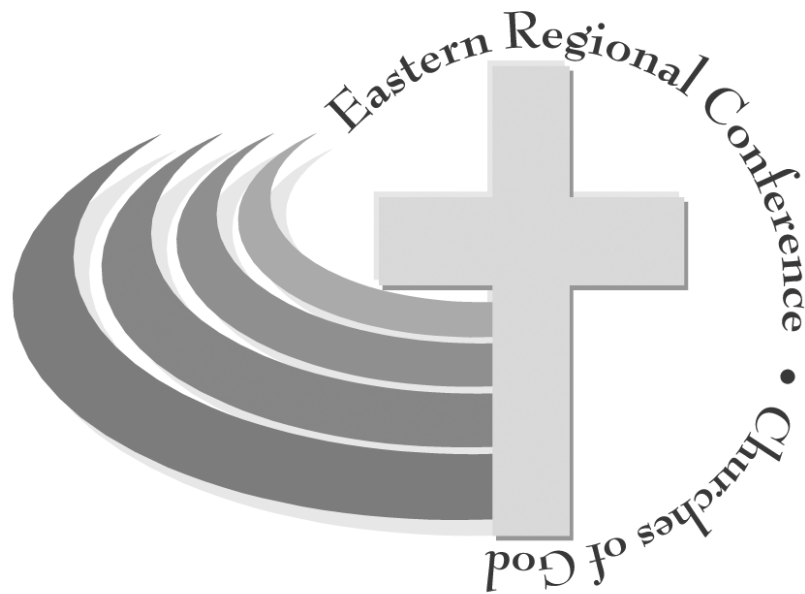


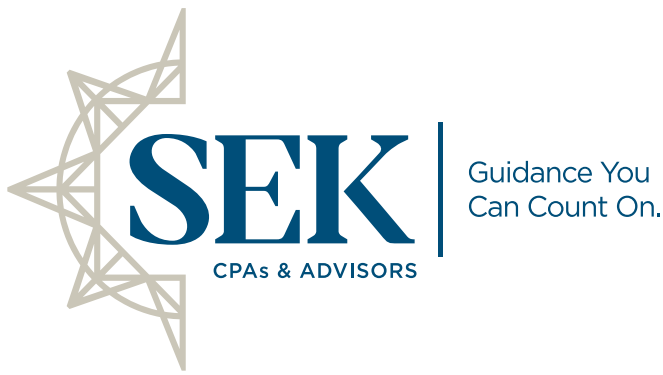
Reviewed
Financial
Statement

December 31,
2021



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Administrative Council
Eastern Regional Conference of
the Churches of God
Harrisburg, Pennsylvania

We have reviewed the accompanying statement of assets, liabilities, and net assets - modified cash basis of the Eastern Regional Conference of the Churches of God (a nonprofit organization) as of December 31, 2021, and the related notes to the statement of assets, liabilities, and net assets - modified cash basis. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the statement of assets, liabilities, and net assets - modified cash basis as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the statement of assets, liabilities, and net assets in accordance with the modified cash basis of accounting; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a statement of assets, liabilities, and net assets - modified cash basis that is free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statement for it to be in accordance with the modified cash basis of accounting. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of Eastern Regional Conference of the Churches of God and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, except for the issue noted in the Known Departure from Modified Cash Basis Accounting paragraph, we are not aware of any material modifications that should be made to the accompanying statement of assets, liabilities, and net assets – modified cash basis in order for it to be in accordance with the modified cash basis of accounting.

Known Departure from Modified Cash Basis of Accounting

As disclosed in Note 1 to the statement of assets, liabilities, and net assets - modified cash basis, under the modified cash basis of accounting, expenses are not accrued. If the account payable, and vocations escrow payable had not been accrued, net assets would be increased by \$ 82,896.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The statement of assets, liabilities, and net assets - modified cash basis has been prepared in accordance with the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Supplementary Information

The accompanying summary of net assets is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such information is the responsibility of management. We have not audited or reviewed such information and we do not express an opinion, a conclusion, nor provide any form of assurance on it.

Smith Elliott Hearn & Company, LLC.

Carlisle, Pennsylvania
June 20, 2022

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Statement of Assets, Liabilities and Net Assets - Modified Cash Basis
December 31, 2021

ASSETS

Current Assets

| | |
|----------------------------|------------------|
| Cash and cash equivalents | \$ 744,983 |
| Certificates of deposit | 149,924 |
| Investments, at fair value | 418,767 |
| Total current assets | <u>1,313,674</u> |

Property and Equipment

| | |
|-------------------------------|---------------|
| Vehicles | 38,985 |
| Less accumulated depreciation | 28,183 |
| Net property and equipment | <u>10,802</u> |

Other Assets

| | |
|-------------------------|----------------|
| Non-current investments | <u>512,088</u> |
|-------------------------|----------------|

| | |
|--------------|---------------------|
| Total assets | <u>\$ 1,836,564</u> |
|--------------|---------------------|

LIABILITIES AND NET ASSETS

Current Liabilities

| | |
|----------------------------------|----------------|
| Accrued payroll liabilities | \$ 839 |
| Accounts payable - vendors | 117,947 |
| Current vocations escrow payable | 7,323 |
| Total current liabilities | <u>126,109</u> |

Long-Term Liabilities

| | |
|----------------------------------------------|---------------|
| Vocations escrow payable - long-term portion | <u>41,077</u> |
|----------------------------------------------|---------------|

| | |
|-------------------|----------------|
| Total liabilities | <u>167,186</u> |
|-------------------|----------------|

Net Assets

| | |
|------------------------------------------|------------------|
| Without donor restriction - undesignated | 922,465 |
| With donor restriction | 746,913 |
| Total net assets | <u>1,669,378</u> |

| | |
|----------------------------------|---------------------|
| Total liabilities and net assets | <u>\$ 1,836,564</u> |
|----------------------------------|---------------------|

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Eastern Regional Conference of the Churches of God (The Conference) is a non-profit Conference affiliated with the Churches of God, General Conference headquartered in Findlay, Ohio. It oversees the collection of donations and tithes from various affiliated churches and sees that these funds are used for their intended purposes. It also assists in the building of churches through the Home Mission Council, Inc. and makes loans to individuals and affiliated churches for various purposes.

Basis of Accounting

The Conference's policy is to prepare its financial statement on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Because of this, receivables, and payables (except for accounts payable and vocations escrow payable), which may be material in amount, are not presented.

Donor Restrictions

The Conference reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires (that is, when a stipulated time restriction ends, or a purpose restriction is accomplished), those net assets with donor restrictions are reclassified as net assets without donor restrictions. Certain contributions received with donor restrictions may also be required to be held in perpetuity. The Conference reports information regarding its financial position according to two classes of net assets based on the existence or absence of donor-imposed restrictions: net assets without and with donor restrictions.

Investments

Investments are stated at fair value.

Property and Equipment

Property and equipment consist of vehicles recorded at cost, which are depreciated using the straight-line method over a period of five years.

Income Taxes

The Conference is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Conference's policy is to charge penalties and interest to income tax expense as incurred. The Conference's tax positions are subject to examination by the Internal Revenue Service and state tax authorities, generally for a period of three years after the returns are filed. The Conference's most significant tax position is that it is exempt from payment of federal and state income taxes. Accordingly, the Conference has not reported any income tax expense for the year ended December 31, 2021.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2021

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Date of Management's Review of Subsequent Events

Management has evaluated subsequent events through June 20, 2022, the date which the financial statement was available to be issued. There have been no events that qualify for either recognition or disclosure in the Conference's financial statements.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following represents the Conference's financial assets as of December 31, 2021, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of assets, liabilities and net assets – modified cash basis. Amounts not available include net assets with restrictions. Amounts already appropriated from either the donor-restricted endowment for general expenditure within one year of the statement of assets, liabilities, and net assets – modified cash basis have not been subtracted as unavailable.

| | 2021 |
|----------------------------------------------------------------------------------------|-------------------|
| Financial assets at year end: | |
| Cash and cash equivalents | \$ 744,983 |
| Certificates of deposit | 149,924 |
| Investments | 930,855 |
| Total financial assets | <u>1,825,762</u> |
| Less amounts not available to be used within one year: | |
| Net assets with donor restrictions | 746,913 |
| Conference designated assets | 370,041 |
| | <u>1,116,954</u> |
| Financial assets available to meet general expenditures over the next twelve months | <u>\$ 708,808</u> |

The Conference is primarily supported by contributions without donor restrictions; however, some contributions are received with donor restrictions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Conference must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets with a related donor restriction may not be available for general expenditure within one year. As part of its liquidity plan, financial assets are structured to be available as general expenditures, liabilities, and other obligations come due. In addition, the Conference invests excess cash in short-term investments, including certificates of deposits, equity, and debt securities. In the event of an unanticipated liquidity need, the Conference could draw upon the portion of these short-term investments that are without donor restriction.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2021

NOTE 3 INVESTMENTS

Investments consist of the following at December 31, 2021:

| | | |
|---------------------------|----|----------------|
| Cash and cash equivalents | \$ | 40,818 |
| Equity securities | | 356,306 |
| Debt securities | | 388,380 |
| Mutual funds | | 145,351 |
| | | <u>145,351</u> |
| | \$ | <u>930,855</u> |
| Investments - Current | \$ | 418,767 |
| Investments - Non-current | | 512,088 |
| | | <u>512,088</u> |
| | \$ | <u>930,855</u> |

NOTE 4 FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. The three levels of the fair value hierarchy are described as follows:

- **Level 1:** Inputs to the valuation methodology are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Conference can access at the measurement date.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- **Level 3:** Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for financial instruments measured at fair value on the Conference's statement of assets, liabilities and net assets, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Cash equivalents

The carrying amount for cash equivalents represent fair value.

Equity Securities

Valued at the closing price reported in the active market on which the individual securities are traded.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2021

NOTE 4 FAIR VALUE MEASUREMENTS (CONTINUED)

Debt Securities and Mutual Funds

Fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow.

At December 31, 2021, the Conference had no liabilities subject to fair value reporting requirements. The table below summarizes assets at December 31, 2021 measured at fair value on a recurring basis:

| | Level 1 | Level 2 | Level 3 | Total Fair Value Measurements |
|-------------------|-------------------|-------------------|----------------|--------------------------------------|
| Cash equivalents | \$ 40,818 | \$ - | \$ - | \$ 40,818 |
| Equity securities | 356,306 | - | - | 356,306 |
| Debt securities | - | 388,380 | - | 388,380 |
| Mutual Funds | - | 145,351 | - | 145,351 |
| | <u>\$ 397,124</u> | <u>\$ 533,731</u> | <u>\$ -</u> | <u>\$ 930,855</u> |

NOTE 5 VOCATIONS ESCROW PAYABLE

The Conference has established a program to help fund tuition for students who attend their seminary. The Conference pays for 50% of the tuition up front, and the other 50% is reimbursable to the student upon completion of schooling and three years of service with the Churches of God after graduation. The Vocations Escrow Payable has been established in order to record a liability for the tuition reimbursements that the Conference expects to pay to seminary graduates upon the completion of their service requirement. As of December 31, 2021, there was \$ 48,400 in the Vocations Escrow Payable account.

NOTE 6 CONCENTRATION OF CREDIT RISK

The Conference maintains its cash in bank deposit accounts at various financial institutions. At times, the balances in these accounts may exceed federally insured limits, which management considers to be a normal business risk.

NOTE 7 NET ASSETS WITHOUT DONOR RESTRICTIONS – CONFERENCE DESIGNATED

Included within net assets without donor restrictions are \$ 370,041 of net assets with conference designation at December 31, 2021. These conference designated net assets are funds that have been designated by the Administrative Council for various programs conducted by the Conference.

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Notes to Financial Statement
December 31, 2021

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted as follows as of December 31, 2021:

| | | |
|-----------------------------------------------------------------|----|----------------|
| Subject to time and purpose | \$ | 234,825 |
| Subject to endowment spending policy and perpetual in nature | | <u>512,088</u> |
| | \$ | <u>746,913</u> |

NOTE 9 ENDOWMENT FUNDS

The Commonwealth of Pennsylvania has not adopted the Uniform Prudent Management of Institutional Funds Act of 2006. Guidance for the administration of endowment funds in Pennsylvania is provided in Act 141, which was passed by the Pennsylvania legislature in 1998. Under Act 141, Pennsylvania not-for-profit organizations are permitted to elect an annual amount that may be used from their endowment funds based on an annual spending rate between 2% and 7%. Act 141 permits the spending of accumulated principal and income from an endowment fund if the amount withdrawn is less than or equal to the annually elected percentage. The Conference's interpretation of the Act to comply with donor restrictions is to determine annually the amount of funds available to be distributed from the earnings on the funds.

The Conference's endowment fund is comprised of contributions received from individuals and Conference solicitations. The income from the endowment is used to support ministries named by the donors and individual churches. If the overall growth of the endowment funds is negative, no distributions occur. If the overall growth of the endowment funds is positive, 60% of the growth is distributed according to the donor's wishes. The remaining 40% is maintained in the endowments to provide for growth.

The endowment funds are invested in equities, bonds, equity funds and exchange traded securities with the intention of maintaining the spending power of the donation.

The endowment fund balance at December 31, 2021, and 2020 was \$ 512,088, which is the donor's original donation.

SUPPLEMENTARY INFORMATION

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Summary of Net Assets
Year Ended December 31, 2021

| | Account Number | Balance 12/31/2020 | Income | Tithes | Expenses | Year-End Adjustments | Year-End Reclassifications | Balance 12/31/2021 |
|-------------------------------------------------|---------------------------|-------------------------------|---------------|---------------|-----------------|---------------------------------|---------------------------------------|-------------------------------|
| Unrestricted | | | | | | | | |
| Unrestricted Fund | 3.000.000 | \$ 265,713 | \$ - | \$ - | \$ 6,273 | \$ (9,151) | \$ (115,159) | \$ 147,676 |
| Credentialing and Placement | 3.020.002 | - | 4,040 | 111,679 | (100,625) | (15,094) | - | - |
| Church Health | 3.030.001 | - | 731 | 68,413 | (60,572) | (8,572) | - | - |
| Pastoral Family Health | 3.050.001 | 652 | - | 58,104 | (39,992) | (18,764) | - | - |
| Support Ministries | 3.070.007 | - | 1,292 | 316,528 | (324,489) | 6,669 | - | - |
| Miscellaneous Fund | 3.090.009 | 2,005 | - | - | - | - | - | 2,005 |
| Administrative Council Discretionary Fund | 3.115.020 | 34,232 | - | - | (2,063) | 34,309 | - | 66,478 |
| Discover, Develop, Deploy Balance | 3.115.021 | - | - | - | (13,351) | 78,265 | - | 64,914 |
| Student Aid - PTI | 3.116.000 | 3,721 | - | - | - | - | - | 3,721 |
| Ministry Training Institute | 3.118.000 | 3,394 | 60,357 | - | (68,179) | 24,995 | - | 20,567 |
| Residency Grants Balance | 3.119.000 | - | - | - | (12,500) | 50,000 | - | 37,500 |
| Benevolence | 3.123.000 | 1,598 | 1,436 | - | (1,437) | - | - | 1,597 |
| Younique | 3.130.000 | 22,018 | - | - | (19,498) | - | - | 2,520 |
| Seed Fund Renewal | 3.180.087 | 27,507 | 4,700 | - | (20,750) | - | - | 11,457 |
| Closed Churches Fund | 3.328.001 | 192,694 | 7,629 | - | (6,334) | - | - | 193,990 |
| Total unrestricted | | 553,534 | 80,185 | 554,724 | (663,517) | 142,657 | (115,159) | 552,424 |
| Conference Designated | | | | | | | | |
| Interest Fund Fund | 3.080.008 | 15,956 | 21,058 | - | (558) | 20 | - | 36,476 |
| Endowment Fund- Unrestricted | 3.120.150 | 116,898 | 54,642 | - | (37,660) | (109,890) | - | 23,990 |
| FUSE Projects | 3.125.000 | 4,786 | - | - | - | (4,786) | - | - |
| ERC/CGGC Conference Sessions Fund | 3.134.085 | 28,062 | - | 9,840 | 100 | - | - | 38,002 |
| Auto Replacement Fund | 3.140.014 | 6,715 | 2,000 | - | - | - | - | 8,715 |
| Multiplication Fund | 3.150.015 | 91,255 | 7,248 | 196,258 | (182,382) | (37,379) | - | 75,000 |
| Church Planting Designated Balance | 3.153.000 | - | 38,459 | - | (2,019) | 20,900 | - | 57,340 |
| Generosity Ministries | 3.156.000 | 69 | - | - | - | - | - | 69 |
| Lumen Church Plant | 3.158.000 | 2,650 | - | - | - | (2,650) | - | - |
| CM Honorarium Fund | 3.160.016 | 709 | 1,153 | - | - | - | - | 1,862 |
| Encouragement Fund | 3.165.000 | 1,527 | 660 | - | (1,662) | - | - | 525 |
| Sacred Retirement Fund | 3.190.079 | 67,568 | 5,639 | - | (1,232) | - | - | 71,975 |
| Widows Fund Fund | 3.195.080 | 20,197 | (1,606) | - | - | - | - | 18,591 |
| Disability | 3.210.064 | - | 5,655 | 20,149 | (32,203) | 15,899 | - | 9,500 |
| Vocation Escrow | 3.230.023 | 17,645 | 5,515 | - | (1,046) | (8,652) | - | 13,462 |
| Church of God Home Fund | 3.240.024 | - | 7,865 | - | (7,765) | - | - | 100 |
| Lassiter - Disciple Maker | 3.250.000 | - | - | - | (10,580) | 25,000 | - | 14,420 |
| General Conference Escrow Fund | 3.250.025 | - | 950,676 | - | (950,662) | - | - | 14 |
| Total conference designated | | 374,037 | 1,098,964 | 226,247 | (1,227,669) | (101,538) | - | 370,041 |
| Total unrestricted and conference designated | | \$ 927,571 | \$ 1,179,149 | \$ 780,971 | \$ (1,891,186) | \$ 41,119 | \$ (115,159) | \$ 922,465 |

THE EASTERN REGIONAL CONFERENCE OF THE CHURCHES OF GOD
Summary of Net Assets
Year Ended December 31, 2021

| | Account Number | Balance 12/31/2020 | Income | Tithes | Expenses | Year-End Adjustments | Year-End Reclassifications | Balance 12/31/2021 |
|-----------------------------------------------------------------------|---------------------------|-------------------------------|---------------|---------------|-----------------|---------------------------------|---------------------------------------|-------------------------------|
| Restricted - Time and Purpose | | | | | | | | |
| Health Insurance - Retirees | 3.148.029 | \$ 2,010 | \$ 127,302 | \$ - | \$ (124,120) | \$ - | \$ - | \$ 5,192 |
| Hershey, Harvey Fund 2 | 3.280.046 | 276 | - | - | - | - | - | 276 |
| Wenger Fund Fund | 3.285.084 | 172,404 | - | - | - | - | - | 172,404 |
| Daubert Estate Fund | 3.287.086 | 10,227 | - | - | - | - | - | 10,227 |
| Powell, William Memorial | 3.310.067 | 3,343 | - | - | - | 535 | - | 3,878 |
| Frye,Walter & Mary | 3.327.002 | 1,692 | - | - | - | 1287 | - | 2,979 |
| Y&FL Designated Sturr/Wil | 3.330.033 | 38,869 | - | - | - | - | - | 38,869 |
| Discipleship - Haiti Journey | 3.335.000 | 996 | - | - | - | - | - | 996 |
| Chubb, Alfred Fund | 3.400.040 | 4 | - | - | - | - | - | 4 |
| Total with donor restrictions - temporary | | 229,821 | 127,302 | - | (124,120) | 1,822 | - | 234,825 |
| Restricted - Endowment Spending Policy and Perpetual in Nature | | | | | | | | |
| Brightbill, H.L. & Maggie | 3.370.037 | 10,000 | - | - | - | - | - | 10,000 |
| Brightbill, Maggie Fund | 3.380.038 | 5,000 | - | - | - | - | - | 5,000 |
| EPA Mission Fund | 3.410.041 | 10,483 | - | - | - | - | - | 10,483 |
| EPA Women Miss. Society | 3.420.042 | 4,084 | - | - | - | - | - | 4,084 |
| Felty, John S. & Wife | 3.430.043 | 7,500 | - | - | - | - | - | 7,500 |
| Frye, Walter & Mary Fund | 3.440.044 | 10,000 | - | - | - | - | - | 10,000 |
| Hershey, Harvey Fund | 3.460.046 | 152,416 | - | - | - | - | - | 152,416 |
| Hostetter, A.J. | 3.480.048 | 5,729 | - | - | - | - | - | 5,729 |
| Hoverter, George Fund | 3.500.050 | 1,136 | - | - | - | - | - | 1,136 |
| Kennedy, Katherine Fund | 3.510.051 | 1,000 | - | - | - | - | - | 1,000 |
| Lauver, Paul Fund | 3.545.083 | 84,979 | - | - | - | - | - | 84,979 |
| Ott, Rebecca Fund | 3.620.062 | 3,000 | - | - | - | - | - | 3,000 |
| Pastoral Care Fund | 3.640.064 | 152,933 | - | - | - | 17,067 | - | 170,000 |
| Perm. Foreign Mission Fund | 3.650.065 | 3,114 | - | - | - | - | - | 3,114 |
| Powell, William I. Memorial | 3.670.067 | 4,151 | - | - | - | - | - | 4,151 |
| Reinhard, Sue Fund | 3.680.068 | 1,000 | - | - | - | - | - | 1,000 |
| Ritter, Annie Fund | 3.690.069 | 37,496 | - | - | - | - | - | 37,496 |
| Simonetti, A.J. Fund | 3.710.071 | 1,000 | - | - | - | - | - | 1,000 |
| Total with donor restrictions - permanent | | 495,021 | - | - | - | 17,067 | - | 512,088 |
| Total Net Assets | | \$ 1,652,413 | \$ 1,306,451 | \$ 780,971 | \$ (2,015,306) | \$ 60,008 | \$ (115,159) | \$ 1,669,378 |