



**Georgia Baptist
Foundation**

**DULUTH, GEORGIA
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**



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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Georgia Baptist Foundation, Inc.
Duluth, Georgia

Opinion

We have audited the financial statements of Georgia Baptist Foundation, Inc. (a non-profit corporation) (the Foundation), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Georgia Baptist Foundation, Inc. as of June 30, 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Financial Statements

The financial statements of Georgia Baptist Foundation, Inc. as of June 30, 2022 were audited by other auditors whose report dated September 28, 2022 expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The June 30, 2023 balance sheets and statements of operations and changes in fund balance for the Ministry Trust Fund and Georgia Baptist Health Care Ministry Foundation Investment Fund are presented for purposes of additional analysis and are 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. The June 30, 2022 balance sheets and statements of operations and changes in fund balance for the Ministry Trust Fund and Georgia Baptist Health Care Ministry Foundation Investment Fund were subjected to the audit procedures applied in the June 30, 2022 audit of the basic financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the June 30, 2022 financial statements as a whole.

Frazier & Deeter, LLC

September 27, 2023

GEORGIA BAPTIST FOUNDATION, INC.

Statements of Financial Position

June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Cash and cash equivalents	\$ 8,322,594	9,120,860
Accrued income receivable	1,518,437	1,224,974
Gifted funds receivable	2,340,122	1,638,874
Investments	495,699,569	462,822,442
Note receivable	-	1,832,700
Other assets	519,788	439,292
Property and equipment, net	179,761	154,683
Operating lease right-of-use asset	207,949	300,799
	<u>508,788,220</u>	<u>477,534,624</u>
Total assets	\$ <u>508,788,220</u>	<u>477,534,624</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accruals	\$ 871,653	786,267
Accrued postretirement benefit obligation	1,162,778	1,159,941
Annuities payable	5,961,714	6,429,004
Operating lease obligation	226,226	300,799
Assets held for others	473,295,595	442,557,161
	<u>481,517,966</u>	<u>451,233,172</u>
Total liabilities	481,517,966	451,233,172
Net assets:		
Without donor restrictions	7,034,699	6,131,411
With donor restrictions	20,235,555	20,170,041
	<u>27,270,254</u>	<u>26,301,452</u>
Total net assets	27,270,254	26,301,452
Total liabilities and net assets	\$ <u>508,788,220</u>	<u>477,534,624</u>

GEORGIA BAPTIST FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2023

	Net Assets Attributable to Georgia Baptist Foundation			Assets Held for Others	Memorandum Total
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets		
Investment funds administration					
Contributions and additions to funds held for others					
Contributions	\$ 297,366	20,092	317,458	-	317,458
Additions to funds held for others	-	-	-	12,321,111	12,321,111
Total contributions and additions	297,366	20,092	317,458	12,321,111	12,638,569
Net investment income					
Interest	79,357	94,541	173,898	2,149,058	2,322,956
Dividends	166,979	198,941	365,920	7,870,723	8,236,643
Private equity return	21,708	26,031	47,739	558,584	606,323
Net realized and unrealized gain	784,114	906,354	1,690,468	39,199,737	40,890,205
Expenses allocated to investment income	(128,363)	-	(128,363)	(2,771,603)	(2,899,966)
Foundation cost recovery fee expense	(108,599)	-	(108,599)	(2,219,356)	(2,327,955)
Total net investment income	815,196	1,225,867	2,041,063	44,787,143	46,828,206
Change in value of split-interest agreements	131,541	-	131,541	210,061	341,602
Net assets released from restriction	1,180,445	(1,180,445)	-	-	-
Total net revenues	2,424,548	65,514	2,490,062	57,318,315	59,808,377
Distributions to beneficiaries of funds	(1,039,994)	-	(1,039,994)	(20,818,415)	(21,858,409)
Distributions to operations	(473,549)	-	(473,549)	-	(473,549)
Total distributions	(1,513,543)	-	(1,513,543)	(20,818,415)	(22,331,958)
Withdrawal of funds held for others	-	-	-	(5,761,466)	(5,761,466)
Net change in net assets and assets held for others from investment funds administration	911,005	65,514	976,519	30,738,434	31,714,953
Ministry operations:					
Foundation cost recovery fee revenue	2,391,053	-	2,391,053	-	2,391,053
Income transferred from investment funds	473,549	-	473,549	-	473,549
Other support and income	34,192	-	34,192	-	34,192
Actuarial gain in postretirement benefit obligation	34,342	-	34,342	-	34,342
Total ministry operations revenue	2,933,136	-	2,933,136	-	2,933,136
Expenses					
Ministry expenses	(2,940,853)	-	(2,940,853)	-	(2,940,853)
Change in net assets and assets held for others	903,288	65,514	968,802	30,738,434	31,707,236
Net assets and assets held for others at beginning of year	6,131,411	20,170,041	26,301,452	442,557,161	468,858,613
Net assets and assets held for others at end of year	\$ 7,034,699	20,235,555	27,270,254	473,295,595	500,565,849

GEORGIA BAPTIST FOUNDATION, INC.

Statement of Activities

For the Year Ended June 30, 2022

	Net Assets Attributable to Georgia Baptist Foundation			Assets Held for Others	Memorandum Total
	Without Donor Restrictions	With Donor Restrictions	Total Net Assets		
Investment funds administration					
Contributions and additions to funds held for others					
Contributions	\$ 23,679	35,707	59,386	-	59,386
Additions to funds held for others	-	-	-	22,957,807	22,957,807
Total contributions and additions	<u>23,679</u>	<u>35,707</u>	<u>59,386</u>	<u>22,957,807</u>	<u>23,017,193</u>
Net investment income					
Interest	64,510	79,615	144,125	1,520,550	1,664,675
Dividends	164,640	203,210	367,850	7,722,768	8,090,618
Private equity return	11,943	14,734	26,677	611,736	638,413
Net realized and unrealized loss	(47,274)	(3,074,509)	(3,121,783)	(53,471,769)	(56,593,552)
Expenses allocated to investment income	(136,597)	-	(136,597)	(3,862,866)	(3,999,463)
Foundation cost recovery fee expense	(113,224)	-	(113,224)	(2,190,200)	(2,303,424)
Total net investment loss	<u>(56,002)</u>	<u>(2,776,950)</u>	<u>(2,832,952)</u>	<u>(49,669,781)</u>	<u>(52,502,733)</u>
Change in value of split-interest agreements	(144,753)	-	(144,753)	108,992	(35,761)
Net assets released from restriction	<u>662,768</u>	<u>(662,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total net revenues (loss)	<u>485,692</u>	<u>(3,404,011)</u>	<u>(2,918,319)</u>	<u>(26,602,982)</u>	<u>(29,521,301)</u>
Distributions to beneficiaries of funds	(524,097)	-	(524,097)	(15,023,934)	(15,548,031)
Distributions to operations	<u>(477,634)</u>	<u>-</u>	<u>(477,634)</u>	<u>-</u>	<u>(477,634)</u>
Total distributions	<u>(1,001,731)</u>	<u>-</u>	<u>(1,001,731)</u>	<u>(15,023,934)</u>	<u>(16,025,665)</u>
Withdrawal of funds held for others	-	-	-	(5,246,193)	(5,246,193)
Net change in net assets and assets held for others from investment funds administration	(516,039)	(3,404,011)	(3,920,050)	(46,873,109)	(50,793,159)
Ministry operations:					
Foundation cost recovery fee revenue	2,354,670	-	2,354,670	-	2,354,670
Income transferred from investment funds	477,634	-	477,634	-	477,634
Other support and income	30,414	-	30,414	-	30,414
Actuarial gain in postretirement benefit obligation	110,520	-	110,520	-	110,520
Total ministry operations revenue	<u>2,973,238</u>	<u>-</u>	<u>2,973,238</u>	<u>-</u>	<u>2,973,238</u>
Expenses					
Ministry expenses	<u>(2,440,803)</u>	<u>-</u>	<u>(2,440,803)</u>	<u>-</u>	<u>(2,440,803)</u>
Change in net assets and assets held for others	16,396	(3,404,011)	(3,387,615)	(46,873,109)	(50,260,724)
Net assets and assets held for others at beginning of year	6,115,015	23,574,052	29,689,067	489,430,270	519,119,337
Net assets and assets held for others at end of year	<u>\$ 6,131,411</u>	<u>20,170,041</u>	<u>26,301,452</u>	<u>442,557,161</u>	<u>468,858,613</u>

GEORGIA BAPTIST FOUNDATION, INC.

Statements of Cash Flows

For the Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 968,802	(3,387,615)
Adjustments to reconcile change in net assets to net cash and cash equivalents (used in) provided by operating activities:		
Depreciation	35,516	27,545
(Gain) loss on disposal of fixed assets	(5,928)	365
Net realized and unrealized (gain) loss on investment	(40,890,204)	56,593,552
Gifts restricted for long-term investment	(13,717)	(29,216)
Investment earnings restricted for long-term investment	(1,893)	(29,683)
Increase in accrued income receivable	(293,463)	(393,564)
(Increase) decrease in gifted funds receivable	(701,248)	4,173,104
Decrease in note receivable	1,832,700	-
Increase in other assets	(80,496)	(21,041)
Decrease (increase) in operating lease right-of-use asset	92,850	(300,799)
Increase (decrease) in accounts payable and accruals	85,386	(94,417)
Increase (decrease) in accrued postretirement benefit obligation	2,837	(410,266)
Decrease in annuities payable	(467,290)	(1,153,912)
(Decrease) increase in operating lease obligation	(74,573)	300,799
Increase (decrease) in assets held for others	30,738,434	(46,873,109)
Net cash and cash equivalents (used in) provided by operating activities	<u>(8,772,287)</u>	<u>8,401,743</u>
Cash flows from investing activities:		
Purchases of investments	(278,028,064)	(560,930,367)
Proceeds from sales of investments	286,041,141	552,410,223
Purchases of property and equipment	(70,595)	(91,428)
Proceeds from sale of property and equipment	15,929	-
Net cash and cash equivalents provided by (used in) investing activities	<u>7,958,411</u>	<u>(8,611,572)</u>
Cash flows from financing activities:		
Proceeds from gifts restricted for long-term investment	13,717	29,216
Investment earnings restricted for long-term investment	1,893	29,683
Net cash and cash equivalents provided by financing activities	<u>15,610</u>	<u>58,899</u>
Net change in cash and cash equivalents	(798,266)	(150,930)
Cash and cash equivalents at beginning of year	<u>9,120,860</u>	<u>9,271,790</u>
Cash and cash equivalents at end of year	\$ <u><u>8,322,594</u></u>	<u><u>9,120,860</u></u>

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

(1) Organization

Georgia Baptist Foundation, Inc. (the "Foundation") is a religious, nonprofit corporation chartered in 1941 to promote, support and assist endeavors that are owned or approved by the Georgia Baptist Convention or the Southern Baptist Convention, by providing fund management and income distribution, as well as other support services, to charitable organizations in order to enhance the opportunity to further Baptist causes.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The Financial Accounting Standards Board ("FASB") has established the Accounting Standards Codification ("ASC") as the source of authoritative accounting principles to be applied in the preparation of financial statements in accordance with GAAP. Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified as follows:

Net Assets without Donor Restrictions – These net assets are available for general operations and are not subject to donor restrictions. The principal sources of funds without donor restrictions are account administration fees, investment income and contributions.

Net Assets with Donor Restrictions – These net assets are subject to donor-imposed restrictions, primarily related to support of Christian education at colleges and seminaries. Some donor-imposed restrictions are perpetual in nature and stipulate that assets be invested to provide a permanent source of income. Other donor-imposed restrictions are temporary in nature and are met when the assets benefit the charitable purpose designated by the donor.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments, and other assets or liabilities, are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. When the donor-imposed restrictions on net assets have been fulfilled, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the Statements of Activities as net assets released from restriction.

Net assets of the Foundation do not reflect additions, income, distributions, or expenses related to assets held for others (refundable advances, funds administered for others, and liability to resource providers). The Foundation acts as fiduciary agent of assets held for others as a result of estate gifts or endowment agreements for which it has no variance power. The majority of these agreements have been established by the settlor for their benefit or for the benefit of third parties. Upon establishment of these agreements, the Foundation records the underlying assets and a corresponding liability, and its duties include, but are not limited to, safeguarding assets, recording transactions, managing investments, and ensuring appropriate distributions. This account activity for the years ended June 30, 2023 and 2022 is presented as memorandum information in the accompanying Statements of Activities.

Principles of Consolidation

The consolidated financial statements include the accounts of Christian Timber Reserve, LLC and Ministry Trust, LLC because the Foundation has both control and an economic interest in their operation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as "Georgia Baptist Foundation."

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Contributions of assets other than cash are recorded at their estimated fair value on the date of donation.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held in demand deposit accounts for the benefit of individual fund accounts and the Foundation's operation.

Accrued Income Receivable

Accrued income receivable is primarily accrued investment income and is stated at the amount owed to the Foundation.

Gifted Funds Receivable

Gifted funds receivable are primarily due from estates which have not been settled prior to the end of the fiscal year and are based upon estimates of amounts owed to the Foundation.

Investments

Investments are composed of cash and cash equivalents, publicly traded equity and debt securities and alternative investments. Fair value of non-cash investments is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investments. Alternative investment holdings, including limited partnerships, are carried at fair values based upon financial information provided by external investment partners. Because alternative investment interests are not readily marketable, the estimated value is subject to uncertainty and, therefore, may differ significantly from the value that would have been used had a ready market for the investment existed. Fair value is based on the last sale price on the last business day of the year. Changes in the fair value of investments are reported as investment gains and losses in the accompanying Statements of Activities.

Participation in the Foundation's common investment pools is restricted to institutional investments, charitable trusts, and gift annuities. The pools are managed by external investment managers following investment policies established by the Board of Trustees (the "Trustees"). The investment policies identify quality criteria for marketable equity and debt securities, and alternative investments. The investment policies also limit investments in companies that profit from operations considered in conflict with Southern Baptist beliefs. All publicly traded securities are held in custody by external banks.

Note Receivable

The prior year note receivable of \$1,832,700 was reported at the unpaid principal amount. The charitable remainder annuity trust, that held the asset, matured in the current year. The note receivable was disbursed to the beneficiary charity, identified in the trust agreement.

Property and Equipment

The Foundation records property and equipment additions over \$1,000 at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years. The costs of maintenance and repairs, which do not improve or extend the life of the respective asset, are expensed when incurred. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the Statements of Activities.

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Income Taxes

The Foundation is organized as a Georgia nonprofit corporation and is recognized as an organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and classified as a public charity under Sections 509(a)(1) and 170(b)(1)(A)(vi) of the Code whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. As a church-affiliated organization that is exclusively engaged in managing funds, described in Rev. Proc. 96-10, 1996-1 C.B. 577, the Foundation does not file income tax returns. The Foundation is subject to tax on unrelated business income and accordingly files an Exempt Organization Business Income Tax Return (Form 990-T) when such income is earned on investments. Management believes that it does not have any uncertain tax positions that are material to the financial statements. The Internal Revenue Service has the right to examine the Foundation from its inception but has never done so.

Use of Estimates

Management has made certain estimates and assumptions related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare the financial statements in conformity with GAAP. Actual results could differ from those estimates.

Financial Instruments and Credit Risk

The Foundation manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions it believes to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Foundation has not experienced losses in any of these accounts. As of June 30, 2023 and 2022, the Foundation had approximately \$7,847,000 and \$8,545,000, respectively, in excess of FDIC insurance limits. Credit risk associated with accounts receivable and promises to give are limited due to historical collection rates. A substantial portion of the outstanding receivables are due from income earned on publicly traded securities.

Investments are made by diversified investment managers whose performance is monitored by the Foundation and its investment advisors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Foundation believes that the investment policies and guidelines are prudent for the long-term welfare of the ministries and charitable causes it serves.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accrued income receivable, gifted funds receivable, note receivable, accounts payable and accruals, and annuities payable approximates fair value because of the terms and/or relative short maturity of those instruments.

Subsequent Events

The Foundation has evaluated subsequent events through September 27, 2023, the date these financial statements were available to be issued.

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

(3) Liquidity and Availability

Financial assets available within one year of the Statements of Financial Position date for the Foundation's general expenditure include cash assets that are Board-designated for operations and accounts receivable resulting from the Foundation's programs. Income from donor-restricted endowments is not available for general expenditure unless it has been donor-designated to support the Foundation's ministry. Assets available within one year at June 30, 2023 and 2022 were as follows:

		2023	2022
Cash and cash equivalents	\$	3,436,827	3,528,833
Accrued income		93,248	66,369
	\$	3,530,075	3,595,202

The Foundation's board-designated endowment investments, exclusive of donor advised funds, at June 30, 2023 and 2022 were \$2,459,725 and \$1,787,368, respectively. The endowment investments are subject to an annual spending rate of 4% to 5% as described in Note 12. Although the Foundation does not intend to spend from this board-designated endowment, other than the amounts appropriated per the board's annual spending rate, these amounts could be made available if necessary.

The financial assets available within one year exclude donor advised funds of \$679,331 and \$598,722, at June 30, 2023 and 2022, respectively. Instead, donor advised funds are generally used for grant making based on donor recommendations.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and obligations become due. The Foundation may invest cash in excess of daily requirements in short-term investments and money market funds.

(4) Fair Value Measurements and Disclosures

GAAP established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted observable quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation methodology are quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Inputs to valuation methodology are unobservable for the asset or liability and are significant to the fair value.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. As of June 30, 2023 and 2022, the only assets or liabilities that are measured at fair value on a recurring basis in periods subsequent to initial recognition are investments.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Common stocks and U.S. Treasuries are valued at the closing price reported on the active market on which the individual securities are traded. Mutual funds and proprietary funds are valued at the daily closing price reported by the fund. Corporate obligations, asset backed securities, sovereign government obligations, and taxable municipal funds are valued based on quoted prices for similar assets. Net Asset Value ("NAV") per share, or its equivalent, such as member unit or an ownership interest in partners' capital, is used as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy.

The following tables present by level, within the fair value hierarchy, the Foundation's investments at fair value, as of June 30, 2023 and 2022 and the investment liquidity terms:

Fair Value Measurements at June 30, 2023 Using

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Measured at NAV</u>	<u>Total</u>
Investment cash & money					
market funds	\$ 14,881,986	-	-	-	14,881,986
Equity	368,680,360	-	-	-	368,680,360
Fixed income	419,165	38,922,986	-	-	39,342,151
U.S. Treasuries	18,958,474	-	-	-	18,958,474
Private equity funds	-	-	-	42,934,671	42,934,671
Real estate funds	-	-	-	5,642,466	5,642,466
Private debt funds	-	-	-	4,131,718	4,131,718
Timberland	-	-	1,127,743	-	1,127,743
Total investments	\$ 402,939,985	38,922,986	1,127,743	52,708,855	495,699,569

Fair Value Measurements at June 30, 2022 Using

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Investments Measured at NAV</u>	<u>Total</u>
Investment cash & money					
market funds	\$ 16,842,023	-	-	-	16,842,023
Equity	336,582,097	-	-	-	336,582,097
Fixed income	1,014,368	43,627,992	-	-	44,642,360
U.S. Treasuries	23,162,970	-	-	-	23,162,970
Private equity funds	-	-	-	32,714,072	32,714,072
Real estate funds	-	-	-	5,502,351	5,502,351
Private debt funds	-	-	-	2,246,585	2,246,585
Timberland	-	-	1,129,984	-	1,129,984
Total investments	\$ 377,601,458	43,627,992	1,129,984	40,463,008	462,822,442

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

	Liquidity		
	Redemption or Liquidation	Redemption Notice Period (Days)	Lock-up Period
Investment cash & money market funds	Daily	1	No lockup
Equity	Daily	1	No lockup
Fixed income	Daily	2-5	No lockup
U.S. Treasuries	Daily	2-5	No lockup
Private equity funds	Illiquid	N/A	10-15 years
Real estate funds	Quarterly	60	0 - 2 years
Private debt funds	Illiquid	N/A	7-12 years

The unfunded commitments to the alternative funds were:

Assets Measured at Net Asset Value (NAV)			
June 30, 2023	Number of Investments	Fair Value	Unfunded Commitments
Private debt funds	3	\$ 4,131,718	3,431,000
Real estate funds	2	5,642,466	-
Private equity funds	20	42,934,671	19,583,000
	25	\$ 52,708,855	23,014,000
June 30, 2022			
Private debt funds	2	\$ 2,246,585	2,817,731
Real estate funds	2	5,502,351	-
Private equity funds	15	32,714,072	16,787,000
	19	\$ 40,463,008	19,604,731

Private debt funds are limited partnership interests in funds that specialize in private lending to businesses across a diversified spectrum of industries in North America and globally. These assets are currently not available for redemption. Distributions are made quarterly. The investment periods of these funds range from 3-4 years. Partnership interests are reported at NAV per share estimated by the general partner.

Real estate funds are private limited partnerships with multiple general partners and consist of real estate investments in North America, diversified across sector and geography. Sector diversification includes office, multi-family, retail, and industrial properties. The funds seek both current rental income and long-term capital appreciation. The funds' strategies focus primarily on core property, which is high quality, low leveraged, income generating properties. Target leverage of the funds is 40-50% loan-to-value ratio at the fund level. Partnership interests are calculated at NAV per share with the underlying investments valued by third-party appraisers. The partnerships' accounting and determination of NAV is in accordance with GAAP.

GEORGIA BAPTIST FOUNDATION, INC.

Notes to Financial Statements

For the Years Ended June 30, 2023 and 2022

Private equity funds are limited partnership interests in non-publicly traded assets that can be classified into five categories: Growth Equity, Early Stage Venture, Late Stage Venture, Buyout, and Special Situations. These assets are currently not available for redemption. Distributions are made following the liquidation of underlying assets within the fund. The investment periods of these funds range from 3-6 years. Partnership interests are reported at NAV per share estimated by the general partner.

The Foundation owns approximately 655 acres of timberland in Ware County, Georgia. The timber is held in a single-member limited liability company, Christian Timber Reserve, LLC. The Foundation is the sole member of the limited liability company. The asset purchase consisted of land and miscellaneous assets, timber, and young growth. Fair value is determined principally by using a discounted cash flow model, at a 5.5% discount rate, which consists of analyses of historical timber and timberland price trends, industry forecasts, maintenance and management costs, and miscellaneous revenue. As of June 30, 2023 and 2022, the allocations of holdings were as follows:

	<u>2023</u>	<u>2022</u>
Land and miscellaneous assets	\$ 809,502	809,502
Timber	106,858	-
Young growth	<u>211,383</u>	<u>320,482</u>
	<u>\$ 1,127,743</u>	<u>1,129,984</u>

There were no purchases of level 3 assets or transfers into or out of level 3 of the fair value hierarchy for the years ended June 30, 2023 and 2022.

Diversification

As of June 30, 2023, the Foundation's primary common investment pool, The Ministry Trust Fund ("Fund"), held common stocks representing 1,255 individual companies and 39 countries. No individual stock represented more than 1.57% of the total portfolio. The Fund held fixed income investments representing 272 individual companies, municipalities, agencies of the U.S. government, and the Treasury of the U.S. The total number of issues held was 371. Other than U.S. treasuries, no individual issuer represented more than .77% (U.S. government agency) of the total portfolio. 90% of the portfolio was Bank Investment Grade (BBB- or better). As of June 30, 2022, the Fund held common stocks representing 1,125 individual companies representing 32 countries. No individual stock represented more than 1.18% of the total portfolio. The Fund held fixed income investments representing 264 individual companies, municipalities, agencies of the U.S. government, and the Treasury of the U.S. The total number of issues held was 283. Other than U.S. treasuries, no individual issuer represented more than 1.06% (U.S. government agency) of the total portfolio. 90% of the portfolio was Bank Investment Grade (BBB- or better).

The Foundation manages a separate portfolio of investments for the Georgia Baptist Health Care Ministry Foundation (GBHCMF). Supplemental financial statement disclosures for the Fund and the GBHCMF follow the Notes to the Financial Statements. The GBHCMF board of trustees sets risk tolerance and allocations through its investment policy. The Foundation administers the GBHCMF investment policy with industry best practices.

(5) Related Parties

As described in Note 1, the Foundation is affiliated with the Georgia Baptist Convention, which does business as the Georgia Baptist Mission Board (the "Mission Board"). Most of the funds administered by the Foundation are for the benefit of the Mission Board, its agencies, and various other Baptist organizations. Throughout the year, the Foundation makes distributions either directly to these organizations or on their behalf. The

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Foundation also receives funds from these organizations to administer for their benefit and assesses a cost recovery fee that partially covers the cost of the Foundation's ministry operation.

(6) Employee Benefits

The Foundation sponsors a tax-deferred annuity plan (the Plan) qualified under IRC Section 403(b) covering full-time employees. The plan provides that employees who have attained the age of 21 and completed two months of service may voluntarily contribute from their earnings to the Plan, up to the maximum contribution allowed by the IRS. The Foundation contributes an amount equal to 8% of an employee's compensation. The Foundation may also make matching contributions at its discretion. Matching contributions are authorized by the Board of Trustees each plan year. During the years ended June 30, 2023 and 2022, the Foundation contributed \$157,332 and \$142,898, respectively.

The Foundation also provides postretirement benefits including life, medical, and dental insurance for all vested employees who retire depending on their date of employment. The benefits are provided to active participants who remain employed at the Foundation until retirement (age 55 or above) and have at least 10 active years of service. The percentage of the postretirement health care premiums paid by the Foundation is based on a formula combining service years and age. Employees are 50% vested upon a sum of service years and age totaling 65 and vesting increases on a scale until 100% for service years and age totaling 85. The Foundation pays 100% of the premiums times the vesting factor of employees retired before 2006 and 85% of single coverage and 80% of couple coverage for employees retired after 2005 and employed on a full-time basis before August 5, 2010. The Foundation does not pay any portion of premiums for employees hired since August 5, 2010.

The following table presents the plan's funded status reconciled to the amount recognized in the Foundation's Statements of Financial Position at June 30, 2023 and 2022. The 2023 change in actuarial assumptions gains and losses, resulted in a net gain of \$34,342. This was primarily due to discount rate gain of just over \$97,000, offset by a little under \$61,000 loss, attributed to updated health care cost trend rates.

		2023	2022
Accrued postretirement benefit obligation	\$	1,162,778	1,159,941
Unrecognized net loss		601,525	659,262
Accrued post retirement benefit cost		1,764,303	1,819,203
Other income recognized		(601,525)	(659,262)
Net recognized cost	\$	1,162,778	1,159,941

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

Change in accrued postretirement benefit obligation:

	<u>2023</u>	<u>2022</u>
Accrued postretirement benefit obligation		
Beginning of year	\$ 1,159,941	1,570,207
Service cost	23,073	41,698
Interest cost	53,081	44,055
Benefits paid	(38,975)	(44,454)
Change in discount rate and other assumptions	(36,273)	(341,045)
Actuarial loss (gain)	<u>1,931</u>	<u>(110,520)</u>
End of year	<u>\$ 1,162,778</u>	<u>1,159,941</u>

Accrued Postretirement Benefit Obligation: This represents the present value of future benefits attributed to employees' service rendered prior to the valuation date.

Assumptions:

	<u>2023</u>	<u>2022</u>
Discount rate	5.19%	4.59%
Expected long-term health cost increase:		
Initial rate		
- Pre-65 (Medical/Rx)	7.40%/9.80%	7.30%/8.40%
- Post-65 (Medical/Rx)	4.30%/7.50%	3.80%/6.50%
Ultimate rate		
- Pre-65 (Medical/Rx)	4.37%/4.87%	4.40%/4.90%
- Post-65 (Medical/Rx)	4.30%/4.87%	3.80%/4.90%
Time to ultimate rate	8 years	8 years
Expected long-term dental care cost increase:		
Initial and ultimate rate	4.00 %	3.10 %
Salary scale assumption	3.25%	3.00%
Weighted average remaining service - active participants	5.3 years	5.9 years
Mortality Basis	Pri-2012 Total Dataset	Pri-2012 Total Dataset

The benefits expected to be paid in each of the years ending June 30, 2024 through 2028 are \$63,967, \$55,297, \$58,291, \$56,908, and \$68,518, respectively. The aggregate benefits expected to be paid during the five years beginning July 1, 2028 total \$405,290. These expected benefits are based on the same assumptions used to

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

measure the Foundation's benefit obligation at June 30, 2023. Benefits of \$38,975 and \$44,454 were paid in 2023 and 2022, respectively. The obligation is unfunded, and all benefits paid are from employer contributions.

(7) Annuities Payable

The Foundation administers gifts of future interest through charitable remainder unitrusts, charitable remainder annuity trusts and gift annuities. Remainder trusts are arrangements in which a donor establishes and funds a trust with specified distributions to be made to a non-charitable beneficiary, usually the donor, over a specified time period not to exceed the lives of the beneficiaries. Upon termination of the trust, a charitable cause benefits from the assets remaining in the trust. Charitable gift annuities are similar except that no trust exists. The value of assets administered under gifts of future interest were \$12,465,271 and \$14,564,591 at June 30, 2023 and 2022.

The present value of the estimated future payments is recorded as an annuity obligation at the Statement of Financial Position date. This annuity liability is revalued annually based on computed values. The table below sets forth a summary of changes in annuities payable for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Annuity liability, beginning of year	\$ 6,429,004	7,582,916
Account terminations	(527,228)	(59,034)
New accounts written	113,465	13,878
Interest and dividend income	412,729	430,437
Net realized and unrealized gain (loss)	298,467	(499,530)
Distributions to beneficiaries	(844,631)	(893,412)
Investment management expenses	(128,966)	(123,481)
Actuarial loss (gain)	<u>208,874</u>	<u>(22,770)</u>
Net change in annuity liability	<u>(467,290)</u>	<u>(1,153,912)</u>
Annuity liability, end of year	\$ <u>5,961,714</u>	<u>6,429,004</u>

The Foundation uses published mortality-rate tables adopted by the United States Internal Revenue Service and discount rates ranging from 1.2% to 6.4% to determine the present value of the annuity liability.

(8) Operating Leases

The Foundation leases office space in Duluth, Georgia, and a printer, under the terms of noncancelable operating leases. The office lease commenced in June 2022 and expires in August 2025, with a renewal option for three years at market rates. The printer lease commenced in May 2022 and expires in April 2025. The Foundation records right-of-use (ROU) assets and corresponding lease liabilities on the Statement of Financial Position. ROU assets represent the Foundation's right to use an underlying asset for the lease term and lease liabilities represent the present value of the Foundation's obligation to make lease payments arising from the lease. In absence of a rate implicit in the lease, the Foundation has elected to use the risk free rate to measure its lease obligations. The Foundation has elected to not record leases with an initial term of twelve months or less on its Statement of Financial Position.

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

The following summarizes the weighted average remaining lease term and weighted average discount rate:

	2023	2022
Weighted-average discount rate:	2.76%	2.76%
Weighted-average remaining lease term in years:	2	3

The following is a schedule by year of the future minimum lease payments required under the operating leases as of June 30, 2023:

Years Ending June 30,				
2024	\$	106,662		
2025		108,524		
2026		17,601		
		232,787		
Less present value discount		(6,561)		
Total operating lease obligation	\$	226,226		

In accordance with FASB guidance, the Foundation recognizes the total cost of its leases ratably over the lease periods. Office lease expense was \$95,053 and \$7,769, and printer lease expense was \$6,900 and \$1,061, respectively for the years June 30, 2023 and 2022.

(9) Assets Held for Others

Assets held for others consist of three groups of funds, for which the Foundation has no discretion over their charitable purpose. These amounts are presented as agency transactions in the accompanying financial statements. The first group represents assets administered under revocable agency agreements. The second and third groups represent irrevocable endowment funds. The three groups are:

Refundable Advances: This group consists of funds administered by the Foundation for individuals and institutions under revocable fund agreements.

Assets Administered for Others: This group consists of funds given irrevocably to the Foundation for a charitable purpose restricted by the donor. The Foundation has no discretion over the selection of the fund beneficiary.

Liability to Resource Providers: This group consists of funds held under irrevocable fund agreements. The charity creating the agreement and the fund beneficiary are the same party and the Foundation has no discretion over the selection of the fund beneficiary.

Assets held for others consist of the following at June 30, 2023 and 2022:

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

	2023	2022
Refundable advances	\$ 354,016,055	327,773,938
Trusts administered for others	107,052,245	103,062,338
Liability to resource providers	12,227,295	11,720,885
	\$ 473,295,595	442,557,161

(10) Foundation Cost Recovery Fee

The Foundation administers various accounts (funds, trusts and gift annuities) contributed by individuals and organizations or through administration agreements with organizations. These accounts are most often managed through pools of assets and sometimes specific investments. The accounts are charged an administrative fee, known as the Cost Recovery Fee, which is recognized over time as investment services are provided on a quarterly basis.

The Fee is based on a percentage of the fair value of the account investments. The Foundation reports the Fee assessed as a cost of investment income and the Fee collected as revenue without donor restrictions. Fees collected for the years ended June 30, 2023 and 2022 were \$2,391,053 and \$2,354,670 respectively.

(11) Functional Allocation of Expenses

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Expenses that are allocated include salaries and benefits, which are allocated based on estimated time and effort, while office and direct program expenses are allocated based on their specific functions and events. The cost of providing supporting services for the years ended June 30, 2023 and 2022 on a functional basis is as follows:

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

	2023				
	Program Services		Supporting Services		Total
	Beneficiary	Other	Management	Development	
Distributions	& General		& Promotion		
Distributions to fund beneficiaries	\$ 1,039,994	-	-	-	1,039,994
Personnel	-	977,655	316,407	811,952	2,106,014
General and administrative	-	55,179	72,546	64,018	191,743
Technology	-	69,232	22,829	86,794	178,855
Insurance	-	41,897	67,067	40,361	149,325
Outside services	-	59,328	37,204	48,971	145,503
Travel	-	12,404	4,051	62,625	79,080
Promotion	-	-	-	90,333	90,333
Total	\$ 1,039,994	1,215,695	520,104	1,205,054	3,980,847

	2022				
	Program Services		Supporting Services		Total
	Beneficiary	Other	Management	Development	
Distributions	& General		& Promotion		
Distributions to fund beneficiaries	\$ 524,097	-	-	-	524,097
Personnel	-	773,982	267,037	646,139	1,687,158
General and administrative	-	24,423	73,182	40,658	138,263
Technology	-	65,988	21,996	89,982	177,966
Insurance	-	44,624	72,602	45,409	162,635
Outside services	-	53,604	56,534	47,648	157,786
Travel	-	12,077	4,085	61,228	77,390
Promotion	-	-	-	39,605	39,605
Total	\$ 524,097	974,698	495,436	970,669	2,964,900

(12) Endowment

The Foundation administers approximately 900 endowment funds established for a variety of purposes. Most are invested in the Fund and are subject to the Foundation's Investment and Spending Policies. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the Trustees to function as endowments, are classified and reported based on the existence of donor-imposed restrictions.

The Trustees are responsible for managing the investment process in a prudent manner with regard to preserving principal while providing reasonable returns and consistent with the principles articulated in the Georgia Uniform Prudent Management of Institutional Funds Act ("UPMIFA"). In this regard, the Trustees will consider, if relevant, the following factors in managing the funds:

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

- (1) general economic conditions;
- (2) the possible effect of inflation or deflation;
- (3) the expected tax consequences, if any, of investment decisions or strategies;
- (4) the role that each investment or course of action plays within the overall investment portfolio of the Fund;
- (5) the expected total return from income and the appreciation of investments;
- (6) other resources of the Foundation;
- (7) the needs of the Foundation and the Fund to make distributions and preserve capital;
- (8) an asset's special relationship or special value, if any, to the charitable purpose of the Foundation.

The Trustees have interpreted UPMIFA as allowing the Foundation to appropriate for expenditure or accumulate so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditures by the Trustees. As a result of this interpretation, the Foundation classifies the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund as permanently restricted. The remaining portion of the donor-restricted endowment fund that is not classified as perpetual in nature is classified as restricted until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. The Trustees appropriate funds from the endowment funds based on the Foundation's Income Spending Policy.

<u>Year Ended June 30, 2023</u>	Net Assets of the Foundation		<u>Total</u>
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	
Board-designated for operations	\$ 2,673,976	-	2,673,976
Donor restricted endowment fund investment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	2,497,635	18,215,170	20,712,805
Accumulated gains	641,423	754,908	1,396,331
	<u>3,139,058</u>	<u>18,970,078</u>	<u>22,109,136</u>
Assets and investments other than endowment fund	1,221,665	1,265,477	2,487,142
	<u>\$ 7,034,699</u>	<u>20,235,555</u>	<u>27,270,254</u>

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

<u>Year Ended June 30, 2022</u>	Net Assets of the Foundation		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated for operations	\$ 2,701,130	-	2,701,130
Donor restricted endowment fund investment			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	2,586,041	19,129,047	21,715,088
Accumulated loss	<u>(199,950)</u>	<u>(238,588)</u>	<u>(438,538)</u>
	2,386,091	18,890,459	21,276,550
Assets and investments other than endowment fund	1,044,190	1,279,582	2,323,772
	<u>\$ 6,131,411</u>	<u>20,170,041</u>	<u>26,301,452</u>

Investment and Spending Policies

The foremost objective is to ensure that investment portfolios overseen by the Foundation are managed in a manner that is consistent with the Foundation's stated beliefs and values. Investments are actively screened. The investment objective for the Fund is to provide sufficient cash flow from interest, dividends, and realized or unrealized capital gains to meet the Spending Policy payout as specified from time to time by the Trustees, and to generate enough additional growth of principal to maintain the purchasing power of the income dollar.

The goal of the Spending Policy is to allocate total earnings between current spending and reinvestment to increase future spending, and to provide a predictable and growing stream of income to accomplish the Foundation's and participating ministries' goals and objectives. The Spending Policy's payout may be taken from current income or, if current income is less than planned spending, principal. The Spending Policy is designed to ensure that the Fund preserves real purchasing power in perpetuity while providing consistent financial support to all the ministries the Foundation serves.

The Trustees have established a spending payout goal of 4% - 5% annually. The spending payout rate is calculated and distributed as a dollar amount for each unit of the Fund. The Investment Committee of the Board of Trustees reviews the payout annually with the intent of increasing it by 3% each year unless the resulting dollar amount is more than 5% or less than 4% of the applicable fair value of the Fund unit value. The Foundation reviews the payout on a quarterly basis to determine if the payout remains in the 4% - 5% corridor. If the payout moves outside the corridor in any given quarter, it is adjusted so that it remains within the corridor.

Endowment Funds with Deficiencies

Under UPMIFA, the calculation of historic dollar value has been eliminated, thus relieving the burden of restricting the income distribution when the endowment fair value falls below the original gift value ("underwater") and instead requires prudence to be exercised. The Trustees have adopted guidelines for spending to identify and administer underwater irrevocable endowments.

GEORGIA BAPTIST FOUNDATION, INC.
Notes to Financial Statements
For the Years Ended June 30, 2023 and 2022

The fair values of endowment funds are compared to their original gift values as of December 31 each year. If a fund's fair value is less than 80% of its original gift value, neither the Spending Policy payout, nor the income portion of the Cost Recovery Fee, will be distributed from the endowment for the upcoming year. The Spending Policy payout will be reinvested in the fund until the fair value of the investment recovers to 80% of the original gift value, measured as of December 31. Exceptions to the Policy must be approved by the Trustees. During the years ended June 30, 2023 and 2022, the endowment funds invested in the Ministry Trust Fund had no such deficiencies.

Changes in endowment net assets, invested in the Ministry Trust Fund, for years ended June 30, 2023 and 2022 are as follows:

<u>Year Ended June 30, 2023</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment, beginning of the year	\$ 2,386,091	18,890,459	21,276,550
Investment income, net	970,897	1,126,499	2,097,396
Additions (withdrawals)	266,322	(481,618)	(215,296)
Distributions or spending appropriations	<u>(484,252)</u>	<u>(565,262)</u>	<u>(1,049,514)</u>
Endowment, end of year	<u>\$ 3,139,058</u>	<u>18,970,078</u>	<u>22,109,136</u>

<u>Year Ended June 30, 2022</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of the year	\$ 3,162,667	22,995,513	26,158,180
Investment loss, net	(289,316)	(3,544,889)	(3,834,205)
Additions	12,851	56,757	69,608
Distributions or spending appropriations	<u>(500,111)</u>	<u>(616,922)</u>	<u>(1,117,033)</u>
Endowment net assets, end of year	<u>\$ 2,386,091</u>	<u>18,890,459</u>	<u>21,276,550</u>

(13) Risks and Uncertainties

The capital markets experience volatility that causes significant fluctuations in the fair value of investments. Volatility can impact the classification, liquidity and valuation of cash, cash equivalents and investments. The Foundation's investments and cash equivalents are exposed to several risks, such as interest rate risk, business risk, credit risk, call risk, inflationary risk, liquidity risk, market risk, reinvestment risk, political risk and exchange rate risk. Due to the level of risk associated with certain investments and cash equivalents, it is likely that the market volatility in the near term will affect the amounts reported in the accompanying financial statements. It is possible such trends will continue.

ACCOMPANYING SUPPLEMENTARY INFORMATION

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information on Pooled Investment Fund
Ministry Trust Fund – Balance Sheets
June 30, 2023 and 2022

Assets	2023	2022
Cash	\$ 10,082,178	11,956,333
Accrued income	957,293	770,605
Investments	259,856,591	236,778,462
Total assets	\$ 270,896,062	249,505,400
Liabilities and Fund Balance		
Liabilities:		
Payable for asset management expenses	\$ 414,093	311,964
Fund balance	270,481,969	249,193,436
Total liabilities and fund balance	\$ 270,896,062	249,505,400

Ministry Trust Fund
Statements of Operations and Changes in Fund Balance
For the Years Ended June 30, 2023 and 2022

Operations	2023	2022
Investment earnings:		
Interest	\$ 2,099,212	1,633,020
Dividends	4,428,366	4,160,425
Private equity return	575,309	303,722
Net realized and unrealized gain (loss) on investments	20,341,269	(37,111,117)
Investment and asset management fees	(1,414,145)	(1,360,725)
Foundation cost recovery expense	(797,959)	(754,533)
Total net investment income (loss)	\$ 25,232,052	(33,129,208)
Changes in Fund Balance Data		
Fund balance at beginning of period/year	\$ 249,193,436	269,828,804
Net investment income (loss)	25,232,052	(33,129,208)
Distributions of spending policy income	(12,889,000)	(12,719,303)
Unit transactions:		
Proceeds from sale of unit investments in pool	14,995,333	30,796,693
Redemptions of unit investments in pool	(6,049,852)	(5,583,550)
Net proceeds from unit transactions	8,945,481	25,213,143
Fund balance at end of year	\$ 270,481,969	249,193,436

GEORGIA BAPTIST FOUNDATION, INC.
Schedule of Financial Information
Georgia Baptist Health Care Ministry Foundation Investment Fund - Balance Sheets
June 30, 2023 and 2022

Assets	2023	2022
Cash	\$ 4,543,386	4,658,439
Accrued income	336,080	263,122
Investments	192,310,813	179,234,487
Total assets	\$ 197,190,279	184,156,048
Liabilities and Fund Balance		
Liabilities:		
Payable for asset management expenses	\$ 195,014	158,255
Fund balance	196,995,265	183,997,793
Total liabilities and fund balance	\$ 197,190,279	184,156,048

Georgia Baptist Health Care Ministry Foundation Investment Fund
Statements of Operations and Changes in Fund Balance
For the Years Ended June 30, 2023 and 2022

Operations	2023	2022
Investment earnings:		
Interest	\$ 194,597	10,850
Dividends	3,288,969	3,220,099
Private equity return	31,014	334,691
Net realized and unrealized gain (loss) on investments	21,174,461	(19,762,799)
Investment and asset management fees	(1,459,569)	(2,561,862)
Foundation cost recovery expense	(600,000)	(600,000)
Total investment income (loss)	\$ 22,629,472	(19,359,021)
Changes in Fund Balance Data		
Fund balance beginning of period/year	\$ 183,997,793	209,994,814
Net investment income (loss)	22,629,472	(19,359,021)
Net fund withdrawal	(9,632,000)	(6,638,000)
Fund balance at end of year	\$ 196,995,265	183,997,793