

June 23, 2023

Ron Ochs
Director of Finance
Seventh Day Baptist General Conference

We are pleased to provide this letter containing our comments and recommendations regarding the endowment program of Seventh Day Baptist General Conference for the year ended December 31, 2022.

Scope of the Engagement

Wegner tested the accuracy and completeness of bank accounts recorded in the financial statements for the year ended December 31, 2022. Wegner also tested the bank statement reconciliations for 2022 for accuracy. Additionally, Wegner tested the accuracy and completeness of investments recorded in the financial statements for the year ended December 31, 2022.

Findings from our test work.

- A. The General Conference Ernest & Helen Bond fund was off \$0.40 between the bank statement and the general ledger.
- B. The Women's Society had a cleared check and bank transfer in the amount of \$500 that are not included in the general ledger.
- C. The Conference Services account had a bank transfer and an outstanding check in the amount of \$11,556 that are not recorded in the general ledger.

Recommendations

Improve Review of Bank Reconciliations

The Organization's Administrative Assistant regularly reconciles bank statements, which the accountant reviews. To be most effective as a control procedure, we recommend that all bank accounts be reconciled as of the same date, if possible. This can identify irregularities concealed by shifting reconciling items among different bank accounts. When reviewing reconciliations, the reviewer should look for the following matters:

- *Transfers.* The reviewer should make sure that all matching interbank or intercompany transfers have the same date. This procedure could detect thefts concealed as intercompany transfers. For example, a deposit in transit from one account to another may be repeatedly listed as a reconciling item but never actually deposited.
- *Reconciling Items.* The reviewer should trace all reconciling items to supporting documents. He should also pay special attention to old reconciling items. He should also consider the possibility that other reconciling items, individually immaterial, may result from a significant amount "sliced up" for concealment.
- *Paid Items.* The reviewer should examine all check fronts and backs, if possible. He should look for payee names that are similar to but not the same as typical vendors, discrepancies between the payees on the check register and the check, erasures or white outs of payees or amounts, endorsements by employees when the payee is not the employee, variations in endorsements by the same payee, multiple endorsements on checks payable to businesses, and endorsements by check-cashing agencies on checks drawn to businesses.

These comments and recommendations are based upon the scope of our engagement letter and are intended to help Seventh Day Baptist General Conference strengthen its internal control systems.

Wegner CPAs LLP
Wegner CPAs, LLP
Janesville, Wisconsin
May 31, 2023

Seventh Day Baptist Memorial Fund, Inc.

Income Statement

December 31, 2023

Revenues

4% Investment Withdrawal	1,317,890.04
Interest on Church Notes	103,959.98
Other Income	
Donations	2,580.55
Clarence/Ruth Rogers Camp	10,000.00
Salemville Donation	2,500.00
CH/MS Levi Bond Donation	21,600.00
Alton & Ethel Wheeler Leadership	119,329.96
OB Bond Mineral Royalties	38,545.97
J&A Pradetto Scholarship	1,073.96
Jenni Wangness Donation	2,362.00
Piscataway Cemetary Int	453.92
Total Other Income	195,865.81
<u>Total Revenues</u>	<u>1,620,296.38</u>

Expenses

Interest Expense

Custodial Interest Expense	274,728.99
Endowment Direct Distribution	315,481.16
Gift Annuity Distribution Exp	687.28
Total Interest Expense	590,897.43

Operating Expenses

Compensation	
Salaries	97,030.68
Social Security Tax	7,300.40
Conf Serv Management Fees	15,000.00
Audit Fees	9,463.00
Bank Fees	200.00
Insurance	5,688.50
Office Supplies	391.19
Postage	70.02
Piscataway Cemetary	2,631.00

Seventh Day Baptist Memorial Fund, Inc.

Income Statement

December 31, 2023

Computer Software/Hardware	<u>2,451.82</u>
Travel	<u>11,906.10</u>
Miscellaneous	<u>1,571.75</u>
<u>Total Operating Expenses</u>	<u>153,704.46</u>

Programming Expenses

From Unrestricted Income Reserve

Operating Grant	125,000.00
Supplemental Operating Grant	50,000.00
Ministry Staff Support	13,000.00
NAE Matching Grant	8,000.00
Miami Youth Summer Jam	10,351.97
SCSC Scholarships	5,000.00
Kingdom Family Roadshow Grant	10,877.63
Lay Leadership Open Arms	1,800.00
ECAP Grant	10,000.00
529 Grants	16,500.00
Visiting Scholars	<u>14,319.84</u>
Total Unrestricted Grants	<u>264,849.44</u>

Conference Services

OB Bond Unearth the Church	8,000.00
Schenectady Exec Assistant	<u>3,900.00</u>
Total Conference Service Grants	<u>11,900.00</u>

Church Revitalization

French Property Pulse	10,000.00
French Property Houston	15,000.00
French Multiply	(247.46)
OB Bond Technology Expense	4,000.00
Babcock Bell Church Support	5,671.00
OB Bond Freedom Ministry	2,000.00
French Property Good News	<u>16,000.00</u>
Total Church Revitalization Grants	<u>52,423.54</u>

Church Planting

French Property Funnel	16,618.29
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Seventh Day Baptist Memorial Fund, Inc.

Income Statement

December 31, 2023

French Property Compensation	8,000.00
French Prop Phoenix Fellowship	25,000.00
French Prop San Juan Support	3,510.00
LB Lee Coaching Summit 2023	6,515.04
Total Church Planting Grants	59,643.33

Christian Education

OB Bond Public Witness	8,000.00
French Amplify Expense	500.00
Schenectady SALT	5,000.00
Schenectady Outcome Based	18,267.67
Schenectady Canvas	6,000.00
Schenectady Emerging Leader	12,156.86
Schenectady Berlin Intern	5,851.00
Total Christian Education Grants	55,775.53

Other Grants

O.B. Bond Expense	1,500.00
MB Allen Scholarship	2,000.00
French Fellow Evan Church	3,901.03
French Upgrade Camp Wakonda	25,000.00
Rogers Upgrade Camp Wakonda	6,000.00
Lois M Wells Music	2,000.00
Larry Graffius SCSC WS	255.08
Probasco/Wilkinson Scholarship	21,000.00
Schenectady SCSC Tech Grant	3,984.45
Nathan E Lewis Blind Expense	15,000.00
Total Other Grants	80,640.56

Total Programming **525,232.40**

Total Expenses **1,269,834.29**

Net Income/(Loss) **350,462.09**

Seventh Day Baptist Memorial Fund, Inc.

Balance Sheet

December 31, 2023

ASSETS

CASH

Memorial Fund Checking 304,035.97

INVESTMENTS

Main Account 1713-0457 37,058,114.33

Total Investments 37,058,114.33

Life Gift Annuity Marjorie Bass
4135-7267 6,764.55

Total Life Gift Annuities 6,764.55

NOTES RECEIVABLE

Church Accounts 2,620,634.23

Others•

Life Insurance Policies 9,210.74

Life Insurance Premiums 108.00

COSAR Loan 23,875.00

Total Notes 2,653,827.97

TOTAL ASSETS \$ 40,022,742.82

LIABILITIES

Custodial Accounts 8,050,253.76

TOTAL LIABILITIES \$8,050,253.76

NET ASSETS

Unrestricted

Seventh Day Baptist Memorial Fund, Inc.

Balance Sheet

December 31, 2023

Retained Earnings	(5,204,446.67)
Current Earnings	<u>5,211,211.25</u>
Total Unrestricted Net Assets	6,764.58
Restricted	
Permanent Endowment	29,319,951.49
Quasi-Endowment	1,694,596.13
Income Reserves	<u>951,176.86</u>
<u>Total Net Assets</u>	<u>31,972,489.06</u>

<u>Total Liabilities & Net Assets</u>	<u>\$ 40,022,742.82</u>
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