Sons of Norway

Statutory Financial Statements
and Supplementary Information
(With Independent Auditor’s Report Thereon)
December 31, 2021 and 2020

Contents

RSM US LLP

Independent Auditor's Report

Board of Directors
Sons of Norway

Report on the Audit of the Financial Statements

Opinions
We have audited the statutory financial statements of Sons of Norway (the Society), which comprise the statutory statements of admitted assets, liabilities and surplus as of December 31, 2021 and 2020, and the related statutory statements of operations, changes in surplus and cash flows for the years then ended, and the related notes to the statutory financial statements.

Unmodified Opinion on Regulatory Basis of Accounting
In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities and surplus of the Society as of December 31, 2021 and 2020, and the results of its operations and its cash flows thereof for the years then ended in accordance with the basis of accounting described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles
In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles section of our report, the financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Society as of December 31, 2021 and 2020, or the results of its operations or its cash flows thereof for the years then ended.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Society, 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 opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles
As described in Note 2 of the financial statements, the financial statements are prepared by the Society using accounting practices prescribed or permitted by the Minnesota Department of Commerce, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statements of the variances between these statutory accounting practices described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting practices prescribed or permitted by the Minnesota Department of Commerce. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

In performing an audit in accordance with GAAS, we:

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

Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the statutory financial statements as a whole. The Schedule of Selected Financial Data, Schedule of Investment Risks Interrogatories, Summary Investment Schedule, and Schedule of Reinsurance Disclosures (Supplementary Information) is presented to comply with the National Association of Insurance Commissioners’ Annual Statement Instructions and Accounting Practices and Procedures Manual and for purposes of additional analysis and is not a required part of the statutory 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 statutory financial statements. The information has been subjected to the auditing procedures applied in the audits of the statutory financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the statutory financial statements or to the statutory 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 statutory financial statements as a whole.

RSM US LLP

Omaha, Nebraska
May 9, 2022

Sons of Norway

Statutory Statements of Admitted Assets, Liabilities and Surplus
December 31, 2021 and 2020

	2021	2020
Admitted Assets		
Cash and invested assets:		
Bonds	**$ 306,612,899**	$ 307,322,011
Preferred stocks	**496,375**	496,375
Mortgage loans on real estate	**14,854,032**	15,605,273
Certificate loans	**3,152,031**	3,401,707
Cash and cash equivalents	**2,264,243**	2,614,594
Other invested assets	**-**	2,377,321
Total cash and invested assets	**327,379,580**	331,817,281
Receivables:		
Recoverable from reinsurers	**475,787**	1,508,859
Investment income due and accrued	**2,937,844**	2,940,031
Premiums deferred and uncollected (less loading of $2,599,319 and $1,078,547 in 2021 and 2020, respectively)	**4,083,536**	1,832,071
Total receivables	**7,497,167**	6,280,961
Electronic data processing equipment, net	**18,333**	2,575
Total admitted assets	**$ 334,895,080**	$ 338,100,817
Liabilities and Surplus		
Liabilities:		
Certificate and contract reserves:		
Life	**$ 303,849,082**	$ 303,664,573
Accident and health	**42,702**	51,232
Deposit type contracts	**16,060,722**	16,309,729
Certificate and contract claims:		
Life	**751,938**	884,582
Accident and health	**4,200**	5,650
Refund provisions	**183,312**	170,762
Advance premiums	**18,798**	19,027
Accrued expenses and other liabilities	**1,618,124**	1,947,342
Interest maintenance reserve	**2,360,588**	2,515,165
Asset valuation reserve	**1,582,642**	1,254,979
Unrealized loss on foreign currency translation	**14,962**	12,156
Total liabilities	**326,487,070**	326,835,197
Surplus	**8,408,010**	11,265,620
Total liabilities and surplus	**$ 334,895,080**	$ 338,100,817

See notes to statutory financial statements.

Sons of Norway

Statutory Statements of Operations
Years Ended December 31, 2021 and 2020

	2021	2020
Revenue, net:		
Premiums and annuity considerations	**$ 30,001,579**	$ 19,370,691
Considerations for supplementary contracts with life contingencies	**-**	2,714
Net investment income	**14,048,085**	13,091,650
Commissions and expense allowances on reinsurance ceded	**176,869**	167,018
Amortization of interest maintenance reserve	**404,935**	394,293
Other income	**18,795**	645,426
Total revenue	**44,650,263**	33,671,792
Benefits and expenses:		
Death benefits	**5,414,729**	4,093,483
Annuity benefits	**11,620,768**	10,852,503
Surrender benefits and withdrawals for life contracts	**13,429,911**	14,567,860
Other certificate benefits	**1,020,777**	1,012,546
Increase (decrease) in aggregate reserves for life and accident and health contracts	**175,977**	(4,598,045)
Commissions on premiums and annuity considerations	**4,752,098**	1,982,192
General insurance expenses and fraternal expenses	**7,848,565**	8,119,285
Insurance, taxes, licenses and fees	**462,915**	402,261
Increase in loading on deferred and uncollected premiums	**1,520,772**	571,085
Total benefits and expenses	**46,246,512**	37,003,170
Net loss from operations before refunds to members and realized capital losses	**(1,596,249)**	(3,331,378)
Refunds to members	**182,977**	164,390
Net loss from operations before realized capital losses	**(1,779,226)**	(3,495,768)
Net realized capital losses (net of transfers to IMR)	**(11,544)**	(116,170)
Net loss	**$ (1,790,770)**	$ (3,611,938)

See notes to statutory financial statements.

Sons of Norway

Statutory Statements of Changes in Surplus
Years Ended December 31, 2021 and 2020

	2021	2020
Surplus, beginning of year	**$ 11,265,620**	$ 16,249,149
Net loss	**(1,790,770)**	(3,611,938)
Change in:		
Nonadmitted assets	**(649,232)**	(923,336)
Asset valuation reserve	**(327,663)**	(249,075)
Aggregate write-ins for losses in surplus	**(87,139)**	(233,158)
Net unrealized foreign exchange capital (loss) gain	**(2,806)**	33,978
	(1,066,840)	(1,371,591)
Surplus, end of year	**$ 8,408,010**	$ 11,265,620

See notes to statutory financial statements.

Sons of Norway

Statutory Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash from operations:		
Premiums collected net of reinsurance	**$ 25,476,164**	$ 17,828,206
Net investment income	**15,245,737**	14,429,912
Miscellaneous income	**195,664**	167,018
Benefit and loss related payments	**(30,836,212)**	(31,505,559)
Commissions and expenses paid	**(13,452,874)**	(10,452,832)
Refunds paid to members	**(170,427)**	(159,488)
Net cash from operations	**(3,541,948)**	(9,692,743)
Cash from investments:		
Proceeds from investments sold, matured or repaid:		
Bonds	**40,403,072**	73,342,423
Mortgage loans	**751,246**	424,478
Other invested assets	**2,441,500**	-
Miscellaneous proceeds	**19,459**	651,375
Total investment proceeds	**43,615,277**	74,418,276
Cost of investments acquired:		
Bonds	**(40,734,256)**	(62,837,022)
Mortgage loans	**-**	(3,144,168)
Total investments acquired	**(40,734,256)**	(65,981,190)
Net decrease in certificate loans	**249,676**	97,720
Net cash from investments	**3,130,697**	8,534,806
Cash from financing and miscellaneous sources:		
Net deposits on deposit-type contracts and other insurance liabilities	**-**	(443,213)
Other cash provided	**60,900**	519,217
Net cash from financing and miscellaneous sources	**60,900**	76,004
Net change in cash and cash equivalents	**(350,351)**	(1,081,933)
Cash and cash equivalents, beginning of year	**2,614,594**	3,696,527
Cash and cash equivalents, end of year	**$ 2,264,243**	$ 2,614,594

See notes to statutory financial statements.

Note 1. Nature of Operations

Sons of Norway (the Society) is a fraternal benefit society incorporated in the State of Minnesota as a legal reserve fraternal society. The membership is composed primarily of individuals of Norwegian birth, descent or affiliation. The Society offers various forms of life, annuity, health and disability insurance to its members in addition to providing fraternal services.

Note 2. Summary of Significant Accounting Policies

Basis of presentation: The accompanying statutory financial statements of the Society have been prepared in conformity with accounting practices prescribed or permitted by the Minnesota Department of Commerce (the Department). The Department recognizes only statutory accounting practices prescribed or permitted by the State of Minnesota for determining and reporting the financial condition and results of operations of an insurance company and for determining the solvency under the Minnesota insurance law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures Manual* (NAIC SAP), as of March 31, 2021, has been adopted as a component of prescribed or permitted practices by the State of Minnesota. The Department has the right to permit other specific practices that deviate from the prescribed practices. However, the Society does not employ any such practices.

These statutory accounting practices comprise a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) and differ in some respects. The more significant of these differences are as follows:

a. Investments in bonds are carried at amortized cost or fair value based on their NAIC rating for statutory purposes. Under GAAP, bonds are classified as held-to-maturity, available-for-sale or trading. Bonds classified as held-to-maturity are carried at amortized cost; bonds classified as available-for-sale are stated at fair value, with the resulting unrealized gains and losses credited or charged to capital stock and surplus; and bonds held for trading purposes are carried at fair value, with the resulting unrealized gains and losses reported in earnings.

   For loan-backed and structured securities, if the Society determines that it intends to sell a security or no longer has the ability and intent to retain the investment for a period of time sufficient to recover the amortized cost, that security shall be written down to fair value. For statutory purposes, if the Society subsequently changes its assertion, and now believes it does not intend to sell the security and has the ability and intent to retain the investment for a period of time sufficient to recover the amortized cost, that security will continue to be carried at the lower of cost or market, with any future decreases in fair value charged through operations until the security is disposed. For GAAP purposes, once the Society alters its assertion, that security's amortized cost basis will not be decreased for future reductions in fair value unless an other-than-temporary impairment is determined to have occurred.

   For GAAP purposes, other-than-temporary impairment losses (related to non–loan-backed and structured securities) related to debt securities are bifurcated between credit and noncredit, whereas for statutory purposes, the total other-than-temporary impairment loss is reported in earnings.

b. The Society is required to establish an asset valuation reserve (AVR) and an interest maintenance reserve (IMR). The AVR provides for a standardized statutory investment valuation reserve for bonds, preferred stocks, common stocks, mortgage loans, real estate and other invested assets. Changes in this reserve are recorded as direct charges or credits to surplus. The IMR is designed to defer net realized capital gains and losses resulting from changes in the level of interest rates in the market and to amortize them into income over the remaining life of the bond or mortgage loan sold. The IMR represents the unamortized portion not yet taken into income. Under GAAP, there are no such reserves.

Note 2. Summary of Significant Accounting Policies (Continued)

c. The costs of acquiring and renewing business are expensed when incurred. Under GAAP, acquisition costs related to traditional life insurance and certain long-duration accident and health insurance, to the extent recoverable from future certificate revenues, would be deferred and amortized over the premium paying period of the related certificates using assumptions consistent with those used in computing certificate benefit reserves. For universal life insurance and investment products, to the extent recoverable from future gross profits, deferred certificate acquisition costs would be amortized generally in proportion to the present value of expected gross income from surrender charges and investment, mortality and expense margins.

d. Certain assets are designated as nonadmitted assets and changes in the balance of these assets are charged directly to surplus. Under GAAP, these assets are reported on the balance sheet as a component of total assets net of any applicable allowance for collection issues.

e. Revenues for universal life and annuity certificates consist of the entire premium received, and benefits represent the death benefits paid. Under GAAP, premiums received in excess of certificate charges would not be recognized as premium revenue, and benefits would represent the excess of benefits paid over the certificate account value and interest credited to the account values.

f. Certain certificate reserves are calculated based on statutorily required interest and mortality assumptions rather than on estimated expected experience or actual account balances, as would be required under GAAP.

g. The statutory financial statements are presented net of the effects of reinsurance, whereas for GAAP, the financial statements are presented gross of the effects of reinsurance.

h. Commissions allowed by reinsurers on business ceded are reported as income when received rather than being deferred and amortized with deferred certificate acquisition costs.

i. Member refunds are recognized in the current year for amounts payable in the following year, rather than over the term of the related certificates.

j. Comprehensive income is not determined for statutory reporting purposes, whereas for GAAP, such an amount is presented.

k. Cash and cash equivalents in the statements of cash flows represent cash balances and investments with initial maturities of one year or less. Under GAAP, the corresponding captions of cash and cash equivalents include cash balances and investments with initial maturities of three months or less.

l. The statutory financial statements are prepared in a form using language and groupings substantially the same as the annual statements of the Society filed with the NAIC and the state regulatory authorities, which differ from the presentation and disclosures of financial statements presented under GAAP reporting.

The effects of the foregoing variances from GAAP on the accompanying statutory financial statements have not been determined but are presumed to be material.

Note 2. Summary of Significant Accounting Policies (Continued)

Valuation of investments: Investments are valued as prescribed by the NAIC and are generally reported as follows:

- Bonds with an NAIC rating of 1 through 5 are recorded at amortized cost using the scientific method (constant-yield method). Bonds assigned a rating by the NAIC of 6 are adjusted to the lower of amortized cost or fair value as published by the NAIC with the offset reported as a change in surplus.

- Loan-backed and asset-backed securities, excluding residential mortgage-backed securities not guaranteed by federal or federally sponsored agencies, are generally recorded at amortized cost, except for securities that have been assigned a rating by the NAIC of 6, which are adjusted to fair value. If an other-than-temporary impairment has occurred, these bonds are written down to their discounted estimated future cash flows. The retrospective method is used to adjust amortization rates when prepayment assumptions change, unless a security has been other-than-temporarily impaired. The prospective method is required to be used on securities that have previously been other-than-temporarily impaired. Prepayment assumptions were obtained from broker-dealer survey values using the Bloomberg median value.

- Investments in residential mortgage-backed securities not guaranteed by federal or federally sponsored agencies utilize a financial model commissioned by the NAIC to determine credit ratings and, ultimately, the NAIC designation/rating. This financial model requires a two-step process. The Society first determines the initial rating designation based upon each security's amortized cost in relation to security-specific prescribed break points. This initial rating designation determines whether the security will be stated at amortized cost or fair value, based on the same criteria noted in the preceding paragraph (the lower the amortized cost relative to par, the higher the NAIC designation and the more likely the security will be carried at amortized cost). The Society then determines the final rating designation based upon each security's fair value in relation to the same security-specific prescribed break points used in the first step. The final designation is used for risk-based capital purposes as well as for NAIC designation disclosure.

- Preferred stocks are valued at cost.

- Mortgage loans on real estate are recorded at the unpaid principal balance. The Society's policy is to require that the mortgage loan not be in excess of 75% of the value of the property that collateralizes the loan at inception. Such value is determined by an appraisal at the inception of the loan. It is the Society's practice to monitor the mortgage loan portfolio. When management becomes aware of potential collection issues, it will record an impairment based on updated fair value as determined by a third-party appraisal, less estimated costs to obtain and sell the underlying collateral.

- Certificate loans are reported at unpaid principal balances.

- Other invested assets, which include investments in surplus debentures issued by other insurance companies, are reported at amortized cost.

- The Society considers all highly liquid investments that are purchased with an original maturity of three months or less to be cash equivalents. Cash equivalents are carried at cost, which approximates fair value, and are included within cash.

Note 2. Summary of Significant Accounting Policies (Continued)

The assessment of other-than-temporary impairments is performed on a security-by-security basis. Factors considered by management in determining whether an other-than-temporary impairment exists (in other than loan-backed or structured securities) include the financial condition, business prospects and creditworthiness of the issuer; the length of time and extent to which fair value has been less than cost for equity securities or amortized cost for fixed-income securities; and the Society's intent and ability to retain such investments until the fair value recovers. If it is determined that the decline in fair market value is other than temporary, the carrying amount of the investment is written down to fair value as its new basis, and the amount of the write-down is recorded as a realized loss.

For loan-backed or structured securities, factors considered by management in determining whether an other-than-temporary impairment exists include the Society's stated intent to not sell, the Society's intent and ability to hold such investments until the fair value recovers, and the discounted cash flows of the security based on the yield at the date of acquisition. If the Society intends to sell or if the Society does not have the ability and intent to hold the security for a period of time sufficient to recover its amortized cost basis, an other-than-temporary impairment exists, and the security is written down to fair value with the amount of the write-down recorded as a realized loss. If the Society does not intend to sell the security and has the ability and intent to hold the security for a period of time sufficient to recover the amortized cost basis, the Society calculates the cash flows expected to be collected. In this calculation, the Society compares the present value of cash flows expected to be collected, discounted at the security's effective interest rate at the date of purchase, to the amortized cost basis. If the present value of cash flows is less than the amortized cost basis, a realized loss is recorded for the difference. The present value of cash flows then becomes the new cost basis.

Realized gains or losses are determined on the specific-identification method. Investment income is recognized as earned, net of related investment expenses. Bond premiums and discounts are amortized by the scientific-yield method and are charged or credited to net investment income. For mortgage-backed securities, the retrospective method is used to adjust amortization rates when prepayment assumptions change, unless a security has been other-than-temporarily impaired. The prospective method is required to be used on securities that have previously been other-than-temporarily impaired. Prepayment assumptions were obtained from published sources.

Furniture and equipment: The admitted value of the Society's electronic data processing equipment is limited to 3% of surplus. The admitted portion is reported at cost, less accumulated depreciation of $106,171 and $101,929 at December 31, 2021 and 2020, respectively. Electronic data processing equipment is depreciated using the straight-line method over the lesser of its useful life or three years. Other furniture and equipment are nonadmitted and depreciated using the straight-line method over their estimated useful life. Depreciation expense charged to operations in 2021 and 2020 was $37,633 and $60,488, respectively.

Leasehold improvements: Leasehold improvements are recorded at cost, less accumulated depreciation, and are nonadmitted assets charged directly to surplus. Leasehold improvements are depreciated using the straight-line method over the remaining life of the lease. Depreciation expense charged to operations in 2021 and 2020 was $76,636 and $40,366, respectively.

AVR and IMR: AVR is maintained as prescribed by the NAIC for the purpose of stabilizing the surplus of the Society against fluctuations in the market value of assets.

IMR is maintained as prescribed by the NAIC for the purpose of stabilizing the surplus of the Society against gains and losses on sales of fixed-income investments that are primarily attributable to changing interest rates. The interest-related gains and losses are deferred and amortized into income over the remaining term of the securities.

Note 2. Summary of Significant Accounting Policies (Continued)

Certificate and contract reserves: Life insurance, annuity, health and disability benefit reserves are developed by generally recognized actuarial methods. Life insurance reserves use prescribed interest rates and mortality tables. The interest rates used in valuing the current business inforce range from 3.0% to 6.0%. The primary mortality tables used are the 1958, 1980, 2001 and 2017 CSO (Commissioners Standard Ordinary) tables. The majority of life reserves are calculated using the Commissioners Reserve Valuation Method (CRVM). Annuity reserves are calculated using the Commissioners Annuity Reserve Valuation Method (CARVM) and an interest rate of 1.75% to 9.25% based on the contract type and year of issue. Reserves set up by these methods are derived to be not less than the guaranteed certificate cash values or the amounts required by the Minnesota Department of Commerce. The Society waives deduction of deferred fractional premiums on the death of life certificate insureds and returns any premium beyond the date of death. Surrender values on certificates do not exceed the corresponding benefit reserves. Additional reserves have been established as warranted, when the results of cash flow testing under various interest rate scenarios indicate the need for such reserves or the reserve net premium exceeds the gross premium charged for any insurance in force.

For substandard table ratings, mean reserves are based on 125% up to 500% of standard mortality rates. For flat extra ratings, mean reserves are based on the standard or substandard mortality rates increased by one to 25 deaths per thousand.

As of December 31, 2021 and 2020, the Society had $28,656,274 and $49,906,206, respectively, of insurance in force for which gross premiums are less than the net premiums according to the standard of valuation required by the Minnesota Department of Commerce. Reserves of $405,690 and $23,428 to cover the above insurance are included with certificate and contract reserves at December 31, 2021 and 2020, respectively.

Tabular interest, tabular less actuarial reserve released, and tabular cost have been determined by formula. Tabular interest on funds not involving life contingencies is calculated as one-hundredth of the product of such valuation rate of interest, times the mean of the amount of funds subject to such valuation rate of interest held at the beginning and end of the year valuation.

The liabilities related to certificate holder funds left on deposit with the Society generally are equal to fund balances less applicable surrender charges.

Surplus transactions: Changes in the AVR, nonadmitted assets, unrealized foreign currency translation, net unrealized capital gains (losses) and other aggregate write-ins are recorded as surplus transactions and do not affect the statutory statements of operations.

Premiums: Traditional life insurance premiums are recognized as revenue when due. Universal life premiums and annuity considerations are recorded as revenue when received. Accident and health premiums are earned pro rata over the terms of the certificates.

Reinsurance: Reinsurance premiums and benefits paid or provided and certificate and contract reserves are accounted for on a basis consistent with those used in accounting for the original certificates issued and the terms of the reinsurance contracts. In the opinion of management, all amounts due from reinsurers at December 31, 2021 and 2020, are recoverable.

Foreign currency translation: Foreign-denominated assets are recorded in the statutory financial statements in U.S. dollars and have been translated at exchange rates in existence at each respective December 31 to arrive at the unrealized gain or loss on foreign currency translation. The change in the net unrealized loss on foreign currency translation was $(2,806) and $33,978 in 2021 and 2020, respectively.

Note 2. Summary of Significant Accounting Policies (Continued)

Member refunds: Refunds on participating certificates, which comprise substantially all of the Society's insurance in force, are declared by the Board of Directors and are calculated based on expected mortality experience, investment income and insurance operations expenses.

Income taxes: The Society qualifies as a tax-exempt corporation under section 501(c)(8) of the Internal Revenue Code and is exempt from federal income taxes.

Risk-based capital: The Society has calculated its risk-based capital (RBC) in accordance with NAIC's Model Rule and the RBC rules as adopted by its state of domicile, Minnesota. The RBC, as calculated by the Society, falls within a range of required communication with and disclosure to its state of domicile. All communication and disclosure requirements are being met.

Risks and uncertainties: Certain risks and uncertainties are inherent to the Society's day-to-day operations and to the process of preparing its statutory financial statements. The more significant of those risks and uncertainties are presented below and throughout the notes to the statutory financial statements.

Estimates: The preparation of statutory financial statements requires management to make estimates and assumptions that affect the reported amounts of admitted assets and liabilities and disclosures of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates. Material estimates susceptible to significant change include certificate and contract reserves for life insurance and annuities and impairment losses on investments. It is at least reasonably possible that change in estimates will occur in the near term.

Investment risk: The Society is exposed to risks that issuers of securities owned by the Society will default or that interest rates will change and cause a decrease in the value of its investments. With mortgage-backed securities, the Society is exposed to credit risk and prepayment risk.

As interest rates decline, the rate at which these securities pay down principal will generally increase. Management attempts to mitigate these risks by conservatively investing in high-grade securities and by matching maturities of its investments with the anticipated payouts of its liabilities.

Since most of the Society's investments consist of securities that are traded in the public securities markets, they are subject to risk related to fluctuations in overall market performance and are potentially subject to heightened levels of market risk attributable to issuer, industry and geographic region concentrations. The Society's investment portfolio is regularly reviewed, and the extent of its diversification is considered in the context of statutory requirements and other risk management and performance objectives.

Reinsurance: Reinsurance contracts do not relieve the Society from its obligations to insureds. Failure of reinsurers to honor their obligations could result in losses to the Society. The Society evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies. Management believes that any liability arising from this contingency would not be material to the Society's financial position.

Note 2. Summary of Significant Accounting Policies (Continued)

Legal/regulatory risk: Legal/regulatory risk is the risk that changes in the legal or regulatory environment in which the Society operates may result in reduced demand for the Society's products or additional expenses not assumed in product pricing. Additionally, the Society is exposed to risk related to how the Society conducts itself in the market. The Society attempts to mitigate this risk by offering its products throughout the United States. The Society actively monitors all market-related exposure and has members that participate in state and national discussions relating to legal, regulatory and accounting changes that may impact the business.

External environment risk: The spread of COVID-19 is altering the behavior of businesses and people throughout the United States. Further, financial markets have experienced substantial volatility attributed to coronavirus concerns. The continued spread of COVID-19 may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Society's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Society, but such an impact could have a material adverse effect on the financial condition of the Society.

Concentration of credit risk: The Society maintains cash balances at various institutions. Periodically, balances in these accounts are temporarily in excess of federally insured limits.

Concentration of investment asset credit risk: The carrying value of bonds at December 31, 2021 and 2020, by NAIC rating classification, is shown below:

	2021		2020	
	Carrying Value	Percent	Carrying Value	Percent
Class 1—highest quality	$ 195,567,221	63.8%	$ 206,918,815	67.4%
Class 2—high quality	106,458,919	34.7%	96,892,372	31.5%
Class 3—medium quality	3,499,884	1.1%	3,510,724	1.1%
Class 4—low quality	1,086,775	0.4%	-	0.0%
Class 5—lower quality	-	0.0%	-	0.0%
Class 6—in or near default	100	0.0%	100	0.0%
Total	$ 306,612,899	100.0%	$ 307,322,011	100.0%

Bonds with ratings from AAA to BBB, as assigned by Standard & Poor's Corporation, are generally considered as investment-grade securities. Some securities issued by the United States government or an agency thereof are not rated, but are considered to be investment-grade. The NAIC regards United States Treasuries and agencies and all A ratings as Class 1 (highest quality), BBB ratings as Class 2 (high quality), BB ratings as Class 3 (medium quality), B ratings as Class 4 (low quality), all C ratings as Class 5 (lower quality) and D ratings as Class 6 (in or near default).

Subsequent events: The Society has evaluated subsequent events through May 9, 2022, the date the statutory financial statements were available to be issued.

Note 3. Investments

The carrying value and estimated fair value of investments in bonds at December 31, 2021 and 2020, were as follows:

2021	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government bonds and notes	$ 3,476,849	$ 392,666	$ (4,671)	$ 3,864,844
Asset-backed securities	12,738,700	204,971	(281,500)	12,662,171
Commercial mortgage obligations	27,605,593	1,509,896	(30,295)	29,085,194
Corporate bonds	211,993,074	15,418,099	(1,273,280)	226,137,893
Agency mortgage-backed securities	9,688,983	504,040	-	10,193,023
Non-agency mortgage-backed securities	4,580,533	30,364	(180,321)	4,430,576
Municipal bonds	36,529,167	3,126,068	(33,007)	39,622,228
Total	$ 306,612,899	$ 21,186,104	$ (1,803,074)	$ 325,995,929

2020	Carrying Value	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
U.S. Government bonds and notes	$ 3,485,624	$ 602,684	$ -	$ 4,088,308
Asset-backed securities	12,576,529	363,833	(358,004)	12,582,358
Commercial mortgage obligations	32,470,818	2,631,390	(67,014)	35,035,194
Corporate bonds	209,380,634	24,028,206	(310,714)	233,098,126
Agency mortgage-backed securities	11,723,308	1,485,973	(1,094)	13,208,187
Non-agency mortgage-backed securities	2,152,408	71,612	(38,187)	2,185,833
Municipal bonds	35,532,690	4,248,791	-	39,781,481
Total	$ 307,322,011	$ 33,432,489	$ (775,013)	$ 339,979,487

The table below shows the amortized cost and estimated fair value of investments in bonds at December 31, 2021, by contractual maturity. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties and because most mortgage-backed securities provide for periodic payments throughout their lives.

	Carrying Value	Fair Value
Due in one year or less	$ 5,861,697	$ 5,954,593
Due after one year through five years	39,511,444	41,863,467
Due after five years through 10 years	52,278,910	56,586,512
Due after 10 years	154,347,039	165,220,393
Subtotal	251,999,090	269,624,965
Mortgage and other asset-backed securities	54,613,809	56,370,964
Total	$ 306,612,899	$ 325,995,929

Note 3. Investments (Continued)

The following tables summarize for all bonds in an unrealized loss position at December 31, 2021 and 2020, the aggregate fair value and gross unrealized loss by length of time those securities have been continuously in an unrealized loss position:

	2021					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Government bonds and notes	$ 394,984	$ (4,671)	$ -	$ -	$ 394,984	$ (4,671)
Asset-backed securities	2,866,376	(126,458)	2,665,390	(155,042)	5,531,766	(281,500)
Commercial mortgage obligations	1,923,557	(24,563)	175,228	(5,732)	2,098,785	(30,295)
Corporate bonds	28,413,006	(452,708)	13,657,902	(820,572)	42,070,908	(1,273,280)
Non-agency mortgage-backed securities	3,282,840	(180,321)	-	-	3,282,840	(180,321)
Municipals bonds	506,300	(2,013)	473,865	(30,994)	980,165	(33,007)
Total	$ 37,387,063	$ (790,734)	$ 16,972,385	$ (1,012,340)	$ 54,359,448	$ (1,803,074)
Preferred stocks	$ -	$ -	$ 450,000	$ (46,375)	$ 450,000	$ (46,375)

	2020					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Asset-backed securities	$ 3,394,549	$ (358,004)	$ -	$ -	$ 3,394,549	$ (358,004)
Commercial mortgage obligations	2,559,826	(16,764)	1,825,250	(50,250)	4,385,076	(67,014)
Corporate bonds	10,928,766	(288,610)	10,151,983	(22,104)	21,080,749	(310,714)
Agency mortgage-backed securities	14,734	(1,094)	-	-	14,734	(1,094)
Non-agency mortgage-backed securities	1,033,468	(3,360)	485,625	(34,827)	1,519,093	(38,187)
Total	$ 17,931,343	$ (667,832)	$ 12,462,858	$ (107,181)	$ 30,394,201	$ (775,013)
Preferred stocks	$ -	$ -	$ 405,000	$ (91,375)	$ 405,000	$ (91,375)

The Society regularly reviews its investment portfolio for factors that may indicate that a decline in fair value of an investment is other than temporary. Based on an evaluation of the prospects of the issuers, including, but not limited to, the Society's intentions to sell or ability to hold the investments; the length of time and magnitude of the unrealized loss; and the credit ratings of the issuers of the investments, the Society has concluded that the declines in the fair values of the Society's investments in bonds at December 31, 2021, are temporary.

Note 3. Investments (Continued)

The following table details the Society's impairment losses by investment category for the years ended December 31:

	2021	2020
Residential mortgage-backed securities	$ 40,477	$ -

During 2021, other-than-temporary impairments were recognized in the residential mortgage-backed securities investment category based upon the investment securities' discounted estimated future cash flows.

The Society invests in several asset classes that could potentially be adversely affected by subprime mortgage exposure. These investments include mortgage backed securities and debt obligations of financial institutions participating in subprime lending practices. The Society has reviewed its investment portfolio and has identified ten residential mortgage backed securities that are considered subprime. These holdings have been analyzed with regard to loan characteristics, forecasts of future losses and recoveries, credit enhancement and recovery assumptions on defaulted collateral. Based on that analysis a full recovery is expected on eight of these holdings. The Society has the ability and intent to hold these securities for a full recovery.

All bonds issued by financial institutions participating in subprime lending activities are investment grade quality. At December 31, 2021 and 2020, the Society's subprime exposure included residential mortgage-backed securities as summarized below:

	2021		
	Actual Cost	Book/Adjusted Carrying Value	Fair Value
Residential mortgage-backed securities	$ 1,496,718	$ 1,505,849	$ 1,497,806

	2020		
	Actual Cost	Book/Adjusted Carrying Value	Fair Value
Residential mortgage-backed securities	$ 2,030,570	$ 2,042,621	$ 2,046,180

The Society, in consultation with its engaged portfolio manager, continues to monitor the delinquency rates of securities collateralized with subprime mortgages and the potential for losses in comparison with expected recoveries.

Note 3. Investments (Continued)

Net realized capital gains (losses) on investments for the years ended December 31, 2021 and 2020, are as follows:

	2021	2020
Net realized:		
Gross realized gains on sales:		
Bonds	$ 629,457	$ 985,295
Other invested assets	69,277	-
Gross realized losses on sales:		
Bonds	(436,408)	(159,998)
Other invested assets	(2,500)	-
Other realized adjustments:		
Cash, cash equivalents and short-term investments	-	(26,106)
Bonds	19,468	-
Other-than-temporary impairments:		
Bonds	(40,477)	-
Net realized capital gains	238,817	799,191
Less capital gains transferred to IMR	(250,361)	(915,361)
Net realized capital gains, net of amounts transferred to/from interest maintenance reserve	$ (11,544)	$ (116,170)

Proceeds from the sales of bonds and other invested assets were $9,839,786 and $13,756,734 in 2021 and 2020, respectively.

At December 31, 2021 and 2020, investments with an admitted asset value of $589,762 and $591,819, respectively, were on deposit with government authorities or trustees to satisfy regulatory requirements.

A summary of investment income for the years ended December 31, 2021 and 2020, is as follows:

	2021	2020
Bonds	$ 12,651,113	$ 12,324,414
Mortgage loans on real estate	744,048	690,824
Certificate loans	229,406	253,534
Other invested assets	810,710	217,057
Other	14,869	40,431
	14,450,146	13,526,260
Less investment expenses	(402,061)	(434,610)
Net investment income	$ 14,048,085	$ 13,091,650

Note 4. Mortgage Loans on Real Estate

The Society's investments in mortgage loans consist of commercial mortgage loans made on a full recourse basis and at fixed interest rates. The Society manages its credit risk associated with these loans by diversifying its mortgage portfolio by property type and geographic location and by seeking favorable loan-to-value ratios on secured properties. The portfolio credit risk for mortgage loans was concentrated in the following geographic regions as of December 31, 2021 and 2020:

	2021				2020			
	Number		Amount	Percent	Number		Amount	Percent
Ohio	23	$	3,181,831	21.4%	23	$	3,284,748	21.0%
Texas	19		2,485,912	16.7%	19		2,570,754	16.5%
Other	71		9,186,289	61.9%	74		9,749,771	62.5%
	113	$	14,854,032	100.0%	116	$	15,605,273	100.0%

The Society did not originate any new mortgage loans during 2021.The minimum and maximum lending rates for new mortgage loans during 2020 were 3.88% and 4.5%, respectively. The maximum percentage of any one loan to the value of the security at the time of the loan, exclusive of insured, guaranteed or purchase money mortgages, was 75%.

The following table provides a rollforward of the Society's mortgage loans on real estate for the years ended December 31, 2021 and 2020:

		2021		2020
Balance at beginning of year	$	15,605,273	$	12,885,582
Originations		-		3,144,168
Payments received		(751,246)		(424,478)
Other		5		1
Balance at end of year	$	14,854,032	$	15,605,273

At December 31, 2021 and 2020, all mortgage loans on real estate were current and good standing. There were no troubled debt restructuring modifications that occurred during the years ended December 31, 2021 and 2020.

Note 5. Fair Value of Financial Instruments

In accordance with Statement of Statutory Accounting Principles (SSAP) No. 100R, the Society has established reported fair values for certain financial instruments. The Society's financial assets disclosed at fair value have been classified, for disclosure purposes, based on a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The hierarchy gives the highest priority to fair values determined using unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to fair values determined using unobservable inputs (Level 3). An asset's or liability's classification is determined based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and unobservable (Level 3). The levels of the fair value hierarchy are as follows:

Level 1: Inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.

Note 5. Fair Value of Financial Instruments (Continued)

Level 2: Valuations are derived from inputs other than quoted market 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 markets that are not active
- 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: Valuations are derived from techniques that require significant unobservable inputs. The unobservable inputs reflect the Society's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

The fair value estimates presented herein are based on pertinent information available to management as of December 31, 2021 and 2020. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, such amounts have not been comprehensively revalued for purposes of these statutory financial statements since that date, and current estimates of fair value may differ significantly from the amounts presented herein.

The following methods and assumptions were used to estimate the fair value of each significant class of financial instruments for which it is practical to estimate that value:

Bonds: Fair values are generally based on values published by the Securities Valuation Office (SVO), quoted market prices, or dealer quotes. For certain mortgage-backed securities that are not actively traded, fair values are based on estimates using the present value of future discounted cash flows. The key assumptions include the loss-adjusted discount rate, the default rate, the loss severity and the mortgage prepayment rate. Independent third-party research is used to determine the inputs and is cross-checked against historical performance to verify reasonableness. The loss-adjusted discount rates are adjusted for collateral type as well as the security structure and seniority of cash flows.

Preferred stock: Fair values are generally based on values published by the SVO, quoted market prices or dealer quotes.

Mortgage loans on real estate: Fair values of nonimpaired mortgage loans is estimated using the discounted present value of future cash flows using the current mortgage loan rate as of the reporting date. Fair values approximates the unpaid principal balance.

Certificate loans: It is not practicable to estimate the fair value of the certificate loans because they do not have a maturity date. The certificate loans will be realized at the point of certificate surrender or death of the certificate holder.

Other invested assets: The fair values for other invested assets, which include investments in surplus debentures issued by other insurance companies, were determined primarily by using indices and third-party pricing services.

Cash and cash equivalents: The carrying amount reported in the statutory statements of admitted assets, liabilities and surplus approximates their fair value due to their short maturity.

Note 5. Fair Value of Financial Instruments (Continued)

Investment income due and accrued: The carrying amount reported in the statutory statements of admitted assets, liabilities and surplus approximates its fair value due to its short maturity.

Annuity reserves: The fair value of annuity reserves has not been estimated and is not considered practicable for estimate.

Refund provisions: The carrying amount reported in the statutory statements of admitted assets, liabilities and surplus approximates its fair value due to its short maturity.

Deposit-type contracts: Deposit-type contracts are valued at account value, which approximates fair value.

The following tables present the carrying value and estimated fair value of the Society's significant financial instruments at December 31, 2021 and 2020:

2021	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets:						
Bonds	$ 306,612,899	$ 325,995,929	$ 394,984	$ 325,600,945	$ -	$ -
Preferred stock	496,375	450,000	-	450,000	-	-
Mortgage loans on real estate	14,854,032	14,854,032	-	-	14,854,032	-
Certificate loans	3,152,031	3,152,031	-	-	-	3,152,031
Cash and cash equivalents	2,264,243	2,264,243	2,264,243	-	-	-
Investment income due and accrued	2,937,844	2,937,844	-	2,937,844	-	-
Total assets	$ 330,317,424	$ 349,654,079	$ 2,659,227	$ 328,988,789	$ 14,854,032	$ 3,152,031
Liabilities:						
Annuity reserves	$ 218,902,472	$ 218,902,472	$ -	$ -	$ -	$ 218,902,472
Refund provisions	183,312	183,312	-	183,312	-	-
Deposit-type contracts	16,060,722	16,060,722	-	16,060,722	-	-
Total liabilities	$ 235,146,506	$ 235,146,506	$ -	$ 16,244,034	$ -	$ 218,902,472

2020	Admitted Assets	Aggregate Fair Value	Level 1	Level 2	Level 3	Not Practicable (Carrying Value)
Assets:						
Bonds	$ 307,322,011	$ 339,979,487	$ 13,420,392	$ 326,559,095	$ -	$ -
Preferred stock	496,375	405,000	-	405,000	-	-
Other invested assets	2,377,321	2,572,240	-	2,572,240	-	-
Mortgage loans on real estate	15,605,273	15,605,273	-	-	15,605,273	-
Certificate loans	3,401,707	3,401,707	-	-	-	3,401,707
Cash and cash equivalents	2,614,594	2,614,594	2,614,594	-	-	-
Investment income due and accrued	2,940,031	2,940,031	-	2,940,031	-	-
Total assets	$ 334,757,312	$ 367,518,332	$ 16,034,986	$ 332,476,366	$ 15,605,273	$ 3,401,707
Liabilities:						
Annuity reserves	$ 219,478,595	$ 219,478,595	$ -	$ -	$ -	$ 219,478,595
Refund provisions	170,762	170,762	-	170,762	-	-
Deposit-type contracts	16,309,729	16,309,729	-	16,309,729	-	-
Total liabilities	$ 235,959,086	$ 235,959,086	$ -	$ 16,480,491	$ -	$ 219,478,595

Note 5. Fair Value of Financial Instruments (Continued)

At the end of each reporting period, an evaluation occurs to determine whether or not any event has occurred or circumstances have changed that would cause an instrument to be transferred into or out of Level 3. During the year ended December 31, 2021, the Society did not make any significant transfers between Levels 1, 2 and 3.

Note 6. Reinsurance

To control exposure to potential losses, the Society reinsures certain risks with other insurance companies, with the maximum risk retention on any one life equal to $100,000. The Society's ceded reinsurance arrangements reduced certain items in the accompanying statutory financial statements by the following amounts at December 31:

	2021	2020
Certificate and contract reserves	$ 5,375,883	$ 5,265,718
Premiums and annuity considerations	$ 1,780,622	$ 1,782,079
Benefits	$ 798,797	$ 1,490,426

Note 7. Premiums and Considerations Deferred and Uncollected

Deferred and uncollected life premiums and annuity considerations as of December 31, 2021 and 2020, were as follows:

	2021		2020	
	Gross	Net of Loading	Gross	Net of Loading
Ordinary net business	$ 4,285,651	$ 2,183,744	$ 1,682,471	$ 857,696
Ordinary renewal	2,397,450	1,900,038	1,228,373	974,602
Total	$ 6,683,101	$ 4,083,782	$ 2,910,844	$ 1,832,298

Note 8. Annuity Reserves and Deposit Liabilities

The following are the withdrawal characteristics of annuity reserves and deposit liabilities as of December 31, 2021 and 2020:

	2021		2020	
	Amount	Percent of Total	Amount	Percent of Total
Individual annuities:				
Subject to discretionary withdrawal:				
At book value with surrender charge	$ 30,899,958	14.0%	$ 27,034,002	12.2%
At book value (minimal or no charge for adjustment)	185,562,737	84.1%	190,185,902	86.0%
Not subject to discretionary withdrawal provision	4,057,553	1.9%	4,050,204	1.8%
Total gross and net individual annuities	$ 220,520,248	100.1%	$ 221,270,108	100.0%
Amount included in book value with surrender charge that will move to book value with minimal or no charge after the statement date	$ 7,957,588		$ 10,368,582	
Deposit-type contract (no life contingencies):				
Subject to discretionary withdrawal:				
At book value (minimal or no charge for adjustment)	$ 11,333,774	70.6%	$ 11,153,067	68.4%
Not subject to discretionary withdrawal provision	4,726,948	29.4%	5,156,662	31.6%
Total gross and net deposit-type contracts	$ 16,060,722	100.0%	$ 16,309,729	100.0%

Note 9. Life Reserves

The following are the withdrawal characteristics of life reserves as of December 31, 2021 and 2020:

	2021		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender or policy loans:			
Universal life	$ 53,172,490	$ 52,040,087	$ 52,711,280
Other permanent cash value life insurance	22,862,542	22,862,542	27,676,254
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	xxx	xxx	5,849,369
Accidental death benefits	xxx	xxx	2,282
Disability—active lives	xxx	xxx	16,307
Disability—disabled lives	xxx	xxx	113,398
Miscellaneous reserves	xxx	xxx	2,227,101
Total gross life reserves	76,035,032	74,902,629	88,595,991
Reinsurance ceded	xxx	xxx	5,267,157
Total net life reserves	$ 76,035,032	$ 74,902,629	$ 83,328,834

Note 9. Life Reserves (Continued)

	2020		
	Account Value	Cash Value	Reserve
Subject to discretionary withdrawal, surrender or policy loans:			
Universal life	$ 55,484,487	$ 54,125,395	$ 54,807,148
Other permanent cash value life insurance	22,073,393	22,073,393	24,642,429
Not subject to discretionary withdrawal or no cash values:			
Term policies without cash value	xxx	xxx	5,492,021
Accidental death benefits	xxx	xxx	2,522
Disability—active lives	xxx	xxx	17,217
Disability—disabled lives	xxx	xxx	236,302
Miscellaneous reserves	xxx	xxx	2,329,295
Total gross life reserves	77,557,880	76,198,788	87,526,934
Reinsurance ceded	xxx	xxx	5,132,469
Total net life reserves	$ 77,557,880	$ 76,198,788	$ 82,394,465

Note 10. Defined Contribution Benefit Plan

The Society has two defined contribution plans that cover substantially all employees. Contributions to the plans are set annually by the Board of Directors as a percentage of eligible employee compensation. Employees may elect to make pretax contributions of 70% of base compensation or the then-current IRS limit, whichever is less. Contributions charged to expense were $176,457 and $228,087 for the years ended December 31, 2021 and 2020, respectively.

Note 11. Fraternal Dues

The Society assesses annual membership dues, which are utilized to offset fraternal expenses. At December 31, 2021 and 2020, there were $906,158 and $774,863 of membership dues, respectively, included as an offset to general insurance expenses and fraternal expenses in the statutory statements of operations.

Note 12. Related-Party Transactions

The Sons of Norway Foundation (the Foundation) is a separate nonprofit entity sponsored by the Society. The purpose of the Foundation is to maintain funds obtained by bequests, gifts, and donations to be used exclusively for charitable, scientific, literary and educational endeavors through scholarships, grants or loans.

The Foundation owns various Society life insurance certificates with a total value of $13,384 and $13,180 at December 31, 2021 and 2020, respectively. These certificates were donated to the Foundation's Heritage and Culture Fund by various donors.

The Society provides and incurs the expense for certain bookkeeping and administrative services for the Foundation. As of December 31, 2021 and 2020, the Society had outstanding receivables from the Foundation in the amount of $597 and $323, respectively. These amounts are reported as nonadmitted.

Note 13. Leases

The Society has various leases for office space, and office equipment. The future minimum lease obligations for all noncancelable operating leases are as follows.

Years ending December 31:	
2022	$ 479,204
2023	455,996
2024	443,078
2025	452,370
2026	456,151
Thereafter	4,201,509
Total	$ 6,488,308

Total lease expense incurred by the Society amounted to approximately $772,454 and $328,725 for the years ended December 31, 2021 and 2020, respectively.

The Society entered into a 180-month lease agreement in March 2018 to rent new office space under a noncancelable lease agreement that commenced June 2020. This lease has a renewal clause for up to two additional periods of five years each. Rental expense for 2021 and 2020 was $670,911 and $115,087, respectively.

Note 14. Commitments and Contingencies

Various lawsuits can arise in the course of the Society's business. In these matters, management feels at this time there are no matters that have a material effect upon the financial position of the Society. As of December 31, 2021 and 2020, the Society has no known contingencies.

Sons of Norway

Supplementary Information
Schedule of Selected Financial Data
December 31, 2021

Investment income earned:	
U.S. government bonds	$ 397,870
Other bonds (unaffiliated)	12,253,243
Preferred stock	14,485
Mortgage loans	744,048
Real estate	-
Certificate loans and liens	229,406
Cash on hand and on deposit	180
Cash equivalents	-
Other invested assets	810,710
Other bonds (unaffiliated)	204
Gross investment income	$ 14,450,146
Mortgage loans—book value:	
Commercial mortgages	$ 14,854,032
Mortgage loans by standing—book value:	
Good standing	$ 14,854,032
Bonds by class and maturity, including mortgage-backed securities:	
Bonds by maturity—statement value:	
Due with 1 year or less	$ 13,929,398
Due within 1 year through 5 years	67,691,320
Over 5 years through 10 years	69,090,564
Over 10 years through 20 years	86,495,615
Over 20 years	69,406,002
Total by maturity	$ 306,612,899
Bonds by class—statement value:	
Class 1	$ 195,567,221
Class 2	106,458,919
Class 3	3,499,884
Class 4	1,086,775
Class 5	-
Class 6	100
Total by class	$ 306,612,899
Total bonds publicly traded	$ 254,645,761
Total bonds privately placed	$ 51,967,138

(Continued)

Sons of Norway

Supplementary Information
Schedule of Selected Financial Data (Continued)
December 31, 2021

Preferred stocks—statement value	$ 496,375
Cash equivalents—book value	$ 487,753
Cash on deposit	$ 1,776,490
Life insurance in force:	
Ordinary	$ 565,559,000
Amount of accidental death insurance in force under ordinary policies	$ 1,713,000
Life insurance policies with disability provisions in force:	
Ordinary	$ 50,587,000
Supplementary contracts in force:	
Ordinary—not involving life contingencies:	
Amount on deposit	$ 1,558,036
Amount of income payable	$ 574,575
Ordinary—involving life contingencies:	
Amount of income payable	$ 210,066
Annuity contracts in force:	
Ordinary:	
Immediate—amount of income payable	$ 652,619
Deferred—fully paid—account balance	$ 48,659,851
Deferred—not fully paid—account balance	$ 165,903,256
Deposit funds and refund accumulations:	
Deposit funds—account balance	$ 9,916,899
Refund accumulations—account balance	$ 1,392,506

See accompanying independent auditor’s report.

Sons of Norway

Supplementary Information
Schedule of Investment Risks Interrogatories
December 31, 2021

1. The Society's total admitted assets as reported on Page 2 of its Annual Statement are $334,895,080.

2. Following are the 10 largest exposures to a single issuer/borrower/investment, by investment category, excluding U.S. Government securities and those U.S. Government money market funds listed in Part 6 of the Purposes and Procedures Manual of the NAIC Securities Valuation Office as exempt, property occupied by the Society, and policy loans:

Investment Category/Issuer	Description of Exposure	Amount	Percentage of Total Admitted Assets
MICROSOFT CORP	Bond	$ 2,001,861	0.60%
SAN FRANCISCO CITY	Bond	1,976,235	0.59%
MET LIFE GLOB	Bond	1,806,260	0.54%
JOHN SEVIER COMB	Bond	1,806,148	0.54%
BOEING CO	Bond	1,634,976	0.49%
MASSACHUSETTS ST	Bond	1,606,149	0.48%
XTO ENERGY	Bond	1,589,107	0.47%
SHELL INTERNATIONAL FIN	Bond	1,573,480	0.47%
KY ST TPK-TXB-B-REVIT	Bond	1,559,579	0.47%
DUKE UNIVERSITY	Bond	1,519,652	0.45%

3. The Society's total admitted assets held in bonds and preferred stocks, by NAIC rating, are:

Bonds	Amount	Percentage of Total Admitted Assets
NAIC—1	$ 195,567,221	58.40%
NAIC—2	106,458,919	31.79%
NAIC—3	3,499,884	1.05%
NAIC—4	1,086,775	0.32%
NAIC—5	-	0.00%
NAIC—6	100	0.00%

Preferred stocks	Amount	Percentage of Total Admitted Assets
P/RP-1	$ -	0.00%
P/RP-2	496,375	0.15%
P/RP-3	-	0.00%
P/RP-4	-	0.00%
P/RP-5	-	0.00%
P/RP-6	-	0.00%

4. Following are the Society's total admitted assets held in foreign investments (regardless of whether there is any foreign currency exposure), excluding Canadian investments of $8,367,432 or 2.5% of total admitted assets. The Society had $91,167 in foreign-currency-denominated investments.

5. Aggregate foreign investment exposure categorized by NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
Countries rated NAIC—1	$ 24,693,790	7.374%
Countries rated NAIC—2	818,964	0.245%
Countries rated NAIC—3 or below	500,200	0.149%

6. Two largest foreign investment exposures to a single country, categorized by the country's NAIC sovereign rating:

	Amount	Percentage of Total Admitted Assets
Countries rated NAIC—1:		
United Kingdom	$ 6,011,489	1.795%
Cayman Islands	3,987,304	1.191%
Countries rated NAIC—2:		
Mexico	818,964	0.245%
Countries rated NAIC—3 or below:		
Ivory Coast	500,200	-

7. The Society had aggregate unhedged foreign currency exposure of $91,167.

8. Aggregate unhedged foreign currency exposure categorized by NAIC sovereign designation:

	Amount	Percentage of Total Admitted Assets
Countries rated NAIC—1	$ 91,167	0.028%

(Continued)

9. Largest unhedged foreign currency exposures by country, categorized by the country's NAIC sovereign designation:

	Amount	Percentage of Total Admitted Assets
Countries rated NAIC—1:		
Norway	$ 91,167	0.028%

10. Ten largest nonsovereign (i.e., nongovernmental) foreign issues:

	Amount	Percentage of Total Admitted Assets
SHELL INTERNATIONAL FIN	$ 1,573,480	0.470%
BRITISH TELECOM PLC	1,035,712	0.309%
ASTRAZENECA PLC	1,015,926	0.303%
SIEMENS FINAN	996,766	0.298%
VODAFONE GROUP	992,697	0.296%
STATOIL ASA	977,905	0.292%
SWISS RE AMERICA HOLDING	761,121	0.227%
HSBC HOLDINGS	750,209	0.224%
TYCO ELECTRONICS	745,362	0.223%
DAIMLER FINANCE NA LLC	710,924	0.212%

11. Assets held in Canadian investments are equal to 2.5% of the Society's total admitted assets.

12. There were no admitted assets held in investments with contractual sales restrictions.

13. Assets held in equity interests are less than 2.5% of the Society's total admitted assets.

14. Assets held in nonaffiliated, privately placed equity securities are less than 2.5% of the Society's total admitted assets.

    Largest fund managers:

Fund Manager	Total Invested	Diversified	Nondiversified
FIRST AMER TREAS OBLIG FD CL D	$ 427,748	$ -	$ 427,748
FIRST AM-TR OB-I	60,005	-	60,005

15. There were no admitted assets held in general partnership interests that exceeded 2.5% of the Society's total admitted assets.

Continued)

16. Mortgage loans reported in Schedule B are more than 2.5% of the Society's total admitted assets.

Ten largest mortgage loans:

	Amount	Percentage of Total Admitted Assets
2020-01-1600 Commercial	$ 266,163	0.081%
2018-04-1521 Commercial	258,773	0.079%
2018-04-1524 Commercial	244,774	0.075%
2019-04-1583 Commercial	241,092	0.074%
2019-04-1579 Commercial	240,441	0.073%
2018-03-1506 Commercial	231,044	0.071%
2018-04-1519 Commercial	229,135	0.070%
2019-02-1551 Commercial	227,504	0.069%
2019-04-1585 Commercial	221,760	0.068%
2018-03-1516 Commercial	219,142	0.067%

There were no mortgage loans in the following categories: (1) construction loans, (2) mortgage loans over 90 days past due, (3) mortgage loans in the process of foreclosure, (4) mortgage loans foreclosed, or (5) restructured mortgage loans.

17. Aggregate mortgage loans having the following loan-to-value ratios as determined from the most current appraisal as of the annual statement date:

	Commercial	
Loan-to-Value	Amount	Percentage of Total Admitted Assets
Above 95%	$ -	0.000%
91% to 95%	-	0.000%
81% to 90%	-	0.000%
71% to 80%	1,437,605	0.439%
Below 70%	13,416,427	4.098%

18-23. Required interrogatories are omitted because of the absence of conditions under which they are required.

See accompanying independent auditor's report.

Sons of Norway

Supplementary Information
Summary Investment Schedule
December 31, 2021

Investment Categories	Gross Investment Holdings Amount	Gross Investment Holdings Percentage	Admitted Assets as Reported in the Annual Statement Amount	Admitted Assets as Reported in the Annual Statement Percentage
Long-term bonds:				
U.S. governments	$ 11,736,441	3.585%	$ 11,736,441	3.585%
All other governments	-	-	-	-
U.S. states, territories and possessions, etc., guaranteed	12,215,055	3.731	12,215,055	3.731
U.S. political subdivisions of states, territories and possessions, guaranteed	17,496,218	5.344	17,496,218	5.344
U.S. special revenue and special assessment obligations, etc., nonguaranteed	32,431,016	9.906	32,431,016	9.906
Industrial and miscellaneous	232,734,169	71.090	232,734,169	71.090
Hybrid securities	-	-	-	-
Parent, subsidiaries and affiliates	-	-	-	-
SVO-identified funds	-	-	-	-
Bank loans	-	-	-	-
Total long-term bonds	306,612,899	93.656	306,612,899	93.656
Preferred stocks:				
Industrial and miscellaneous (unaffiliated)	496,375	0.152	496,375	0.152
Parent, subsidiaries and affiliates	-	-	-	-
Total preferred stocks	496,375	0.152	496,375	0.152
Common stocks:				
Industrial and miscellaneous (unaffiliated)—publicly traded	-	-	-	-
Industrial and miscellaneous (unaffiliated)—other	-	-	-	-
Parent, subsidiaries and affiliates—publicly traded	-	-	-	-
Parent, subsidiaries and affiliates—other	-	-	-	-
Mutual funds	-	-	-	-
Unit investment trusts	-	-	-	-
Closed-end funds	-	-	-	-
Total common stocks	-	-	-	-
Mortgage loans:				
Farm mortgages	-	-	-	-
Residential mortgages	-	-	-	-
Commercial mortgages	14,854,032	4.537	14,854,032	4.537
Mezzanine real estate loans	-	-	-	-
Total mortgage loans	14,854,032	4.537	14,854,032	4.537
Real estate:				
Properties occupied by company	-	-	-	-
Properties held for production of income	-	-	-	-
Properties held for sale	-	-	-	-
Total real estate	-	-	-	-
Cash, cash equivalents and short-term investments:				
Cash	1,776,490	0.543	1,776,490	0.543
Cash equivalents	487,753	0.149	487,753	0.149
Short-term investments	-	-	-	-
Total cash, cash equivalents and short-term investments	2,264,243	0.692	2,264,243	0.692
Contract loans	3,152,031	0.963	3,152,031	0.963
Derivatives	-	-	-	-
Other invested assets	-	-	-	-
Receivables for securities	-	-	-	-
Securities lending	-	-	-	-
Other invested assets	-	-	-	-
Total invested assets	$ 327,379,580	100.000%	$ 327,379,580	100.000%

See accompanying independent auditor’s report.

Sons of Norway

Supplementary Information
Schedule of Reinsurance Disclosures
Year Ended December 31, 2021

The following information regarding reinsurance contracts is presented to satisfy the disclosure requirements in SSAP No. 61R, *Life, Deposit-Type and Accident and Health Reinsurance*, which apply to reinsurance contracts entered into, renewed or amended on or after January 1, 1996.

1. Has the Society reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is subject to Appendix A-791, *Life and Health Reinsurance Agreements*, and includes a provision that limits the reinsurer's assumption of significant risks identified in Appendix A-791?

   Examples of risk-limiting features include lack of transfer of all significant risks or provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit, a future deprivation of surplus to the cedant, or other provisions that result in similar effects.

   Yes ☐ No **X**

   If yes, indicate the number of reinsurance contracts to which such provisions apply: __________

   If yes, indicate if deposit accounting was applied for all contracts subject to Appendix A-791 that limit significant risks.

   Yes ☐ No ☐ N/A **X**

2. Has the Society reinsured any risk with any other entity under a reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) that is not subject to Appendix A-791, for which reinsurance accounting was applied and includes a provision that limits the reinsurer's assumption of risk?

   Examples of risk-limiting features include lack of transfer of all significant risks or provisions such as a deductible, a loss ratio corridor, a loss cap, an aggregate limit, a future deprivation of surplus to the cedant, or other provisions that result in similar effects.

   Yes ☐ No **X**

   If yes, indicate the number of reinsurance contracts to which such provisions apply: __________

   If yes, indicate whether the reinsurance credit was reduced for the risk-limiting features.

   Yes ☐ No ☐ N/A **X**

3. Does the Society have any reinsurance contracts (other than reinsurance contracts with a federal or state facility) that contain one or more of the following features which may result in delays in payment in form or in fact:

   (a) Provisions that permit the reporting of losses to be made less frequently than quarterly;
   (b) Provisions that permit settlements to be made less frequently than quarterly;
   (c) Provisions that permit payments due from the reinsurer to not be made in cash within ninety (90) days of the settlement date (unless there is no activity during the period); or
   (d) The existence of payment schedules, accumulating retentions from multiple years, or any features inherently designed to delay timing of the reimbursement to the ceding entity.

   Yes ☐ No **X**

Sons of Norway

Supplementary Information
Schedule of Reinsurance Disclosures (Continued)
Year Ended December 31, 2021

4. Has the Society reflected reinsurance accounting credit for any contracts that are not subject to Appendix A-791 and not yearly renewable term reinsurance, which meet the risk transfer requirements of SSAP No. 61R?

Type of contract:	Response:	Identify reinsurance contract(s):	Has the insured event(s) triggering contract coverage been recognized?
Assumption reinsurance—new for the reporting period	Yes □ No **X**		N/A
Non-proportional reinsurance, which does not result in significant surplus relief	Yes □ No **X**		Yes □ No □ N/A **X**

5. Has the Society ceded any risk, which is not subject to Appendix A-791 and not yearly renewable term reinsurance, under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statements, and either:

   (a) Accounted for that contract as reinsurance under statutory accounting principles (SAP) and as a deposit under generally accepted accounting principles (GAAP); or

   Yes □ No □ N/A **X**

   (b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

   Yes □ No □ N/A **X**

   If the answer to item (a) or item (b) is yes, include relevant information regarding GAAP to SAP differences from the accounting policy footnote to the audited statutory-basis financial statements to explain why the contract(s) is treated differently for GAAP and SAP below:

See accompanying independent auditor's report.