

AMERICAN BAPTIST FOUNDATION

FINANCIAL STATEMENTS AND REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

DECEMBER 31, 2024 AND 2023

AMERICAN BAPTIST FOUNDATION

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**To the Board of Directors
American Baptist Foundation
Valley Forge, Pennsylvania**

Opinion

We have audited the accompanying financial statements of the American Baptist Foundation (a nonprofit organization) (the “Foundation”) which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of 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 Foundation’s ability to continue as a going concern within one year after the date that the financial statements are available to be 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

**To the Board of Directors
American Baptist Foundation
Valley Forge, Pennsylvania**

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 Foundation'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 Foundation'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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of administrative revenue and expenses is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

Tait, Weller & Baker LLP

Philadelphia, Pennsylvania
May 21, 2025

AMERICAN BAPTIST FOUNDATION

STATEMENTS OF FINANCIAL POSITION

December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 684,666	\$ 638,289
Interest and other receivables	36,902	24,465
Prepaid expenses	<u>7,973</u>	<u>8,608</u>
Total current assets	729,541	671,362
NONCURRENT ASSETS		
Investments	75,157,121	67,199,968
Assets segregated for gift annuity obligations	8,624,819	8,314,965
Assets whose use is limited	104,194,862	95,134,221
Property and equipment, net	<u>615,665</u>	<u>643,705</u>
Total assets	<u>\$189,322,008</u>	<u>\$171,964,221</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and other current liabilities	\$ 141,184	\$ 199,140
Actuarial reserve for gift annuity payments	<u>454,628</u>	<u>485,964</u>
Total current liabilities	<u>595,812</u>	<u>685,104</u>
NONCURRENT LIABILITIES		
Actuarial reserve for charitable gift annuity payments	3,228,090	3,425,403
Funds of others – includes trust and endowment funds	<u>101,432,644</u>	<u>92,606,854</u>
Total noncurrent liabilities	<u>104,660,734</u>	<u>96,032,257</u>
NET ASSETS		
Without donor restrictions	5,043,802	4,928,748
With donor restrictions	<u>79,021,660</u>	<u>70,318,112</u>
Total net assets	<u>84,065,462</u>	<u>75,246,860</u>
Total liabilities and net assets	<u>\$189,322,008</u>	<u>\$171,964,221</u>

AMERICAN BAPTIST FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended December 31, 2024 With Summarized Information For 2023

	Without Donor Restrictions	With Donor Restrictions	Total	
			2024	2023
Operating revenue, gains, and other support:				
Contributions				
Undesignated	\$ 35,224	\$ —	\$ 35,224	\$ 129,797
Other	253,390	4,828,030	5,081,420	789,978
Operating subsidy from Baptist related organizations	310,131	—	310,131	313,219
Income from investments	585,682	3,192,916	3,778,598	3,574,350
Net realized and unrealized gain on investments carried at fair value	48,176	3,775,116	3,823,292	6,576,800
Management fees	1,253,731	—	1,253,731	962,770
Service income	120,200	—	120,200	120,550
Change in value of split-interest agreements	(497,454)	(95,466)	(592,920)	(435,386)
Subtotal	2,109,080	11,700,596	13,809,676	12,032,078
Net assets released from restrictions	2,997,048	(2,997,048)	—	—
Total operating revenue, gains, and other support	5,106,128	8,703,548	13,809,676	12,032,078
Expenses				
Program services:				
Distributions to members				
Undesignated income	346,574	—	346,574	446,108
Donor Advised Distributions	31,704	—	31,704	32,862
Distributions from endowment to partner agencies	2,634,009	—	2,634,009	2,660,014
Operating expenses	581,582	—	581,582	505,291
Total program services	3,593,869	—	3,593,869	3,644,275
Supporting services:				
Management and general	1,094,368	—	1,094,368	1,009,672
Development	302,837	—	302,837	289,949
Total supporting services	1,397,205	—	1,397,205	1,299,621
Total Expenses	4,991,074	—	4,991,074	4,943,896
Change in net assets	115,054	8,703,548	8,818,602	7,088,182
Net assets				
Beginning of year	4,928,748	70,318,112	75,246,860	68,158,678
End of year	\$ 5,043,802	\$ 79,021,660	\$ 84,065,462	\$ 75,246,860

AMERICAN BAPTIST FOUNDATION

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS – (Continued)

For The Year Ended December 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>
Operating revenue, gains, and other support:			
Contributions			
Undesignated	\$ 129,797	\$ —	\$ 129,797
Other	344,094	445,884	789,978
Operating subsidy from Baptist related organizations	313,219	—	313,219
Income from investments	376,095	3,198,255	3,574,350
Net realized and unrealized gain on investments carried at fair value	358,168	6,218,632	6,576,800
Management fees	962,770	—	962,770
Service income	120,550	—	120,550
Change in value of split-interest agreements	<u>(334,119)</u>	<u>(101,267)</u>	<u>(435,386)</u>
Subtotal	2,270,574	9,761,504	12,032,078
Net assets released from restrictions	<u>3,003,115</u>	<u>(3,003,115)</u>	<u>—</u>
Total operating revenue, gains, and other support	<u>5,273,689</u>	<u>6,758,389</u>	<u>12,032,078</u>
Expenses			
Program services:			
Distributions to members			
Undesignated income	446,108	—	446,108
Donor Advised Distributions	32,862	—	32,862
Distributions from endowment to partner agencies	2,660,014	—	2,660,014
Operating expenses	<u>505,291</u>	<u>—</u>	<u>505,291</u>
Total program services	<u>3,644,275</u>	<u>—</u>	<u>3,644,275</u>
Supporting services:			
Management and general	1,009,672	—	1,009,672
Development	<u>289,949</u>	<u>—</u>	<u>289,949</u>
Total supporting services	<u>1,299,621</u>	<u>—</u>	<u>1,299,621</u>
Total Expenses	<u>4,943,896</u>	<u>—</u>	<u>4,943,896</u>
Change in net assets	329,793	6,758,389	7,088,182
Net assets			
Beginning of year	<u>4,598,955</u>	<u>63,559,723</u>	<u>68,158,678</u>
End of year	<u>\$4,928,748</u>	<u>\$70,318,112</u>	<u>\$75,246,860</u>

AMERICAN BAPTIST FOUNDATION

STATEMENTS OF CASH FLOWS

Years Ended December 31, 2024 And 2023

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Total change in net assets	<u>\$ 8,818,602</u>	<u>\$ 7,088,182</u>
Adjustments to reconcile total change in net assets to net cash used by operating activities:		
Depreciation	45,180	47,310
Interest and dividends received from gift annuity contracts	(553,141)	(339,194)
Net realized and unrealized gain on long-term investments	(3,822,752)	(6,576,800)
Change in value of split-interest agreements	592,920	435,386
Contributions restricted for endowment, net of receivables	(4,828,030)	(445,884)
Contributions restricted for charitable gift annuity	(141,820)	(121,242)
Changes in operating assets and liabilities		
(Increase) decrease in interest and other receivables	(12,437)	6,656
Decrease (increase) in prepaid expenses	635	(1,473)
Increase in assets segregated for gift annuity obligations	(309,854)	(542,769)
Increase in assets whose use is limited	(9,060,641)	(8,266,880)
(Decrease) increase in accounts payable and other current liabilities	(57,956)	76,300
Increase in funds of others	<u>8,825,790</u>	<u>7,923,949</u>
Total adjustments	<u>(9,322,106)</u>	<u>(7,804,641)</u>
Net cash used for operating activities	<u>(503,504)</u>	<u>(716,459)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(17,140)	(16,709)
(Purchase of) proceeds from investments, net	<u>(4,134,401)</u>	<u>485,628</u>
Net cash (used for) provided by investing activities	<u>(4,151,541)</u>	<u>468,919</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from contributions restricted for:		
Endowments	4,828,030	445,884
Charitable gift annuity contracts	224,154	228,530
Other financing activities:		
Distribution payments for gift annuity contracts	(903,903)	(612,925)
Interest and dividends received from gift annuity contracts	<u>553,141</u>	<u>339,194</u>
Net cash provided by financing activities	<u>4,701,422</u>	<u>400,683</u>
Increase in cash and cash equivalents	46,377	153,143
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>638,289</u>	<u>485,146</u>
End of year	<u>\$ 684,666</u>	<u>\$ 638,289</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2024 And 2023

(1) BACKGROUND

The mission of the American Baptist Foundation (the “*Foundation*”) is to encourage support of the American Baptist ministry and its mission, primarily done by the members of the Foundation through Charitable Estate Planning services for individuals and churches. Its mission also involves managing and providing investment services to American Baptist related organizations. The Foundation is a center through which planned gifts may be made in support of the American Baptist churches and related organizations around the world.

This cooperative effort, sponsored by its three American Baptist member organizations, demonstrates increased efficiency and strength by blending talent and resources within our family of faith. Serving throughout the United States, the Foundation representatives provide customized services including:

- Customize planned giving and endowment programs for ministries
- Educate on wills and estate planning
- Confidential counseling on personal estate plans
- Resources encouraging good stewardship through wills, endowments, and planned gifts
- Life income agreements to meet both individual income needs and mission support goals – these agreements include Pooled Income Fund, Charitable Remainder Trusts, Charitable Gift Annuities, and Revocable Trusts

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

Management has reviewed the tax positions for each of the open tax years (2021 – 2023) or expected to be taken in the Foundation’s 2024 tax return and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting.

NET ASSETS

For accounting and reporting purposes, the Foundation classifies its resources into two net asset categories according to externally (donor) imposed restrictions. A description of the two net asset categories follows:

Net Assets without donor-imposed restrictions – include the revenues and expenses associated with the principal mission of the Foundation which have not been restricted by donor-imposed restrictions.

Net Assets with donor-imposed restrictions – include gifts for which restrictions have not been met. Net assets with restrictions are limited by donors for a specific purpose or specified period including term endowment funds. Also included in this category are the Foundation’s permanent endowment funds.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts held in highly liquid securities with maturities of less than three months at the time of purchase and are stated at cost, which approximates fair value. Cash and cash equivalents that are segregated for gift annuity obligations or restricted by donors of trust agreements are included in “assets segregated for gift annuity obligations” and “assets whose use is limited,” respectively, in the Statement of Financial Position.

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of December 31, 2024 and 2023, and the reported amounts of revenues and expenses for the years then ended. Actual results may differ from those estimates.

INVESTMENTS

Investments, which include marketable securities, U.S. Government and fixed income securities, mutual funds, and other assets held for investment purposes are reported at fair value based upon quoted market prices or other valuation methodologies. Gains or losses on investments are recognized as revenues or expenses in the Statement of Activities. Accordingly, gains and losses are recorded in the net asset category where the investment income is recognized.

ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets received by the Foundation for the administration and management of revocable and irrevocable charitable remainder trusts and amounts received for various American Baptist related organizations and individuals for which the Foundation acts as custodian.

EQUIPMENT AND DEPRECIATION

Equipment is recorded at cost or, if donated, at fair value at the date of receipt. Depreciation of equipment is computed on a straight-line basis and is charged to expense over the estimated useful lives of the assets. Gains and losses on the disposition of assets are recognized as revenues and expenses in the Statement of Activities. Repair and maintenance costs are expensed when incurred, while betterments that extend the life of the assets are capitalized.

The Foundation reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

CHARITABLE GIFT ANNUITIES

Charitable gift annuity agreements are issued in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity that provides for payments to the stated annuitant(s) during their lifetime(s). The contribution portion is recorded in the appropriate net asset category based on the donors' agreements. These agreements represent a general obligation of the Foundation.

The life expectancy of annuitants and the interest rate assumptions determine the actuarial obligations. Charitable gift annuity liabilities are computed using standard life expectancy and annuity tables at a 6.0% discount rate. Changes in the factors result in changes in the actuarial reserve for gift annuity payments. Changes related to agreements in which the remainderman is other than the Foundation, are recorded as an increase or decrease in the beneficiaries' interest in charitable gift annuities in the Statement of Financial Position. Changes related to agreements for which the Foundation is the remainderman are recorded within the change in value of split-interest agreements in the Statement of Activities.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

FUNDS OF OTHERS

Funds of others represent amounts due to the organizations under revocable and irrevocable charitable remainder trusts and custodian funds administered by the Foundation for American Baptist-related organizations, individuals, agencies and institutions. For the irrevocable charitable remainder trusts, the funds of others amounts include both the obligation liability to the income beneficiaries and the residual payment due to others. For residual payments due to the Foundation, the net amounts represent the balance remaining net of the calculation of the liability for the income beneficiary's payments over their estimated life expectancy. The liability is based upon a 6% rate of return of the assets discounted at 6% over the income beneficiary's life expectancy.

CONTRIBUTIONS

The Foundation 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 purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts-in-kind are recorded at fair value on the date of receipt.

PRIOR YEAR INFORMATION

The financial statements include certain prior-year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Foundation's financial statements for the year ended December 31, 2023 from which the summarized financial information was derived.

(3) INVESTMENTS

Investments consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 50,139	\$ 625,893
Mutual Funds		
Bond	2,859,373	4,417,270
Stock	357,389	471,054
International	50,254	42,504
Bonds	22,185,757	16,782,470
Equities	49,508,994	44,717,760
Notes Receivable	<u>145,215</u>	<u>143,017</u>
Total	<u>\$75,157,121</u>	<u>\$ 67,199,968</u>

Investments consist principally of the Foundation's Donor-restricted "True" Endowments ("Endowment Funds") and Donor-Advised Net Assets without donor-imposed restriction and are invested in the Foundation's Blended Portfolio, one of the Foundation's three different portfolios (Blended, Fixed Income, Stock and ESG portfolios). The target allocation of the Blended Portfolio is an allocation of 60% stock and 40% bonds. The target allocation may vary by plus or minus 15% in each category. Investments noted above include the applicable ownership percentage of the Blended portfolio. The ESG Portfolio is a pilot program and only the Foundation's Endowment Funds are invested in this fund at December 31, 2024 and 2023.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

Assets segregated for actuarial reserves (charitable gift annuities):

	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 437,506	\$ 320,210
U.S. Government and fixed income securities	71,667	81,697
Equities	128,870	133,490
Mutual Funds		
Stock	216,022	182,710
Balanced	7,759,862	7,585,119
Other	<u>10,892</u>	<u>11,739</u>
Total	<u>\$8,624,819</u>	<u>\$8,314,965</u>

As of December 31, 2024 and 2023, assets segregated for charitable gift annuities includes \$2,614,350 and \$2,376,632, respectively, of the Foundation's remainder interest in charitable gift annuities designated for endowment.

Certain states require investments to be segregated (reserves) for planned giving charitable gift annuity contracts. The general reserve follows the State of New York guidelines, which is the actuarial present value liability, plus 26.5%.

The 2024 reserve was calculated as follows:

Actuarial present value liability – General	\$3,682,718
26.5% additional reserves	<u>975,920</u>
Total Required Reserve	<u>\$4,658,638</u>

Assets whose use is limited consist of the following:

	<u>2024</u>	<u>2023</u>
Cash and Cash Equivalents	\$ 435,318	\$ 977,452
Notes Receivable	193,338	295,478
Equity Securities	55,787,294	50,819,302
Mutual Funds		
Bond	3,256,655	5,971,420
Stock	10,244,000	8,518,516
Balanced	396,086	367,451
International	1,832,430	2,016,412
U.S. Government, Corporate and Municipal Bonds	<u>32,049,741</u>	<u>26,168,190</u>
Total	<u>\$ 104,194,862</u>	<u>\$ 95,134,221</u>

Assets whose use is limited are designated as follows:

	<u>2024</u>	<u>2023</u>
Custodian Funds	\$ 84,922,285	\$ 77,033,122
Assets held under trust agreements	<u>19,272,577</u>	<u>18,101,099</u>
Total	<u>\$ 104,194,862</u>	<u>\$ 95,134,221</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

Holders of the Custodian Funds (see Note 6) may select one or more of the three different portfolios of the Foundation for investment. Investments noted above include the applicable ownership percentage of the underlying investments of the Blended, Fixed Income, and Stock portfolios.

As of December 31, 2024 and 2023, assets include \$2,657,308 and \$2,311,875, respectively of the Foundation's remainder interest in charitable remainder unitrusts designated for endowment.

Notes receivable with rates ranging from 1.10% to 4.35% consist of investment notes issued by American Baptist Extension Corporation, an affiliate, totaling \$338,553 and \$438,495 as of December 31, 2024 and 2023, respectively.

At December 31, 2024 and 2023, investments in the Blended, Fixed Income, and Stock portfolios were \$148,681,988 and \$133,629,657; \$3,801,864 and \$3,947,205; and \$2,848,548 and \$2,399,342, respectively. In 2023 the Foundation launched a pilot ESG fund which continues into 2024 and had investments of \$2,241,371 and \$2,142,302 at December 31, 2024 and 2023.

(4) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation utilizes various methods to measure the fair value of most of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

Level 1 – Unadjusted quoted prices in active markets at the measurement date for identical assets and/or liabilities. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

Level 3 – Assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints.

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

		Level 1 Quoted Prices	Level 2 Other Significant Observable Inputs	Level 3 Significant Unobservable Inputs
	2023	Total		
<u>Investments</u>				
Cash and Cash Equivalents	\$ 50,139	\$ 50,139	\$ —	\$ —
Mutual Funds				
Bond	2,859,373	2,859,373	—	—
Stock	357,389	357,389	—	—
International	50,254	50,254	—	—
U.S. Government and Fixed Income	22,185,757	4,998,890	17,186,867	—
Equities	49,508,994	49,508,994	—	—
Notes Receivable	145,215	—	—	145,215
	<u>\$75,157,121</u>	<u>\$57,825,039</u>	<u>\$17,186,867</u>	<u>\$145,215</u>
<u>Assets Segregated For Gift Annuity Obligations</u>				
Cash and Cash Equivalents	\$ 437,506	\$ 437,506	\$ —	\$ —
U.S. Government and Fixed Income Securities	71,667	—	71,667	—
Equities	128,870	128,870	—	—
Mutual Funds				
Stock	216,022	216,022	—	—
Balanced	7,759,862	7,759,862	—	—
Other	10,892	—	10,892	—
	<u>\$ 8,624,819</u>	<u>\$ 8,542,260</u>	<u>\$ 82,559</u>	<u>\$ —</u>
<u>Assets Whose Use Is Limited</u>				
Cash and Cash Equivalents	\$ 435,318	\$ 435,318	\$ —	\$ —
Notes Receivable	193,338	—	—	193,338
Equity Securities	55,787,294	55,787,294	—	—
Mutual Funds				
Bond	3,256,655	3,256,655	—	—
Stock	10,244,000	10,244,000	—	—
Balanced	396,086	396,086	—	—
International	1,832,430	1,832,430	—	—
U.S. Government and Fixed Income	32,049,741	7,765,137	24,284,604	—
	<u>\$104,194,862</u>	<u>\$79,716,920</u>	<u>\$24,284,604</u>	<u>\$193,338</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

<u>2023</u>	<u>Total</u>	<u>Level 1 Quoted Prices</u>	<u>Level 2 Other Significant Observable Inputs</u>	<u>Level 3 Significant Unobservable Inputs</u>
<u>Investments</u>				
Cash and Cash Equivalents	\$ 625,893	\$ 625,893	\$ —	\$ —
Mutual Funds				
Bond	4,417,270	4,417,270	—	—
Stock	471,054	471,054	—	—
International	42,504	42,504	—	—
U.S. Government and Fixed Income	16,782,470	2,828,458	13,954,012	—
Equities	44,717,760	44,717,760	—	—
Notes Receivable	<u>143,017</u>	<u>—</u>	<u>—</u>	<u>143,017</u>
	<u>\$67,199,968</u>	<u>\$53,102,939</u>	<u>\$13,954,012</u>	<u>\$143,017</u>
<u>Assets Segregated For Gift Annuity Obligations</u>				
Cash and Cash Equivalents	\$ 320,210	\$ 320,210	\$ —	\$ —
U.S. Government and Fixed Income Securities	81,697	—	81,697	—
Equities	133,490	133,490	—	—
Mutual Funds				
Stock	182,710	182,710	—	—
Balanced	7,585,119	7,585,119	—	—
Other	<u>11,739</u>	<u>—</u>	<u>11,739</u>	<u>—</u>
	<u>\$ 8,314,965</u>	<u>\$ 8,221,529</u>	<u>\$ 93,436</u>	<u>\$ —</u>
<u>Assets Whose Use Is Limited</u>				
Cash and Cash Equivalents	\$ 977,452	\$ 977,452	\$ —	\$ —
Notes Receivable	295,478	—	—	295,478
Equity Securities	50,819,302	50,819,302	—	—
Mutual Funds				
Bond	5,971,420	5,971,420	—	—
Stock	8,518,516	8,518,516	—	—
Balanced	367,451	367,451	—	—
International	2,016,412	2,016,412	—	—
U.S. Government and Fixed Income	<u>26,168,190</u>	<u>4,467,959</u>	<u>21,700,231</u>	<u>—</u>
	<u>\$ 95,134,221</u>	<u>\$ 73,138,512</u>	<u>\$ 21,700,231</u>	<u>\$ 295,478</u>

The changes in investments measured at fair value for which the Foundation used Level 3 inputs to determine fair value are as follows:

	<u>2024</u>	<u>2023</u>
Balance, beginning of year	\$ 438,495	\$ 432,350
Net redemptions	(107,509)	—
Interest, net	<u>7,567</u>	<u>6,145</u>
Balance, end of year	<u>\$ 338,553</u>	<u>\$ 438,495</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

(5) PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2024</u>	<u>2023</u>
Equipment	\$ 16,183	\$ 12,340
Building and improvements	<u>806,864</u>	<u>793,567</u>
	823,047	805,907
Less accumulated depreciation	<u>(207,382)</u>	<u>(162,202)</u>
	<u>\$ 615,665</u>	<u>\$ 643,705</u>

(6) FUNDS OF OTHERS

	<u>Balance December 31, 2023</u>	<u>New Agreements</u>	<u>Investment Income</u>	<u>Net Realized & Unrealized Gains</u>	<u>Redemption/ Distributions And Other Payments</u>	<u>Balance December 31, 2024</u>
Irrevocable Trusts *	\$ 15,129,307	\$ -	\$ 1,056,845	\$ 1,138,831	\$ (1,324,807)	\$ 16,000,176
Revocable Trusts	307,172	10,500	8,928	50,450	(121,529)	255,521
Board of National Ministries	177,997	-	4,449	6,623	(4,245)	184,824
Custodial Funds						
Ottawa University	169,824	-	13,592	9,076	(12,160)	180,332
Endowment	<u>76,822,554</u>	<u>5,907,825</u>	<u>4,043,706</u>	<u>3,175,475</u>	<u>(5,137,769)</u>	<u>84,811,791</u>
	<u>\$ 92,606,854</u>	<u>\$ 5,918,325</u>	<u>\$ 5,127,520</u>	<u>\$ 4,380,455</u>	<u>\$ (6,600,510)</u>	<u>\$ 101,432,644</u>

* *These amounts include both the obligation payable to the income beneficiaries and the residual payments due to other organizations.*

(7) NET ASSETS

Net assets with donor-imposed restrictions are available at December 31 as follows:

	<u>2024</u>	<u>2023</u>
Endowment funds:		
<u>Subject to the passage of time:</u>		
Term Endowments	\$ 220,893	\$ 217,326
Accumulated earnings on endowment	<u>7,947,118</u>	<u>3,979,701</u>
	8,168,011	4,197,027
<u>Perpetual in Nature:</u>		
Endowment funds including \$2,657,308 in 2024 and \$2,311,875 in 2023 of the estimated residual interest in trusts and \$2,614,350 in 2024 and \$2,376,632 in 2023 of the estimated residual interest in charitable gift annuities	<u>70,853,649</u>	<u>66,121,085</u>
Total donor restricted net assets	<u>\$ 79,021,660</u>	<u>\$ 70,318,112</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

During the years ended December 31, 2024 and 2023, net assets were released from donor restrictions by satisfying the following restricted purposes:

<u>2024</u>	<u>2023</u>
<u>\$2,997,048</u>	<u>\$3,003,115</u>

Endowment and donor advised net asset composition by type of fund as of December 31, 2024 and 2023:

	<u>2024</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted “true” endowment:			
Historical gift value	\$ —	\$ 70,853,649	\$ 70,853,649
Appreciation	—	7,947,118	7,947,118
Term endowments	—	220,893	220,893
Donor advised funds	<u>1,082,913</u>	<u>—</u>	<u>1,082,913</u>
	<u>\$ 1,082,913</u>	<u>\$ 79,021,660</u>	<u>\$ 80,104,573</u>

	<u>2023</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donor-restricted “true” endowment:			
Historical gift value	\$ —	\$ 66,121,085	\$ 66,121,085
Appreciation	—	3,979,701	3,979,701
Term endowments	—	217,326	217,326
Donor advised funds	<u>1,006,604</u>	<u>—</u>	<u>1,006,604</u>
	<u>\$ 1,006,604</u>	<u>\$ 70,318,112</u>	<u>\$ 71,324,716</u>

The Foundation classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as net assets with donor restrictions. Cumulative net investment income which includes dividend and interest and realized and unrealized gains/losses on such gifts is classified as net assets with donor-imposed restrictions until it is expended in accordance with state law and/or the donor restriction. The Foundation’s board may also designate certain gifts without donor restrictions to function as endowment funds; such gifts are classified within net assets without donor restrictions as funds functioning as endowment funds.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

Changes in endowment and donor advised net assets for the years ended December 31, 2024 and 2023:

	2024		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 1,006,604	\$ 70,318,112	\$ 71,324,716
Investment gains	97,871	6,968,032	7,065,903
Contributions and other	10,000	4,828,030	4,838,030
Change in split interest agreements	—	(95,466)	(95,466)
Amounts appropriated for expenditures	<u>(31,562)</u>	<u>(2,997,048)</u>	<u>(3,028,610)</u>
	<u>\$ 1,082,913</u>	<u>\$ 79,021,660</u>	<u>\$ 80,104,573</u>

	2023		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Net assets, beginning of year	\$ 895,428	\$ 63,559,723	\$ 64,455,151
Investment gains	133,838	9,416,887	9,550,725
Contributions and other	10,200	445,884	456,084
Change in split interest agreements	—	(101,267)	(101,267)
Amounts appropriated for expenditures	<u>(32,862)</u>	<u>(3,003,115)</u>	<u>(3,035,977)</u>
	<u>\$ 1,006,604</u>	<u>\$ 70,318,112</u>	<u>\$ 71,324,716</u>

(8) CREDIT RISK AND OTHER CONCENTRATIONS

The Foundation is required by Accounting Standards Codification (“ASC”) 825, “Financial Instruments” to disclose significant concentrations of credit risk regardless of the degree of such risk. As of December 31, 2024, and 2023, the Foundation maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. This risk is managed by the Foundation in continuing to monitor the financial institutions in which it maintains relationships.

The Foundation has significant investments in notes receivable, stocks, bonds, and mutual funds and is therefore subject to normal risks inherent with investing activity. Investments made by investment managers engaged by the Foundation are monitored by the Foundation. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

(9) OPERATING SUBSIDY

Under an operating agreement, related members of the Foundation contribute to the operations, based upon predetermined amounts. The related members include the American Baptist Foreign Mission Society, the American Baptist Home Mission Societies, and the American Baptist Multi-Region Corporation. The amount subsidized by the related members was \$310,131 and \$313,219 for 2024 and 2023, respectively.

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

(10) PENSION

Substantially all of the Foundation's employees are covered by the American Baptist Churches' Retirement Plan. The Foundation's pension expense related to contributions to this defined contribution plan was \$132,547 and \$143,836 in 2024 and 2023, respectively.

(11) FUNCTIONAL CLASSIFICATION OF EXPENSES

With the adoption of ASU 2016-14, a functional classification of expenses is required. The functional allocation of expenses is based primarily on the amount of direct cost spent on the program or time spent on an activity, office space and related costs are allocated based upon time spent on an activity as follows for the year ended December 31, 2024 and 2023:

<u>2024</u>	<u>Total Expenses</u>	<u>Program Expenses</u>	<u>Management And General</u>	<u>Development</u>
Donor Advised Distributions	\$ 31,704	\$ 31,704	\$ -	\$ -
Undesignated Income Distributions				
to members	346,574	346,574	-	-
Distributions from endowments	2,634,009	2,634,009	-	-
Salaries and benefits	1,331,649	415,983	762,369	153,297
Travel	99,324	49,662	-	49,662
Promotional support	89,128	44,564	-	44,564
Occupancy	73,273	22,889	41,949	8,435
Computer services	183,771	45,943	91,885	45,943
Contracted services	8,134	2,54	4,657	936
Professional services	160,542	-	160,542	-
Board of directors	15,835	-	15,835	-
Miscellaneous expenses	<u>17,131</u>	<u>-</u>	<u>17,131</u>	<u>-</u>
Total expenses	<u>\$4,991,074</u>	<u>\$3,593,869</u>	<u>\$1,094,368</u>	<u>\$302,837</u>

<u>2023</u>	<u>Total Expenses</u>	<u>Program Expenses</u>	<u>Management And General</u>	<u>Development</u>
Donor Advised Distributions	\$ 32,862	\$ 32,862	\$ -	\$ -
Undesignated Income Distributions				
to members	446,108	446,108	-	-
Distributions from endowments	2,660,014	2,660,014	-	-
Salaries and benefits	1,202,539	355,592	691,180	155,767
Travel	93,456	46,728	-	46,728
Promotional support	66,142	33,071	-	33,071
Occupancy	87,415	25,849	50,243	11,323
Computer services	169,149	42,287	84,575	42,287
Contracted services	5,964	1,764	3,427	773
Professional services	163,076	-	163,076	-
Board of directors	16,725	-	16,725	-
Miscellaneous expenses	<u>446</u>	<u>-</u>	<u>446</u>	<u>-</u>
Total expenses	<u>\$4,943,896</u>	<u>\$3,644,275</u>	<u>\$1,009,672</u>	<u>\$289,949</u>

AMERICAN BAPTIST FOUNDATION

NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2024 And 2023

(12) FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The following table reflects the Foundation's financial assets as of December 31, 2024 and 2023, reduced by amounts that are not available by contractual restrictions and/or Board designations to meet general expenditures within one year of the statement of financial position date because of contractual restrictions.

Financial Assets	<u>2024</u>	<u>2023</u>
Cash and cash equivalents	\$ 684,666	\$ 638,289
Interest and other receivables	36,902	24,465
Investments	75,157,121	67,199,968
Assets segregated for gift annuity obligations	8,624,819	8,314,965
Assets whose use is limited	<u>104,194,862</u>	<u>95,134,221</u>
Total financial assets	188,698,370	171,311,908
Less:		
Endowment funds' assets	79,021,660	70,318,112
Donor advised funds	1,082,913	1,006,604
Assets segregated for gift annuity obligations, net of amounts included in endowment fund's assets	6,010,469	5,938,333
Funds of others	<u>101,432,644</u>	<u>92,606,854</u>
Financial assets available to meet general expenditures within one year	<u>\$ 1,150,684</u>	<u>\$ 1,442,005</u>

The Foundation strives to maintain liquid financial assets to be available as its general expenditures, liabilities and other obligations become due. Financial assets in excess of daily cash requirements are invested in cash and cash equivalents. As part of the Foundation's liquidity management, it has a practice to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

(13) SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 21, 2025, the date which the financial statements were available to be issued. There were no material subsequent events required to be disclosed.

SUPPLEMENTAL INFORMATION

AMERICAN BAPTIST FOUNDATION

SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE REVENUES AND EXPENSES

December 31, 2024 And 2023

	2024			2023
	Marketing	Administration	Total	Total
Revenues, gains and other support:				
Operating subsidy from Baptist related organizations	\$ 310,131	\$ —	\$ 310,131	\$ 313,220
Contributions	131,514	—	131,514	233,472
Service income	—	120,200	120,200	120,550
Management fees	—	1,253,731	1,253,731	962,770
Income from investments, net of unrealized gain	—	114,343	114,343	112,485
Grant Awards	—	25,000	25,000	35,000
Total revenues, gains and other support	<u>441,645</u>	<u>1,513,274</u>	<u>1,954,919</u>	<u>1,777,497</u>
Administrative and promotional expenses:				
Salaries and fringe benefits	153,297	1,178,352	1,331,649	1,202,539
Travel	49,662	49,662	99,324	93,456
Promotional support	89,128	—	89,128	66,142
Occupancy	—	73,273	73,273	87,415
Computer services	—	183,771	183,771	169,149
Contracted services	—	8,134	8,134	5,964
Professional services	—	160,542	160,542	163,076
Board of Directors	—	15,835	15,835	16,725
Miscellaneous expenses	—	20,525	20,525	29,193
Total expenses	<u>292,087</u>	<u>1,690,094</u>	<u>1,982,181</u>	<u>1,833,659</u>
Increase (decrease) in net assets without donor restrictions	<u>149,558</u>	<u>(176,820)</u>	<u>(27,262)</u>	<u>(56,162)</u>
Total	<u>\$ 441,645</u>	<u>\$ 1,513,274</u>	<u>\$ 1,954,919</u>	<u>\$ 1,777,497</u>

The above schedule includes amounts reported in the without donor restrictions column of the Statement of Activities and Changes in Net Assets that represent the Foundation's operational revenues and expenses. These amounts exclude all activities related to endowment, trust and annuity gifts that are also reported in the without donor restrictions column of the Statement of Activities and Changes in Net Assets.