



SIM USA, INC.

Combined Financial Statements  
With Independent Auditors' Report

September 30, 2018 and 2017

# SIM USA, INC.

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
SIM USA, Inc.  
Charlotte, North Carolina

We have audited the accompanying combined financial statements of SIM USA, Inc., which comprise the combined statements of financial position as of September 30, 2018 and 2017, and the related combined statements of activities and cash flows for the years then ended, and the related notes to the combined financial statements.

### *Management's Responsibility for the Combined Financial Statements*

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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.

Board of Directors  
SIM USA, Inc.  
Charlotte, North Carolina

***Opinion***

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of SIM USA, Inc. as of September 30, 2018 and 2017, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 14 to the combined financial statements, during the current fiscal year, SIM USA, Inc. identified errors affecting the amounts presented in the prior year combined financial statements. Accordingly, the 2017 financial statements have been restated to correct these errors. Our opinion is not modified in respect to this matter.

*Capin Crouse LLP*

Columbia, South Carolina  
March 12, 2019

# SIM USA, INC.

## Combined Statements of Financial Position

	September 30,	
	2018	2017 Restated
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 747,986	\$ 321,742
Deposits with related organization	1,356,475	2,870,098
Investments	46,227,579	47,360,099
Property and equipment—net	5,736,314	5,926,504
Other assets	1,106,414	1,088,888
Total Assets	\$ 55,174,768	\$ 57,567,331
<b>LIABILITIES AND NET ASSETS:</b>		
Liabilities:		
Accounts payable and accrued expenses	\$ 953,745	\$ 834,651
Other liabilities	1,188,143	1,270,024
Deferred compensation payable	1,307,180	1,318,224
Annuity and trust liabilities	15,494,320	16,938,863
	18,943,388	20,361,762
Net assets:		
Unrestricted	14,558,308	15,615,317
Temporarily restricted	19,046,800	18,963,980
Permanently restricted—endowment	2,626,272	2,626,272
	36,231,380	37,205,569
Total Liabilities and Net Assets	\$ 55,174,768	\$ 57,567,331

See notes to combined financial statements

# SIM USA, INC.

## Combined Statements of Activities

	Year Ended September 30,							
	2018				2017 Restated			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>INCOME:</b>								
Support and revenue:								
Contributions	\$ 3,072,150	\$ 49,165,471	\$ -	\$ 52,237,621	\$ 1,904,958	\$ 47,262,171	\$ -	\$ 49,167,129
Rental, sales, and other	1,595,097	-	-	1,595,097	1,505,374	-	-	1,505,374
	4,667,247	49,165,471	-	53,832,718	3,410,332	47,262,171	-	50,672,503
Investment income and change in value of annuities and trusts:								
Net investment gains (losses)	(12,934)	186,961	-	174,027	2,007,346	379,847	-	2,387,193
Interest and dividend income	472,590	30,207	-	502,797	576,123	42,608	-	618,731
Change in value of annuities and trusts	(87,431)	(61,754)	-	(149,185)	236,894	37,810	-	274,704
	372,225	155,414	-	527,639	2,820,363	460,265	-	3,280,628
Total Income	5,039,472	49,320,885	-	54,360,357	6,230,695	47,722,436	-	53,953,131
<b>RECLASSIFICATIONS:</b>								
Net assets released from time and use restrictions	49,238,065	(49,238,065)	-	-	47,657,756	(47,657,756)	-	-

(continued)

See notes to combined financial statements

# SIM USA, INC.

## Combined Statements of Activities (continued)

	Year Ended September 30,							
	2018			2017 Restated				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>EXPENSES:</b>								
Program services:								
Church growth and evangelism	13,413,564	-	-	13,413,564	12,221,229	-	-	12,221,229
Grants to other SIM ministries	11,220,157	-	-	11,220,157	10,681,309	-	-	10,681,309
Education ministry	6,420,377	-	-	6,420,377	6,981,786	-	-	6,981,786
Relief and rehabilitation	6,186,360	-	-	6,186,360	6,176,188	-	-	6,176,188
Media and translation ministry	1,786,371	-	-	1,786,371	1,965,460	-	-	1,965,460
Home ministry	2,026,149	-	-	2,026,149	1,939,918	-	-	1,939,918
Service	2,606,766	-	-	2,606,766	3,399,678	-	-	3,399,678
	<u>43,659,744</u>	<u>-</u>	<u>-</u>	<u>43,659,744</u>	<u>43,365,568</u>	<u>-</u>	<u>-</u>	<u>43,365,568</u>
Supporting activities:								
Management and general	8,918,112	-	-	8,918,112	7,849,225	-	-	7,849,225
Fund-raising	2,756,690	-	-	2,756,690	2,407,239	-	-	2,407,239
	<u>11,674,802</u>	<u>-</u>	<u>-</u>	<u>11,674,802</u>	<u>10,256,464</u>	<u>-</u>	<u>-</u>	<u>10,256,464</u>
Total Expenses	<u>55,334,546</u>	<u>-</u>	<u>-</u>	<u>55,334,546</u>	<u>53,622,032</u>	<u>-</u>	<u>-</u>	<u>53,622,032</u>
Change in Net Assets	<u>(1,057,009)</u>	<u>82,820</u>	<u>-</u>	<u>(974,189)</u>	<u>266,419</u>	<u>64,680</u>	<u>-</u>	<u>331,099</u>
Net Assets, Beginning of Year:								
As previously reported	15,615,317	18,963,980	2,626,272	37,205,569	14,335,201	20,023,518	2,626,272	36,984,991
Prior period adjustment	-	-	-	-	1,013,697	(1,124,218)	-	(110,521)
As restated	<u>15,615,317</u>	<u>18,963,980</u>	<u>2,626,272</u>	<u>37,205,569</u>	<u>15,348,898</u>	<u>18,899,300</u>	<u>2,626,272</u>	<u>36,874,470</u>
Net Assets, End of Year	<u>\$ 14,558,308</u>	<u>\$ 19,046,800</u>	<u>\$ 2,626,272</u>	<u>\$ 36,231,380</u>	<u>\$ 15,615,317</u>	<u>\$ 18,963,980</u>	<u>\$ 2,626,272</u>	<u>\$ 37,205,569</u>

See notes to combined financial statements

# SIM USA, INC.

## Combined Statements of Cash Flows

	Year Ended September 30,	
	2018	2017 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (974,189)	\$ 331,099
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Realized and unrealized gains and losses	(281,983)	(2,537,984)
Contribution portion of new annuities	(7,373)	(7,957)
Contribution portion of new trusts	(57,791)	(17,550)
Donated property and equipment	(170,376)	-
Change in value of annuities	87,431	(236,894)
Change in value of trust assets	61,754	(37,810)
Realized losses on sale of property and equipment	8,488	75,789
Depreciation	423,727	454,158
Contributions restricted for capital projects	(507,640)	-
Changes in operating assets and liabilities:		
Deposits with related organization	1,513,623	3,021,995
Other assets	(17,526)	(229,386)
Accounts payable and accrued expenses	119,094	319,738
Deferred rental revenue	84,971	(113,295)
Nonqualified deferred compensation plan	(11,044)	85,860
Missionary personal accounts	(166,852)	(655)
Net Cash Provided by Operating Activities	104,314	1,107,108
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchases of property and equipment	(71,649)	(110,811)
Proceeds from sale of property and equipment	-	130,000
Purchases of investments	(577,040)	(3,868,910)
Proceeds from sales of investments	946,929	3,195,299
Net Cash Provided (Used) by Investing Activities	298,240	(654,422)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Payments of annuity and trust obligations	(561,741)	(505,996)
Face value of new annuities and trusts	77,791	32,550
Contributions restricted for capital projects	507,640	-
Net Cash Used by Financing Activities	23,690	(473,446)
Net Change in Cash and Cash Equivalents	426,244	(20,760)
Cash and Cash Equivalents, Beginning of Year	321,742	342,502
Cash and Cash Equivalents, End of Year	\$ 747,986	\$ 321,742

See notes to combined financial statements



# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 1. NATURE OF ORGANIZATION:

The U.S. office of SIM is legally known as “SIM USA Inc.” (SIM USA). SIM USA is a church and religious order associated with churches of the Protestant faith, is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (Code), and is classified as a publicly supported organization, which is not a private foundation, under Section 509(a)(1) of the Code. As such, it is also exempt from state income tax, and contributions by the public are deductible for income tax purposes as allowed by law. Our IRS tax identification number is 22-1936391.

The Purpose and Mission Statement of SIM USA says:

Convinced that no one should live and die without hearing God’s good news, we believe that He has called us to make disciples of the Lord Jesus Christ in communities where He is least known.

Therefore, compelled by God's great love and empowered by the Holy Spirit...

- We cross barriers to proclaim the crucified and risen Christ, expressing His love and compassion among those who live and die without Him
- We make disciples who will trust and obey Jesus and become part of Christ-centered churches
- We work together with churches to fulfill God's mission across cultures locally and globally
- We facilitate the participation in cross-cultural ministry of those whom God is calling

SIM USA also operates a retirement village for the benefit of its missionaries located in Sebring, Florida. SIM USA’s primary source of revenue is contributions from the public.

Relationship to the worldwide SIM organization:

SIM, originally the Sudan Interior Mission, has been launching Christian workers into ministry since 1893, bringing good news to people who are living and dying without the gospel. Today SIM has over 4,000 workers from 65 nations serving on six continents in more than 70 countries... and our heart remains the same. We go above in prayer and beyond in care to make disciples of the Lord Jesus Christ in communities where He is least known.

SIM is an evangelical, international, multi-ethnic, and interdenominational Christian missionary organization. The activities of the organization are carried out in the name “SIM.” SIM is composed of entities from around the world that exist separately but choose to serve in gospel ministry, collectively, under the name of SIM, through the signing of the SIM MISSION AGREEMENT. The signatories who compose SIM, embodied as the Global Assembly, voluntarily agree to work under the leadership of the board of governors and the international director. Signatories, including SIM USA, fully endorse and embrace our defining documents: the SIM Mission Agreement, SIM Commitment, SIM Mission Policy, Board Charter and Bylaws.

SIM USA is a voluntary participant in the worldwide organization of SIM, providing funding and missionary personnel to accomplish SIM USA ministry objectives worldwide. Although SIM USA has substantial economic interest in SIM, it does not have control, thus, consolidation is not required under current accounting standards.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

1. NATURE OF ORGANIZATION, continued:

SIM International Inc. (SIM International) provides leadership and services to all SIM entities worldwide, including setting worldwide SIM Finance Principles and Practices, a common chart of accounts, and interoffice banking and investment services, also known as SIM Trust.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The combined financial statements of SIM USA are prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the combined financial statements to the reader. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the combined financial statements. Actual results could differ from those estimates.

### PRINCIPLES OF COMBINATION

These combined financial statements reflect the activities and financial position of SIM USA, including its branch operation, Sebring Retirement Village; Sudan Interior Mission, Inc., a New York Corporation, which operates the annuity fund; International Christian Fellowship, an Illinois Corporation; African Evangelical Fellowship, a New York Corporation, and Andes Evangelical Mission, Inc., a New York Corporation. Christian Fellowship, African Evangelical Fellowship, and Andes Evangelical Mission, Inc. no longer have operations, however, are retained to provide for the transfers of estates to SIM USA. All significant inter-organization transactions and balances have been eliminated.

### CLASSES OF NET ASSETS

The combined financial statements report income and net assets by class:

*Unrestricted net assets* are currently available for ministry purposes under the direction of the board, designated by the board for specific use, or resources invested in property and equipment.

*Temporarily restricted net assets* are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, or not currently available for use until commitments regarding their use have been fulfilled.

*Permanently restricted net assets* are contributed with donor restrictions requiring they be held in perpetuity as endowment, with income to be used as stipulated in the endowment agreement.

### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, checking, savings, and money market accounts as well as certificates of deposit with original maturity dates of less than three months. The majority of the cash and cash equivalents are held by a related party, SIM International. SIM USA also uses sweep accounts, and funds are transferred automatically as needed. Deposits in excess of federally insured limits were \$383,033 and \$30,464 at September 30, 2018 and 2017, respectively. SIM USA has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

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

#### DEPOSITS WITH RELATED ORGANIZATION

The deposits with a related organization consist of funds transferred to SIM International and carried at cost plus accrued interest. SIM USA may access the funds, as needed. The deposits earn interest at the current rate; which for the year ended September 30, 2018 and 2017, was 1.6% and 2.25% respectively. Due to SIM USA's ability to access the funds without penalty, these assets are treated as an operating asset.

#### INVESTMENTS

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair value with gains and losses reported in the combined statements of activities. Donated investments are recorded at fair value on the date of donation and thereafter carried in accordance with the above provisions. Where market values are not available, cost values have been used that approximate fair value. SIM USA follows the investment guidelines and decisions of the grantors of the revocable and charitable trusts.

Alternative investments consist of investments in Silver Creek Capital Management, LLC (Silver Creek), and Lucent Insurance, Ltd. (Lucent). Investments in Silver Creek are carried at fair value, as determined by the funds managers based on information provided by the funds' professional managers. In determining fair value, the manager utilizes the valuation of the underlying investment entities reflected on the audited financial statements of the funds. The underlying investment entities value securities and other financial instruments at market value, when possible, or at fair value determined by the respective entities' general partner or manager when no market value is determinable. The estimated fair values of certain investments of the underlying investment entities, which include private placements and other securities for which prices are not readily available, may not reflect amounts that could be realized upon an immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair value may differ significantly from the values that would have been used had a ready market existed for these investments. See Note 3 for the valuation of investments in Lucent.

#### INVESTMENT IN REAL ESTATE

Investment in real estate includes missionary housing, gifts of property, and purchases of property for investment. These investments are recorded at cost if purchased or fair market value at the date of the gift if donated. Joint equity arrangements are agreements where SIM USA co-owns a percentage of real property. The cost or fair market value of the SIM USA percentage in the joint equity arrangements is recorded as investments. Upon sale of these properties, SIM USA will receive their percentage of the total proceeds. Such assets are not income producing, and they are not used in the operations (ministry) of the organization.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

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

#### PROPERTY AND EQUIPMENT, AND DEPRECIATION

Items capitalized as property and equipment are recorded at cost if purchased or fair value if donated. SIM USA capitalizes all property and equipment with a cost or value exceeding \$10,000. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets, ranging from 5 to 40 years. Depreciation expense is allocated to the various program services and supporting activities.

#### ANNUITY AND TRUST LIABILITIES

SIM USA has established a gift annuity plan whereby donors may contribute assets to the organization in exchange for the right to receive a fixed dollar annual return during their lifetimes. A portion of the transfer is considered to be a charitable contribution for income tax purposes. The difference between the amount provided for the gift annuity and the present value of future payment, determined on an actuarial basis, is recognized as support at the date of the gift. The annuity liability is revalued annually based upon actuarially computed present values. Resulting actuarial gain or loss is recorded as change in value of annuities and trusts. Certain states require reserves to be held in excess of the liability. Such amounts are reported as unrestricted net assets.

As trustee, SIM USA administers revocable (grantor) trusts that provide for a beneficial interest to SIM USA or other beneficiary at the grantor's death. Because the trusts are revocable at the discretion of the grantor, the principal amounts provided are recorded as liabilities. All trust income, deductions, and credits are reportable by the grantor for tax purposes. At the grantor's death, the remaining trust assets, if designated for SIM USA, will be recorded as contributions income. Any trust designated for other beneficiaries will be distributed in accordance with the trust agreement.

As trustee, SIM USA administers irrevocable trusts, including charitable remainder unitrusts and annuity trusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. The present value of the income interests are reported as trust liabilities using federal discount and mortality tables ranging from 4.6 to 7.6 percent. For trusts with a term of years, thus meeting the definition of a derivative financial instrument as described above, the liability for these trusts are computed using the current market rate instead of the rate at inception. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the remainder interest of SIM USA is reported as temporarily restricted contributions in the period received, temporarily restricted net assets, and reclassification to the unrestricted net assets when the trust matures. Certain trusts contain provisions to distribute assets to remaindermen other than SIM USA. The portion attributable to others is reflected as a part of trust liabilities on the combined statements of financial position (Note 7).

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

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

#### SUPPORT, REVENUE, AND EXPENSES

Revenue is recognized when earned and support when contributions are made, which may be when cash is received or ownership of other assets is transferred to SIM USA. Contribution revenue can also be recognized when unconditional promises are made.

SIM USA reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statements of activities as net assets released from restrictions.

SIM USA reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, SIM USA reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

SIM USA receives indications of intent to support ministries that are faith promise commitments to provide monthly, quarterly, or annual gifts of a specified amount. These commitments are open ended and subject to unilateral change by the donor. Because the commitments do not express a term or period, the amount of the commitment is not measurable. Considering these factors, the commitments are not considered to be unconditional promises to give and are not recognized prior to receipt of the contribution.

Expenses are reported when costs are incurred, including advertising and promotion totaling approximately \$501,230 and \$580,864 for the years ended September 30, 2018 and 2017, respectively.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

**ALLOCATION OF EXPENSES**

The costs of providing the various program services and supporting activities of SIM USA have been summarized on a functional basis in the combined statements of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. SIM USA incurred joint costs that include fund-raising appeals as follows:

Year ended September 30, 2018:

	Program Services	Management and general	Fund-raising	Total
Furlough salary and housing	\$ 4,215,851	\$ 770,743	\$ 533,098	\$ 5,519,692
Furlough medical	765,650	284,258	5,076	1,054,984
Retired missionary	2,173,081	224,111	4,002	2,401,194
Employee benefit plan	126,496	13,046	233	139,775
Ministry promotion	884,367	45,325	112,029	1,041,721
Depreciation	321,725	93,700	8,301	423,726
	<u>\$ 8,487,170</u>	<u>\$ 1,431,183</u>	<u>\$ 662,739</u>	<u>\$ 10,581,092</u>

Year ended September 30, 2017:

	Program Services	Management and general	Fund-raising	Total
Furlough salary and housing	\$ 3,514,192	\$ 503,597	\$ 467,075	\$ 4,484,864
Furlough medical	802,578	260,121	13,454	1,076,153
Retired missionary	2,299,943	229,994	11,896	2,541,833
Employee benefit plan	111,608	10,428	539	122,575
Ministry promotion	893,903	48,159	105,569	1,047,631
Depreciation	358,250	85,343	10,564	454,157
	<u>\$ 7,980,474</u>	<u>\$ 1,137,642</u>	<u>\$ 609,097</u>	<u>\$ 9,727,213</u>

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 3. INVESTMENTS:

Investments consist of:

	September 30,	
	2018	2017
At fair value:		
Exchange traded products	\$ 8,102,509	\$ 9,283,064
Common stocks	277,814	346,356
Mutual funds	31,877,331	32,621,682
Fixed income securities	1,917,413	301,824
Precious metals	93,137	99,790
Hedge fund	284,948	361,370
	42,553,152	43,014,086
Not at fair value:		
Restricted cash and cash equivalents	2,399,792	2,553,026
Privately held captive entity, at equity method	569,496	1,072,611
Real estate, at cost	705,139	720,376
	\$ 46,227,579	\$ 47,360,099
	\$ 46,227,579	\$ 47,360,099

Investments are held for:

	September 30,	
	2018	2017
Operating funds	\$ 22,188,852	\$ 21,805,583
Annuities	3,066,265	3,218,342
Nonqualified deferred compensation plan	1,307,181	1,318,224
Trust assets	15,822,953	17,199,442
Endowment assets:		
Board designated	762,732	787,582
Donor restricted	3,079,596	3,030,926
	\$ 46,227,579	\$ 47,360,099
	\$ 46,227,579	\$ 47,360,099

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

3. INVESTMENTS, continued:

Investment income consists of:

	Year Ended September 30,	
	2018	2017
Net investment gains (losses):		
Realized gains	\$ 206,210	\$ 1,800,875
Unrealized gains	75,773	737,109
Disbursements and investment fees	(107,956)	(150,791)
	174,027	2,387,193
Interest and dividend income	502,797	618,731
	\$ 676,824	\$ 3,005,924

### INVESTMENT IN CAPTIVE INSURANCE COMPANY

SIM USA, along with 9 other nonprofit organizations, are members of an offshore captive insurance holding company, Lucent Insurance, Ltd. (Lucent), to provide coverage workers' compensation, general liability, property and automobile liability, and physical damage. SIM USA owns a non-controlling interest of the common stock of the captive and is accounting for the investment under the equity method, due to its ability to exercise significant influence over the operations of Lucent.

SIM USA's investment in captive insurance was approximately \$569,496 and \$1,072,611, as of September 30, 2018 and 2017 respectively, which represents 8.0% and 8.42% of Lucent's total equity, respectively. Financial information is recorded as of August 31, which represents the most recent data available. SIM USA is not aware of any material changes to these balances as of September 30, 2018 and 2017. SIM USA has paid approximately \$190,000 and \$183,000 in premiums to Lucent during the years ended September 30, 2018 and 2017, respectively. SIM USA has received approximately \$336,000 and \$800 in reimbursements from Lucent during the years ended September, 30, 2018 and 2017, respectively.

Summary financial information of Lucent is as follows, rounded to the nearest thousand:

	September 30,	
	2018	2017
Total assets	\$ 17,353,000	\$ 16,762,000
Total liabilities	\$ 3,950,000	\$ 4,024,000
Comprehensive income (net of dividends)	\$ 1,022,000	\$ 3,621,000

Amounts represent unaudited balances and activities through and for the years ended August 31, 2018 and 2017.



# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

4. FAIR VALUE MEASUREMENTS:

SIM USA uses appropriate valuation techniques to determine fair value based on inputs available. The levels are defined as follows: Level 1 – based on quoted prices for identical assets in active markets; Level 2 – based on observable inputs other than quoted prices in active markets; and Level 3 – based on significant unobservable inputs. When available, SIM USA measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Fair values of assets measured on a recurring basis at September 30, 2018 and 2017, are as follows:

	Fair Value Measurements at September 30, 2018			
	Total	Level 1	Level 2	Level 3
<b>Investments:</b>				
Exchange traded products	\$ 8,102,509	\$ 8,102,509	\$ -	\$ -
<b>Common stocks:</b>				
Consumer goods	11,618	11,618	-	-
Energy	21,037	21,037	-	-
Financial	154,194	154,194	-	-
Insurance	13,941	13,941	-	-
Utilities	44,147	44,147	-	-
Other commons stocks	32,877	32,877	-	-
	277,814	277,814	-	-
<b>Fixed income securities:</b>				
Corporate bonds	1,917,413	-	1,917,413	-
	1,917,413	-	1,917,413	-

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

4. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at September 30, 2018			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Emerging markets	2,542,010	2,542,010	-	-
Foreign large blend	490,506	490,506	-	-
Global	7,610	7,610	-	-
Fixed Income	11,143,227	11,143,227	-	-
International	8,116,573	8,116,573	-	-
Absolute return	1,912,966	1,912,966	-	-
Hedge equity	4,374,725	4,374,725	-	-
High yield	52,131	52,131	-	-
Small blend	125,423	125,423	-	-
Large cap	2,363,267	2,363,267	-	-
Small cap	723,878	723,878	-	-
Other	25,015	25,015	-	-
	31,877,331	31,877,331	-	-
Precious metals	93,137	93,137	-	-
		\$ 40,350,791	\$ 1,917,413	\$ -
Investment measured at net asset value:				
Hedge fund	284,948			
	\$ 42,553,152			

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

4. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at September 30, 2017			
	Total	Level 1	Level 2	Level 3
Investments:				
Exchange traded products	\$ 9,283,064	\$ 9,283,064	\$ -	\$ -
Common stocks:				
Consumer goods	15,053	15,053	-	-
Energy	193,146	193,146	-	-
Financial	18,063	18,063	-	-
Insurance	57,201	57,201	-	-
Utilities	43,957	43,957	-	-
Other commons stocks	18,936	18,936	-	-
	346,356	346,356	-	-
Fixed income securities:				
Corporate bonds	255,773	-	255,773	-
Municipal bonds	46,051	-	46,051	-
	301,824	-	301,824	-

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

4. FAIR VALUE MEASUREMENTS, continued:

	Fair Value Measurements at September 30, 2017			
	Total	Level 1	Level 2	Level 3
Mutual funds:				
Emerging markets	2,764,429	2,764,429	-	-
Foreign large blend	571,639	571,639	-	-
Global	11,470	11,470	-	-
Fixed Income	10,608,919	10,608,919	-	-
International	8,053,493	8,053,493	-	-
Absolute return	1,904,859	1,904,859	-	-
Hedge equity	4,174,165	4,174,165	-	-
High yield	452,899	452,899	-	-
Small blend	189,057	189,057	-	-
Large cap	2,019,699	2,019,699	-	-
Small cap	1,782,070	1,782,070	-	-
Other	88,983	88,983	-	-
	32,621,682	32,621,682	-	-
Precious metals	99,790	99,790	-	-
		\$ 42,350,892	\$ 301,824	\$ -
Investment measured at net asset value:				
Hedge fund	361,370			
	\$ 43,014,086			

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017

4. FAIR VALUE MEASUREMENTS, continued:

The following table lists investments in other investment companies (in partnership format) by major category at September 30, 2018:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Hedge Fund-of-Funds	Absolute Return	\$ 284,948	\$ -	NA	Investment is in liquidation mode	Fund is currently in the process of liquidation	Fund is currently in the process of liquidation

The following table lists investments in other investment companies (in partnership format) by major category at September 30, 2017:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Hedge Fund-of-Funds	Absolute Return	\$ 361,370	\$ -	NA	Investment is in liquidation mode	Fund is currently in the process of liquidation	Fund is currently in the process of liquidation

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

4. FAIR VALUE MEASUREMENTS, continued:

Methods and assumptions used by SIM USA in estimating fair values are as follows:

*Valuation techniques*: Fair values for common stocks, mutual funds, precious metals, and exchange traded products are based on quoted market prices in an active market. The fair value of fixed income securities is based on yields currently available for comparable securities of issuers with similar credit ratings. Fair values of hedge funds are based on the net asset value (NAV) of the underlying investments in the fund.

*Changes in valuation techniques*: None.

Gains and losses (realized and unrealized) related to investments are included in the change in net assets and are reported in investment income. Gains and losses (realized and unrealized) related to the annuities and charitable lead trusts are reported in change in value of annuities and trusts.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

5. PROPERTY AND EQUIPMENT–NET:

Property and equipment–net, consist of:

	September 30,	
	2018	2017
Charlotte property and equipment:		
Land and land developments	\$ 1,709,323	\$ 1,709,323
Buildings	3,578,892	3,578,892
Furniture and equipment	1,557,565	1,576,377
Airplanes and vehicles	1,565,006	1,539,006
	8,410,786	8,403,598
Less accumulated depreciation	(4,188,156)	(3,896,360)
	4,222,630	4,507,238
Construction in process	275,370	69,644
	4,498,000	4,576,882
 Retirement property, Sebring, Florida:		
Land and land developments	159,749	159,749
Buildings	4,370,745	4,370,745
Furniture and equipment	47,880	47,880
	4,578,374	4,578,374
Less accumulated depreciation	(3,340,060)	(3,228,752)
	1,238,314	1,349,622
	\$ 5,736,314	\$ 5,926,504

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

6. ANNUITY LIABILITIES:

Annuity liabilities consist of:

	September 30,	
	2018	2017
Computed present value of annuity liabilities	\$ 1,752,620	\$ 1,824,640
Less current portion	(271,431)	(276,033)
Long-term portion	\$ 1,481,189	\$ 1,548,607

Change in value of annuities includes:

	Year Ended September 30,	
	2018	2017
Realized and unrealized gains	\$ 42,821	\$ 285,075
Investment income	60,278	82,613
Actuarial change	(190,530)	(130,794)
	\$ (87,431)	\$ 236,894

7. TRUST LIABILITIES:

Trust liabilities consist of:

	September 30,	
	2018	2017
Revocable trusts	\$ 13,233,727	\$ 14,486,015
Irrevocable trusts—other remaindermen and lifetime interests	507,973	628,208
Total trust liabilities	\$ 13,741,700	\$ 15,114,223



# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

7. TRUST LIABILITIES, continued:

Change in value of trusts includes:

	Year Ended September 30,	
	2018	2017
Interest and dividends	\$ 45,915	\$ 61,902
Realized gains	100,843	109,392
Unrealized gains	(42,182)	143,174
Actuarial change	120,235	(80,623)
Payments to beneficiaries	(286,565)	(196,035)
	\$ (61,754)	\$ 37,810

8. NET ASSETS:

Net assets consist of:

	September 30,	
	2018	2017
Unrestricted:		
Undesignated	\$ 6,331,125	\$ 6,607,615
Designated:		
State required annuity reserves	464,444	483,529
Board designated endowment	762,732	787,582
Annuity investment reserve	849,201	910,174
Captive insurance reserve	307,856	815,947
Equipment reserve	167,121	161,153
Management reserve	10,093	10,093
	2,561,447	3,168,478
Equity in property and equipment:		
Invested in property and equipment	4,498,000	4,576,882
Invested in retirement properties	1,238,314	1,349,622
Less capital lease obligation	(70,578)	(87,280)
	5,665,736	5,839,224
Total unrestricted net assets	14,558,308	15,615,317

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

8. NET ASSETS, continued:

Net assets consist of, continued:

	September 30,	
	2018	2017
Temporarily restricted:		
Projects	1,257,664	1,180,589
Ministry funds	10,765,540	10,465,342
Future support	5,225,639	5,526,971
Endowments	453,324	404,654
Charitable remainder trusts	403,169	465,186
Irrevocable trusts	941,464	921,238
	19,046,800	18,963,980
Permanently restricted—endowment	2,626,272	2,626,272
	\$ 36,231,380	\$ 37,205,569

9. LEASE REVENUE:

At September 30, 2018 and 2017, SIM USA leased airplanes, owned by SIM USA, to an unrelated party. The lessees are responsible for all repairs, maintenance and insurance. The lease term is three years. Rental revenue related to these leases was \$56,648 and \$113,295 for the years ended September 31, 2018 and 2017, respectively.

Future rental income to be earned is as follows:

Years Ending September 30,	Amounts
2019	\$ 56,648
2020	56,648
2021	28,323
	\$ 141,619

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 10. TRANSACTIONS WITH RELATED PARTIES:

#### SIM INTERNATIONAL AND OTHER SIM ENTITIES

In accordance with SIM Finance Principles and Policies, all entities of SIM pay SIM International, an affiliated entity, for salary allowance, missionary area care, administrative costs, and undesignated contributions that exceed \$5,000 for the years ended September 30, 2018 and 2017, to be used for specific ministries. In addition, missionary support received by one SIM entity for another is remitted to the appropriate entity.

SIM USA incurred the following expenses, related to SIM International and SIM Entities:

	Year Ended September 30,	
	2018	2017
Salary allowance	\$ 187,676	\$ 143,272
Service fees	944,228	967,041
Specific ministries	7,958,405	7,694,327
Missionary support for other SIM entities	2,129,848	1,876,669
	<u>\$ 11,220,157</u>	<u>\$ 10,681,309</u>

#### RELATED PARTY PLEDGES PAYABLE

SIM USA has made unconditional pledges to an affiliated entity, SIM Kenya, that totaled \$486,700 as of September 30, 2018 and 2017. This commitment will be paid upon the sale of certain land owned by SIM.

### 11. CONTINGENCIES:

In accordance with the terms of the lease agreement with an unrelated party (see Note 9) if SIM USA elects to terminate the agreement and operate the airplane on its own or lease the airplane to a different entity, SIM USA agrees to pay the unrelated party \$340,000. In the event that SIM USA elects to sell the airplane, SIM USA agrees to pay the unrelated party 24% of the sale price of the airplane. In the event that the unrelated party elects to terminate or not renew the lease, SIM USA has no obligation to the unrelated party, until such time as SIM USA elects to sell the airplane, at which point SIM USA agrees to pay the unrelated party 24% of the sales proceeds. SIM USA does not currently intend to terminate the lease or sell the airplane.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 12. MEMBER BENEFIT PLANS:

#### MEDICAL BENEFITS

SIM USA maintains a self-insured employee benefit plan covering certain employees for dental and vision costs and providing for certain limitations and restrictions on coverage. As of September 30, 2018 and 2017, claims incurred but not reported were not estimated to be material to the combined financial statements. SIM USA is not subject to COBRA continuation coverage because our medical plans are considered to be church plans. SIM USA provides an employer sponsored Health Reimbursement Arrangement (HRA) account for clergy staff in conjunction with their integrated health care plans. Medical expense reimbursements from these HRA accounts are non-taxable as allowed by law.

#### RETIREMENT BENEFITS

Traditional 403(b) and designated Roth 403(b) Plans: Since the year 2000, SIM USA offers traditional 403(b) retirement accounts via Fidelity to employees and clergy staff. SIM USA also offers designated Roth 403(b) retirement accounts to employees and clergy staff.

*SIM USA Retirement Pool:* SIM USA offers continued support to those members of the mission reaching the designated retirement age and having completed thirty years of active service through the year 2000, subject to funds available in the retirement allowances pool. Partial benefits may be received by those members having served between twenty and thirty years through the year 2000. Support may include a non-taxable clergy housing allowance or housing provided, certain medical payments, and a supplement to the extent social security benefits are deemed to be inadequate. Support amounts vary from period to period based on the level of retirement funds available. Benefits from the SIM USA Retirement Pool are not guaranteed, but “as the Lord provides.” SIM intends that support received will not exceed costs of benefits, and the plan is being treated as a nonqualified defined contribution arrangement.

*Individual Retirement Support Accounts:* SIM USA offers individual retirement support accounts to certain retired missionaries that were not eligible for participation in the SIM USA Retirement Pool. Most of these retirees joined SIM as a result of the Africa Evangelical Mission (AEF) merger in 1996. Benefits include a non-taxable clergy housing allowance and or taxable retirement payments. Benefits are not guaranteed, but “as the Lord provides.” SIM intends that support received will not exceed costs of benefits, and the plan is being treated as a nonqualified defined contribution arrangement.

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 13. ENDOWMENTS:

SIM USA's endowments consist of 3 individual funds established for a variety of purposes as a result of donor contributions and board designations. Net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees of SIM USA has interpreted the North Carolina Uniform Prudent Management of Institutional Funds Act (NCUPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, SIM USA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (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 fund. 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 SIM USA in a manner consistent with the standard of prudence prescribed by NCUPMIFA. In accordance with NCUPMIFA, SIM USA considers the following factors in making a determination to appropriate or accumulated donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of SIM USA 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 SIM USA
7. The investment policies of SIM USA

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

13. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	\$ -	\$ 453,324	\$ 2,626,272
Board designated endowment funds	762,732	-	-
	\$ 762,732	\$ 453,324	\$ 2,626,272

Changes in endowment net assets for the year ended September 30, 2018:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 787,582	\$ 404,654	\$ 2,626,272
Investment return:			
Interest and dividends	15,982	30,207	-
Net gains (realized and unrealized)	21,453	186,961	-
	37,435	217,168	-
Contributions	-	-	-
Amounts appropriated for expenditure	(62,285)	(168,498)	-
Endowment net asset, end of year	\$ 762,732	\$ 453,324	\$ 2,626,272

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

13. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Donor-restricted endowment funds	\$ -	\$ 404,654	\$ 2,626,272
Board designated endowment funds	787,582	-	-
	\$ 787,582	\$ 404,654	\$ 2,626,272

Changes in endowment net assets for the year ended September 30, 2017:

	Unrestricted	Temporarily Restricted	Permanently Restricted
Endowment net assets, beginning of year	\$ 745,645	\$ 138,549	\$ 2,626,272
Investment return:			
Interest and dividends	17,739	42,608	-
Net gains (realized and unrealized)	74,782	379,847	-
	92,521	422,455	-
Contributions	300	-	-
Amounts appropriated for expenditure	(50,884)	(156,350)	-
Endowment net assets, end of year	\$ 787,582	\$ 404,654	\$ 2,626,272

Year Ended September 30,	
2018	2017

Permanently restricted net assets:

The portion of perpetual endowment funds that are required to be retained permanently either by explicit donor stipulations or by NCUPMIFA

	\$ 2,626,272	\$ 2,626,272
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Temporarily restricted net assets:

The portion of perpetual endowment funds subject to a time restriction under NCUPMIFA

	\$ 453,324	\$ 404,474
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# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 13. ENDOWMENTS, continued:

*Return Objectives and Risk Parameters*—SIM USA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that SIM USA must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the board of trustees, the endowment assets are invested in a manner that is intended to produce an inflation adjusted income stream to grow the corpus above the inflation rate. SIM USA expects its endowment funds, over time, to provide an average rate of return of approximately 9% annually. Actual returns in any given year may vary from this amount.

*Funds with Deficiencies*—From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or NCUPMIFA requires SIM USA to retain as a fund of perpetual duration. Deficiencies of this nature that are reported in unrestricted net assets were \$0 as of September 30, 2018 and 2017. These deficiencies resulted from unfavorable market fluctuations.

*Strategies Employed for Achieving Objectives*—To satisfy its long-term rate-of-return objectives, SIM USA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). SIM USA targets a diversified asset allocation that places a greater emphasis on fixed income investments to achieve its long-term return objectives within prudent risk constraints.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*—SIM USA has a policy of appropriating for distribution each year 5% of the value of each fund. This calculation is based upon the actual rate of return on the endowment funds for the previous calendar year. In establishing this policy, SIM USA's board considered long-term expected return on its endowment. This is consistent with the board's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment returns.



# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

### 14. PRIOR PERIOD ADJUSTMENT:

During the year ended September 30, 2018, it was determined SIM USA did not properly classify certain net assets, incorrectly expensed funds in the prior year that were prepaid expenses, and did not record a payroll accrual. These errors were due to a misapplication of accounting principles generally accepted in the United States of America (GAAP). The correction of these errors had the following impact on the 2017 combined financial statements:

	As Previously Reported	Adjustment	As Restated
<b>Combined Statements of Financial Position:</b>			
Other assets	\$ 923,047	\$ 165,841	\$ 1,088,888
Accounts payable and accrued expenses	\$ 714,968	\$ 119,683	\$ 834,651
Unrestricted net assets	\$ 14,140,638	\$ 1,474,679	\$ 15,615,317
Temporarily restricted net assets	\$ 20,392,501	\$ (1,428,521)	\$ 18,963,980
Total net assets	\$ 37,159,411	\$ 46,158	\$ 37,205,569
<b>Combined Statements of Activities:</b>			
Unrestricted contribution	\$ 252,465	\$ 1,652,493	\$ 1,904,958
Temporarily restricted contributions	\$ 48,914,664	\$ (1,652,493)	\$ 47,262,171
Releases from restriction	\$ 49,005,946	\$ (1,348,190)	\$ 47,657,756
Management and general expenses	\$ 7,840,063	\$ 9,162	\$ 7,849,225
Fund-raising expenses	\$ 2,573,080	\$ (165,841)	\$ 2,407,239
Change in unrestricted net assets	\$ (194,563)	\$ 460,982	\$ 266,419
Change in temporarily restricted net assets	\$ 368,983	\$ (304,303)	\$ 64,680
Total change in net assets	\$ 174,420	\$ 156,679	\$ 331,099
Unrestricted net assets, beginning balance	\$ 14,335,201	\$ 1,013,697	\$ 15,348,898

# SIM USA, INC.

## Notes to Combined Financial Statements

September 30, 2018 and 2017 (Restated)

14. PRIOR PERIOD ADJUSTMENT, continued:

	As Previously Reported	Adjustment	As Restated
Combined Statements of Activities, continued:			
Temporarily restricted net assets, beginning balance	\$ 20,023,518	\$ (1,124,218)	\$ 18,899,300
Unrestricted net assets, ending balance	\$ 14,140,638	\$ 1,474,679	\$ 15,615,317
Temporarily restricted net assets, ending balance	\$ 20,392,501	\$ (1,428,521)	\$ 18,963,980
Total net assets, ending balance	\$ 37,159,411	\$ 46,158	\$ 37,205,569
Combined Statements of Cash Flows:			
Changes in operating assets and liabilities:			
Other assets	\$ (63,545)	\$ (165,841)	\$ (229,386)
Accounts payable and accrued expenses	\$ 310,576	\$ 9,162	\$ 319,738

15. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 12, 2019, which represents the date the combined financial statements were available to be issued. Subsequent events after that date have not been evaluated.

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
SIM USA, Inc.  
Charlotte, North Carolina

We have audited the combined financial statements of SIM USA, Inc. as of and for the years ended September 30, 2018 and 2017, and our report thereon dated March 12, 2019, which expresses an unmodified opinion on those combined financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Sudan Interior Mission, Inc.–Segregated Gift Annuity Fund statements of financial position and statements of activities as of and for the years ended September 30, 2018 and 2017, respectively, are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

*Capin Crouse LLP*

Columbia, South Carolina  
March 12, 2019

**SUDAN INTERIOR MISSION, INC.  
SEGREGATED GIFT ANNUITY FUND**

**Statements of Financial Position**

	September 30,	
	2018	2017
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 1,412	\$ 6,297
Investments	3,064,853	3,212,046
<b>Total Assets</b>	<b>\$ 3,066,265</b>	<b>\$ 3,218,343</b>
<b>LIABILITIES AND NET ASSETS:</b>		
<b>Liabilities:</b>		
Current portion of annuities payable	\$ 271,431	\$ 276,033
Annuities payable—net of current portion	1,481,189	1,548,607
	1,752,620	1,824,640
<b>Net assets:</b>		
Other	849,201	910,174
Required minimum reserve (New York)	464,444	483,529
	1,313,645	1,393,703
<b>Total Liabilities and Net Assets</b>	<b>\$ 3,066,265</b>	<b>\$ 3,218,343</b>

**SUDAN INTERIOR MISSION, INC.  
SEGREGATED GIFT ANNUITY FUND**

**Statements of Activities**

	Year Ended September 30,	
	2018	2017
<b>INCOME:</b>		
Net gains on investments	\$ 42,821	\$ 285,075
Interest and dividend income	60,278	82,613
Actuarial change	84,646	165,494
New annuities	7,373	7,957
Total Income	195,118	541,139
<b>EXPENSES:</b>		
Actuarial change-payments to annuitants	275,176	296,288
Change in Net Assets	(80,058)	244,851
Net Assets, Beginning of Year	1,393,703	1,148,852
Net Assets, End of Year	\$ 1,313,645	\$ 1,393,703