



SIM USA, INC.

Combined Financial Statements
With Independent Auditors' Report

September 30, 2023 and 2022

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, 2023 and 2022, and the related combined statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the combined financial statements.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of SIM USA, Inc. as of September 30, 2023 and 2022, 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 audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Combined Financial Statements* section of our report. We are required to be independent of SIM USA, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Combined Financial Statements

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

In preparing the combined financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SIM USA, Inc.'s ability to continue as a going concern within one year after the date that the combined financial statements are available to be issued.

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

Auditors' Responsibility for the Audit of the Combined Financial Statements

Our objectives are to obtain reasonable assurance about whether the combined 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 generally accepted auditing standards 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 combined financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined 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 combined 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 SIM USA, Inc.'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 combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SIM USA Inc.'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.

Capin Crouse LLP

Lawrenceville, Georgia
February 15, 2024

SIM USA, INC.

Combined Statements of Financial Position

	September 30,	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 1,187,989	\$ 394,850
Deposits with related organization	-	366,597
Investments	41,026,648	39,060,711
Other assets	1,190,331	1,056,794
Property and equipment–net	4,055,741	4,812,153
Total Assets	\$ 47,460,709	\$ 45,691,105
LIABILITIES AND NET ASSETS:		
Liabilities:		
Accounts payable and accrued expenses	\$ 2,665,227	\$ 1,461,463
Other liabilities	982,246	1,141,589
Deferred compensation payable	1,212,072	1,175,135
Annuity and trust liabilities	12,105,889	11,649,254
Total liabilities	16,965,434	15,427,441
Net assets:		
Without donor restriction	5,387,948	4,540,928
With donor restriction	25,107,327	25,722,736
Total net assets	30,495,275	30,263,664
Total Liabilities and Net Assets	\$ 47,460,709	\$ 45,691,105

See notes to combined financial statements

SIM USA, INC.

Combined Statement of Activities

Year Ended September 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
INCOME:			
Support and revenue:			
Contributions	\$ 4,459,375	\$ 45,404,835	\$ 49,864,210
Rental, sales, and other	224,892	-	224,892
	4,684,267	45,404,835	50,089,102
Investment income and change in value of annuities and trusts:			
Net investment gains	1,664,035	201,809	1,865,844
Interest and dividend income	777,158	64,072	841,230
Change in value of annuities and trusts	199,774	(711)	199,063
	2,640,967	265,170	2,906,137
Total Income	7,325,234	45,670,005	52,995,239
RECLASSIFICATIONS:			
Net assets released from time and use restrictions	46,285,414	(46,285,414)	-
EXPENSES:			
Program services:			
Field and project service	20,181,472	-	20,181,472
Evangelism and discipleship	10,807,194	-	10,807,194
Recruit, train, send care	5,992,660	-	5,992,660
Education	4,118,882	-	4,118,882
Healthcare ministry	2,765,976	-	2,765,976
Retirement care	1,787,411	-	1,787,411
Community development	955,120	-	955,120
	46,608,715	-	46,608,715
Supporting activities:			
Management and general	4,662,632	-	4,662,632
Fund-raising	1,492,281	-	1,492,281
	6,154,913	-	6,154,913
Total Expenses	52,763,628	-	52,763,628
Change in Net Assets	847,020	(615,409)	231,611
Net Assets, Beginning of Year	4,540,928	25,722,736	30,263,664
Net Assets, End of Year	\$ 5,387,948	\$ 25,107,327	\$ 30,495,275

See notes to combined financial statements

SIM USA, INC.

Combined Statement of Activities

Year Ended September 30, 2022

	Without Donor Restriction	With Donor Restriction	Total
INCOME:			
Support and revenue:			
Contributions	\$ 3,526,106	\$ 46,677,177	\$ 50,203,283
Rental, sales, and other	875,260	-	875,260
	4,401,366	46,677,177	51,078,543
Investment income and change in value of annuities and trusts:			
Net investment losses	(5,607,587)	(564,719)	(6,172,306)
Interest and dividend income	853,267	64,297	917,564
Change in value of annuities and trusts	(727,654)	(202,258)	(929,912)
	(5,481,974)	(702,680)	(6,184,654)
Total Income	(1,080,608)	45,974,497	44,893,889
RECLASSIFICATIONS:			
Net assets released from time and use restrictions	46,372,242	(46,372,242)	-
	46,372,242	(46,372,242)	-
EXPENSES:			
Program services:			
Field and project service	23,847,562	-	23,847,562
Evangelism and discipleship	8,868,109	-	8,868,109
Healthcare ministry	2,573,158	-	2,573,158
Recruit, train, send care	5,789,848	-	5,789,848
Education	3,254,558	-	3,254,558
Retirement care	1,708,162	-	1,708,162
Community development	836,198	-	836,198
	46,877,595	-	46,877,595
Supporting activities:			
Management and general	5,748,354	-	5,748,354
Fund-raising	2,043,405	-	2,043,405
	7,791,759	-	7,791,759
Total Expenses	54,669,354	-	54,669,354
Change in Net Assets	(9,377,720)	(397,745)	(9,775,465)
Net Assets, Beginning of Year	13,918,648	26,120,481	40,039,129
Net Assets, End of Year	\$ 4,540,928	\$ 25,722,736	\$ 30,263,664

See notes to combined financial statements

SIM USA, INC.

Combined Statements of Cash Flows

	Year Ended September 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 231,611	\$ (9,775,465)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Net realized and unrealized (gains) losses	(1,865,844)	6,172,306
Loss on disposal of property and equipment	607,370	63,169
Contribution portion of new annuities	-	(2,850)
Change in value of annuities	(199,774)	727,654
Change in value of trust assets	711	202,258
Depreciation	306,317	662,830
Changes in operating assets and liabilities:		
Deposits with related organization	366,597	136,740
Other assets	(133,537)	228,432
Accounts payable and accrued expenses	1,203,764	671,164
Deferred rental revenue	66,088	66,088
Nonqualified deferred compensation plan	36,937	(280,621)
Missionary personal accounts	(225,431)	(107,876)
Net Cash Provided (Used) by Operating Activities	394,809	(1,236,171)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(161,026)	(167,181)
Proceeds from sales of property and equipment	3,751	-
Purchases of investments	(1,157,319)	(766,869)
Proceeds from sales of investments	1,914,486	2,683,699
Net Cash Provided by Investing Activities	599,892	1,749,649
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of annuity and trust obligations	(201,562)	(501,977)
Face value of new annuities and trusts	-	23,334
Net Cash Used by Financing Activities	(201,562)	(478,643)
Net Change in Cash and Cash Equivalents	793,139	34,835
Cash and Cash Equivalents, Beginning of Year	394,850	360,015
Cash and Cash Equivalents, End of Year	\$ 1,187,989	\$ 394,850

See notes to combined financial statements

SIM USA, INC.

Combined Statement of Functional Expenses

Year Ended September 30, 2023

	Program Services							Support Services			Total	
	Education	Evangelism and Discipleship	Community Development	Field and Project Service	Healthcare Ministry	Retirement Care	Recruit, Train, Send Care	Total Program	Management and General	Fund- raising		Total Support
Salary, benefits, and taxes	\$ 2,778,086	\$ 8,350,823	\$ 722,964	\$ 9,258,399	\$ 1,960,454	\$ 1,740,860	\$ 4,297,977	\$29,109,563	\$ 3,193,409	\$ 993,568	\$ 4,186,977	\$ 33,296,540
Grants to other organizations	716,372	764,203	95,411	8,582,172	240,247	-	364,819	10,763,224	-	-	-	10,763,224
Travel	293,148	872,306	69,846	784,884	253,027	4,123	420,938	2,698,272	33,457	39,814	73,271	2,771,543
Advertising and promotions	63,903	163,463	8,960	97,433	13,878	-	313,465	661,102	10,989	114,264	125,253	786,355
Professional fees	14,667	50,609	9,444	78,039	6,899	4,701	144,958	309,317	197,007	173,508	370,515	679,832
Office supplies	72,993	90,972	9,148	193,736	121,831	6,114	140,762	635,556	498,761	44,983	543,744	1,179,300
Repairs, maintenance, and equipment	17,654	60,445	13,870	358,041	31,509	2,282	42,547	526,348	44,704	7,545	52,249	578,597
Insurance	30,316	79,086	6,743	216,044	20,228	13,485	43,828	409,730	257,138	45,713	302,851	712,581
Depreciation	13,385	34,206	2,974	87,948	8,923	5,949	19,334	172,719	113,432	20,166	133,598	306,317
Staff training	52,755	191,734	2,676	164,387	46,404	47	131,278	589,281	12,896	13,559	26,455	615,736
Computer technology	16,100	35,948	2,542	55,306	14,701	3,928	22,421	150,946	182,583	17,744	200,327	351,273
Occupancy	14,659	36,897	4,086	206,693	8,581	4,890	17,275	293,081	93,239	16,576	109,815	402,896
Telephone	18,583	48,658	4,362	72,014	19,175	979	20,957	184,728	22,474	4,101	26,575	211,303
Other	16,261	27,844	2,094	26,376	20,119	53	12,101	104,848	2,543	740	3,283	108,131
	<u>\$ 4,118,882</u>	<u>\$ 10,807,194</u>	<u>\$ 955,120</u>	<u>\$20,181,472</u>	<u>\$ 2,765,976</u>	<u>\$ 1,787,411</u>	<u>\$ 5,992,660</u>	<u>\$46,608,715</u>	<u>\$ 4,662,632</u>	<u>\$1,492,281</u>	<u>\$ 6,154,913</u>	<u>\$ 52,763,628</u>

See notes to combined financial statements

SIM USA, INC.

Combined Statement of Functional Expenses

Year Ended September 30, 2022

	Program Services							Support Services			Total	
	Education	Evangelism and Discipleship	Community Development	Field and Project Service	Healthcare Ministry	Retirement Care	Recruit, Train, Send Care	Total Program	Management and General	Fund- raising		Total Support
Salary, benefits, and taxes	\$ 2,781,501	\$ 7,651,031	\$ 730,152	\$ 10,038,087	\$ 2,098,770	\$ 1,601,068	\$ 4,632,156	\$ 29,532,765	\$ 3,787,574	\$ 1,003,309	\$ 4,790,883	\$ 34,323,648
Grants to other organizations	-	-	-	11,035,233	-	-	-	11,035,233	-	-	-	11,035,233
Advertising and promotions	222,198	538,159	47,673	804,094	209,792	36,342	351,382	2,209,640	35,169	59,712	94,881	2,304,521
Travel	77,629	209,322	13,318	164,800	88,850	1,358	232,187	787,464	89,860	400,355	490,215	1,277,679
Repairs, maintenance, and equipment	10,756	36,047	2,621	81,846	9,380	4,098	134,843	279,591	305,502	438,590	744,092	1,023,683
Professional fees	40,246	111,222	13,347	313,770	70,519	18,504	177,110	744,718	520,495	41,968	562,463	1,307,181
Office supplies	8,622	19,264	2,162	157,284	10,927	3,387	15,157	216,803	251,380	12,880	264,260	481,063
Computer technology	8,101	23,914	2,273	160,268	7,822	3,534	14,053	219,965	302,717	13,654	316,371	536,336
Depreciation	13,864	39,609	3,961	383,764	11,883	5,941	23,766	482,788	153,036	27,006	180,042	662,830
Insurance	50,946	134,616	11,611	305,433	30,950	18,606	119,948	672,110	23,024	6,233	29,257	701,367
Staff training	7,576	22,337	1,900	49,464	6,513	2,622	27,952	118,364	166,408	19,209	185,617	303,981
Occupancy	12,043	33,604	3,225	216,350	9,964	5,224	20,060	300,470	90,369	16,252	106,621	407,091
Telephone	13,474	36,529	2,885	96,355	10,805	5,460	23,237	188,745	19,062	3,686	22,748	211,493
Other	7,602	12,455	1,070	40,814	6,983	2,018	17,997	88,939	3,758	551	4,309	93,248
	<u>\$ 3,254,558</u>	<u>\$ 8,868,109</u>	<u>\$ 836,198</u>	<u>\$ 23,847,562</u>	<u>\$ 2,573,158</u>	<u>\$ 1,708,162</u>	<u>\$ 5,789,848</u>	<u>\$ 46,877,595</u>	<u>\$ 5,748,354</u>	<u>\$ 2,043,405</u>	<u>\$ 7,791,759</u>	<u>\$ 54,669,354</u>

See notes to combined financial statements

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

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, 2023 and 2022

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 combined 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:

Net assets without donor restriction 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.

Net assets with donor restriction are contributed with donor stipulations for specific operating purposes or programs, with time restrictions, not currently available for use until commitments regarding their use have been fulfilled, or 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, and savings accounts. SIM USA also uses sweep accounts, and funds are transferred automatically as needed. As of September 30, 2023 and 2022, there were \$680,144 and \$0 in deposits in excess of federally insured limits, respectively.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

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. Due to SIM USA's ability to access the funds without penalty, these assets are treated as an operating asset. During the year ended September 30, 2023, SIM USA transferred these funds to a separate financial institution.

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 Lucent Insurance, Ltd. (Lucent). See Note 4 for the valuation of investments in Lucent.

INVESTMENT IN REAL ESTATE

Investment in real estate includes 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.

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.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

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 net assets without donor restriction.

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 contribution 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%. 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 with donor restriction contributions in the period received, net assets with donor restriction, and reclassification to net assets without donor restriction 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).

OTHER LIABILITIES

Other liabilities consist of deferred income, missionary personal accounts, and a pledge payable to another organization.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

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 support with donor restriction 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, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the combined statements of activities as net assets released from restrictions.

SIM USA reports gifts of property and equipment as support without donor restriction 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.

ALLOCATION OF EXPENSES

Expenses are recorded when incurred in accordance with the accrual basis of accounting. The costs of providing 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 activities benefited. The expenses that are allocated include the depreciation expense, information services department, overhead department, and services department including the mail room, purchasing/shipping, and maintenance. These expenses were allocated based on the number of staff within program services compared to the total number of non-missionary staff located within the home office as a whole.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the financial assets of SIM USA as of the combined statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the combined statement of financial position date. Amounts not available include amounts set aside for reserves designated by the board that could be drawn upon if the governing board approves that action.

	September 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 1,187,989	\$ 394,850
Accounts receivable	283,292	215,108
Deposits with related organization	-	366,597
Investments	41,026,648	39,060,711
Financial assets, at year-end	42,497,929	40,037,266
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with purpose and time restrictions:		
Projects	(249,381)	(266,755)
Ministry funds	(15,251,391)	(16,246,376)
Endowment earnings	16,909	282,790
Charitable remainder trusts	(448,246)	(468,887)
Irrevocable trusts	(697,770)	(677,840)
Contractual restrictions:		
Revocable trusts	(10,620,849)	(10,197,075)
State required annuity reserve	(284,481)	(300,474)
Restricted in perpetuity endowment	(2,578,717)	(2,578,717)
Board designations:		
Endowment	(721,495)	(708,061)
	(30,835,421)	(31,161,395)
Financial assets available to meet cash needs for general expenditures within one year	\$ 11,662,508	\$ 8,875,871

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

As of September 30, 2023 and 2022, SIM USA had \$11,662,508 and \$8,875,871 of financial assets available within one year of the combined statement of financial position date consisting largely of cash and short-term investments, respectively. Financial assets are structured to be available as SIM USA's general expenditures, liabilities, and other obligations come due. Any excess cash is invested in short-term investments in accordance with its investment policy statement. None of these assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the combined statement of financial position date. Respectively, SIM USA had \$721,495 and \$708,061 in endowment assets as of September 30, 2023 and 2022, that are designated by the board, as part of the annual budgeting process, which can be used to meet annual cash needs or as otherwise approved by the board.

4. INVESTMENTS:

Investments consist of:

	September 30,	
	2023	2022
At fair value:		
Mutual funds	\$ 19,833,821	\$ 18,307,836
Fixed income securities	19,258,741	19,023,052
	39,092,562	37,330,888
Not at fair value:		
Cash and cash equivalents	585,028	357,083
Privately held captive entity, equity method	871,838	895,520
Real estate, at cost	477,220	477,220
	\$ 41,026,648	\$ 39,060,711
Investments are held for:		
Operating funds	\$ 21,893,121	\$ 20,936,911
Annuities	2,453,397	2,328,687
Nonqualified deferred compensation plan	1,212,072	1,175,135
Trust assets	12,184,755	11,615,990
Endowment assets:		
Board-designated	721,495	708,061
Donor-restricted	2,561,808	2,295,927
	\$ 41,026,648	\$ 39,060,711

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

4. INVESTMENTS, continued:

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 \$871,838 and \$895,520, as of September 30, 2023 and 2022, which represents 6.4% of Lucent's total equity for both years. 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, 2023 and 2022. SIM USA paid approximately \$195,000 and \$190,000 in premiums to Lucent during the years ended September 30, 2023 and 2022. SIM USA received approximately \$32,000 and \$35,000 in reimbursements from Lucent during the years ended September, 30, 2023 and 2022.

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

	September 30,	
	2023	2022
Total assets	\$ 21,154,000	\$ 19,350,000
Total liabilities	\$ 7,629,000	\$ 5,348,000
Comprehensive income (net of dividends)	\$ 420,000	\$ (1,268,000)

Amounts represent unaudited balances and activities through and for the years ended August 31, 2023 and 2022.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

5. 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 Value Measurements at September 30, 2023				
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income securities	\$ 19,258,741	\$ -	\$ 19,258,741	\$ -
Mutual funds	19,833,821	19,833,821	-	-
	\$ 39,092,562	\$ 19,833,821	\$ 19,258,741	\$ -

Fair Value Measurements at September 30, 2022				
	Total	Level 1	Level 2	Level 3
Investments:				
Fixed income securities	\$ 19,023,052	\$ -	\$ 19,023,052	\$ -
Mutual funds	18,307,836	18,307,836	-	-
	\$ 37,330,888	\$ 18,307,836	\$ 19,023,052	\$ -

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

5. FAIR VALUE MEASUREMENTS, continued:

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

Valuation techniques : Fair values for mutual funds are based on quoted market prices in an active market. The fair value of fixed income securities are based on yields currently available for comparable securities of issuers with similar credit ratings.

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.

6. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

	September 30,	
	2023	2022
Charlotte property and equipment:		
Land and land developments	\$ 1,646,156	\$ 1,656,935
Buildings	3,881,699	3,881,699
Furniture and equipment	1,246,491	1,235,208
Airplanes and vehicles	119,750	2,200,349
	6,894,096	8,974,191
Less accumulated depreciation	(3,993,479)	(5,313,917)
	2,900,617	3,660,274
Retirement property, Sebring, Florida:		
Land and land developments	170,528	159,749
Buildings	4,792,198	4,692,476
Furniture and equipment	191,124	151,303
	5,153,850	5,003,528
Less accumulated depreciation	(3,998,726)	(3,851,649)
	1,155,124	1,151,879
	\$ 4,055,741	\$ 4,812,153

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

7. ANNUITY AND TRUST LIABILITIES:

Annuity liabilities consist of:

	September 30,	
	2023	2022
Computed present value of annuity liabilities	\$ 1,067,150	\$ 1,127,501
Less current portion	(153,269)	(157,634)
Long-term portion	\$ 913,881	\$ 969,867
Change in value of annuities includes:		
Net realized and unrealized gains (losses)	\$ 212,540	\$ (717,671)
Investment income	58,361	45,312
Actuarial change	(71,127)	(55,295)
	\$ 199,774	\$ (727,654)
Trust liabilities consist of:		
Revocable trusts	\$ 10,620,849	\$ 10,197,075
Irrevocable trusts—other remaindermen and lifetime interests	417,890	324,678
	\$ 11,038,739	\$ 10,521,753

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

7. ANNUITY AND TRUST LIABILITIES, continued:

Change in value of trusts includes:

	Year Ended September 30,	
	2023	2022
Interest and dividends	\$ 39,384	\$ 40,286
Realized gains (losses)	(4,508)	5,682
Unrealized gains (losses)	127,709	(359,705)
Actuarial change	(93,213)	363,665
Payments to beneficiaries	(70,083)	(252,186)
	\$ (711)	\$ (202,258)

8. NET ASSETS:

Net assets consist of:

	September 30,	
	2023	2022
Without donor restriction:		
Undesignated	\$ 3,264,984	\$ 2,615,179
Board-designated endowment	721,495	708,061
Management designated:		
State required annuity reserves	284,481	300,474
Annuity investment reserve	1,116,988	917,214
	1,401,469	1,217,688
Total net assets without donor restriction	5,387,948	4,540,928

(continued)

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

8. NET ASSETS, continued:

Net assets consist of, continued:

	September 30,	
	2023	2022
With donor restriction:		
Restricted by time or purpose:		
Projects	249,381	266,755
Ministry funds	15,251,391	16,246,376
Future support	5,898,731	5,766,951
Endowment accumulated deficit	(16,909)	(282,790)
Charitable remainder trusts	448,246	468,887
Irrevocable trusts	697,770	677,840
	<u>22,528,610</u>	<u>23,144,019</u>
Restricted in perpetuity endowment	2,578,717	2,578,717
Total net assets with donor restriction	<u>25,107,327</u>	<u>25,722,736</u>
	<u>\$ 30,495,275</u>	<u>\$ 30,263,664</u>

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

9. TRANSACTIONS WITH RELATED PARTIES:

SIM INTERNATIONAL AND OTHER SIM ENTITIES

In accordance with international policy, all national divisions of SIM USA make payments to SIM International Administration for salary allowance, missionary area care, administrative costs, and undesignated contributions that exceed \$5,000 for the years ended September 30, 2023 and 2022, to be used for specific ministries. In addition, missionary support received by one division for another is remitted to the appropriate division.

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

	Year Ended September 30,	
	2023	2022
Salary allowance	\$ 115,959	\$ 75,244
Service fees	840,948	846,108
Specific ministries	6,671,392	6,948,674
Missionary support for other SIM entities	3,642,445	3,523,057
	<u>\$ 11,270,744</u>	<u>\$ 11,393,083</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, 2023 and 2022. This commitment will be paid upon the sale of certain land owned by SIM.

RELATED PARTY CONTRIBUTIONS

Approximately \$124,000 and \$180,000 of contribution revenue was received from members of the board of directors or companies they own during the years ended September 30, 2023 and 2022, respectively.

10. CONTINGENCIES:

In accordance with the terms of the lease agreement with an unrelated party, 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. In December 2022, SIM USA sold the airplane to SIM International for \$1.

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

11. 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. 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 30 year 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 20 and 30 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, 2023 and 2022

12. ENDOWMENTS:

SIM USA's endowments consist of 5 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 as net assets with donor restriction by perpetuity are classified as net assets with donor restriction by time or purpose 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, 2023 and 2022

12. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2023:

	Without Donor Restriction	With Donor Restriction	
		Accumulated Earnings (Deficit)	Original Gift
Donor-restricted endowment funds	\$ -	\$ (16,909)	\$ 2,578,717
Board-designated endowment funds	721,495	-	-
	\$ 721,495	\$ (16,909)	\$ 2,578,717

Changes in endowment net assets for the year ended September 30, 2023:

	Without Donor Restriction	With Donor Restriction	
		Accumulated Earnings (Losses)	Original Gift
Endowment net assets, beginning of year	\$ 708,061	\$ (282,790)	\$ 2,578,717
Investment return:			
Interest and dividends	18,933	64,072	-
Net gains (realized and unrealized)	65,485	201,809	-
	84,418	265,881	-
Contributions	-	-	-
Amounts appropriated for expenditure	(70,984)	-	-
	\$ 721,495	\$ (16,909)	\$ 2,578,717

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

12. ENDOWMENTS, continued:

Endowment net asset composition by type of fund as of September 30, 2022:

	Without Donor Restriction	With Donor Restriction	
		Accumulated Earnings	Original Gift
Donor-restricted endowment funds	\$ -	\$ (282,790)	\$ 2,578,717
Board-designated endowment funds	708,061	-	-
	\$ 708,061	\$ (282,790)	\$ 2,578,717

Changes in endowment net assets for the year ended September 30, 2022:

	Without Donor Restriction	With Donor Restriction	
		Accumulated Earnings	Original Gift
Endowment net assets, beginning of year	\$ 940,214	\$ 395,152	\$ 2,578,717
Investment return:			
Interest and dividends	20,401	64,297	-
Net losses (realized and unrealized)	(179,568)	(564,719)	-
	(159,167)	(500,422)	-
Contributions	-	-	-
Amounts appropriated for expenditure	(72,986)	(177,520)	-
Endowment net asset, end of year	\$ 708,061	\$ (282,790)	\$ 2,578,717

SIM USA, INC.

Notes to Combined Financial Statements

September 30, 2023 and 2022

12. 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 require SIM USA to retain as a fund of perpetual duration. As of September 30, 2023 and 2022, such deficiencies totaled \$16,909 and \$282,790, respectively. The original endowment gifts for these funds totaled \$2,578,717, with the fair market value of the underwater endowments totaled \$2,561,808 and \$2,295,927 as of September 30, 2023 and 2022, respectively.

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.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through February 15, 2024, 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, 2023 and 2022, and our report thereon dated February 15, 2024, 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 activities as of and for the years ended September 30, 2023 and 2022, 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

Lawrenceville, Georgia
February 15, 2024

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

Statements of Financial Position

	September 30	
	2023	2022
ASSETS:		
Cash and cash equivalents	\$ 15,222	\$ 16,502
Investments	2,453,397	2,328,687
	\$ 2,468,619	\$ 2,345,189
LIABILITIES AND NET ASSETS:		
Liabilities:		
Current portion of annuities payable	\$ 153,269	\$ 157,634
Annuities payable–net of current portion	913,881	969,867
Total liabilities	1,067,150	1,127,501
Net assets:		
Other	1,116,988	917,214
Required minimum reserve (New York)	284,481	300,474
Total net assets	1,401,469	1,217,688
Total Liabilities and Net Assets	\$ 2,468,619	\$ 2,345,189

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

Statements of Activities

	September 30	
	2023	2022
INCOME:		
Net gains (losses) on investments	\$ 212,540	\$ (717,671)
Interest and dividend income	58,361	45,312
Actuarial change	63,567	116,009
New annuities	-	11,230
Total Income	334,468	(545,120)
EXPENSES:		
Actuarial change—payments to annuitants	150,687	171,304
Change in Net Assets	183,781	(716,424)
Net Assets, Beginning of Year	1,217,688	1,934,112
Net Assets, End of Year	\$ 1,401,469	\$ 1,217,688