGA provides Medicare supplemental and life insurance benefits to employees who had 25 years of ministry prior to 1993. Medicare supplemental coverage for retiree and spouse continues for the lifetime of each individual. The life insurance coverage is fixed at \$15,000 for employees under 70 and is reduced to \$7,500 at age 70. The spouse coverage is fixed at \$5,000 and is not to exceed 50% of the amount in force for the employee. Upon the employee's death, the spouse coverage is terminated. SGA accrues the cost of these postretirement benefits over the term of employment.

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

6. POST-RETIREMENT BENEFIT OBLIGATION, continued

The plan's current and future benefits are funded by the unrestricted, undesignated net assets of SGA. Components of the accrued post-retirement benefit obligation are as follows:

	June 30,	
	2022	2021
Accumulated post-retirement benefit obligation (APBO):		
Retirees	\$ 238,800	\$ 299,445
Plan assets	-	-
APBO in excess of plan assets	238,800	299,445
Unrecognized net gain from past experience different from that accrued and from changes in assumptions	-	-
Accrued post-retirement benefit obligation	\$ 238,800	\$ 299,445

Benefits expected to be paid in the next ten years are as follows:

Years Ending June 30,	
2023	\$ 31,979
2024	29,412
2025	26,806
2026	24,249
2027	21,821
Aggregate for next five fiscal years	79,732
	\$ 213,999

Annual net periodic post-retirement benefit activity is as follows:

	Years Ended June 30,	
	2022	2021
Employer contributions	\$ 24,624	\$ 26,250
Benefits paid	\$ 24,624	\$ 26,250
Interest cost on APBO	\$ 4,382	\$ 4,056
Other	-	-
Net periodic post-retirement benefit cost	\$ 4,382	\$ 4,056

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

6. POST-RETIREMENT BENEFIT OBLIGATION, continued

Weighted-average assumption and method disclosures are as follows:

	June 30,	
	2022	2021
Discount rate	3.46%	1.56%
Average life expectancy of participants	6.11 years	6.57 years

For both years ended June 30, 2022 and 2021, SGA assumed a health care trend rate of 8.0 percent for calculating the postretirement benefit obligation. Future assumed health care trend rates are as follows:

Year Ending June 30,	Percent
2023	7.50
2024	7.00
2025	6.50
2026	6.00
2027	5.50
2028	5.00
2029	4.75
Subsequent years	4.50

7. NET ASSETS WITH DONOR RESTRICTIONS

Changes in and year-end balances of net assets with donor restrictions are as follows:

	June 30, 2020	Contributions	Released From Restriction	June 30, 2021
Subject to the passage of time				
Funds held in trust by others	\$ 533,806	\$ 120,936	\$ 501,665	\$ 153,077
Subject to expenditure for specified purpose				
Bibles and literature	\$ 81,951	\$ 33,050	\$ 3,124	\$ 111,877
Church planter program	82,107	1,739,582	1,686,072	135,617
Missionary support	152,734	306,807	285,958	173,583
Outreach programs	439,986	2,136,187	2,023,275	552,898
Training programs	23,143	746,642	710,901	58,884
	<u>779,921</u>	<u>4,962,268</u>	<u>4,709,330</u>	<u>1,032,859</u>
	<u>\$ 1,313,727</u>	<u>\$ 5,083,204</u>	<u>\$ 5,210,995</u>	<u>\$ 1,185,936</u>

# SLAVIC GOSPEL ASSOCIATION

## Notes to Financial Statements

June 30, 2022 and 2021

### 7. NET ASSETS WITH DONOR RESTRICTIONS, continued

	June 30, 2021	Contributions	Released From Restriction	June 30, 2022
Subject to the passage of time				
Funds held in trust by others	\$ 153,077	\$ 244,222	\$ 113,925	\$ 283,374
Subject to expenditure for specified purpose				
Bibles and literature	\$ 111,877	\$ 35,497	\$ (6,105)	153,479
Church planter program	135,617	1,884,755	1,873,495	146,877
Missionary support	173,583	319,864	280,036	213,411
Outreach programs	552,898	6,352,060	4,729,973	2,174,985
Training programs	58,884	641,692	655,376	45,200
	<u>1,032,859</u>	<u>9,233,868</u>	<u>7,532,775</u>	<u>2,733,952</u>
	<u>\$ 1,185,936</u>	<u>\$ 9,478,090</u>	<u>\$ 7,646,700</u>	<u>\$ 3,017,326</u>

### 8. RETIREMENT PLAN

SGA provides a 403(b) retirement plan that covers all full-time employees. Employees are immediately fully vested. Effective July 2015, for employees with three or more years of service, SGA matches 50 percent of employee contributions up to 6 percent of the annual base salary, for a maximum employer match of 3 percent. Employer contributions to the plan for the years ended June 30, 2022 and 2021 totaled \$30,253 and \$25,257, respectively.

### 9. TRANSACTIONS WITH AFFILIATES AND RELATED PARTIES

During the years ended June 30, 2022 and 2021, SGA transferred \$2,738 and \$4,356, respectively, to Slavic Gospel Association, Canada for missionary and ministry activities.

During the years ended June 30, 2022 and 2021, amounts received and reported as revenue from SGA affiliates totaled \$1,006,503 and \$855,372, respectively.

Amounts reported as accounts receivable from SGA affiliates totaled \$-0- and \$2,470 at June 30, 2022 and 2021, respectively.

### 10. SUBSEQUENT EVENTS

Management has evaluated for potential recognition or disclosure in these financial statements subsequent events and transactions occurring through September 2, 2022, the date these financial statements were available to be issued. No such significant events or transactions were identified.

The COVID-19 pandemic has cast uncertainty over many things. While the long-term effects of the pandemic could negatively affect SGA's financial position, cash flows and results of activities, any such effects cannot be reasonably estimated at this time.