

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS'
REPORT THEREON
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
TABLE OF CONTENTS
JUNE 30, 2023 AND 2022**

	<u>PAGES</u>
INDEPENDENT AUDITORS' REPORT	3-4
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS	6-7
STATEMENTS OF FUNCTIONAL EXPENSES	8-9
STATEMENTS OF CASH FLOWS	10-11
NOTES TO FINANCIAL STATEMENTS	12-30



INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
Palmetto, Georgia

Opinion

We have audited the accompanying financial statements of GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, 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 GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC. as of June 30, 2023 and 2022, and its 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 GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC. 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 GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Duluth Office
2055 Sugarloaf Circle, Suite 75
Duluth, GA 30097
770.271.7422 **tel**
770.271.7847 **fax**

Fayetteville Office
132 Old Norton Road, Suite 102
Fayetteville, GA 30215
770.716.1650 **tel**
770.716.6330 **fax**

Eagles Landing Office
2330 Patrick Henry Parkway, Suite 100
McDonough, GA 30253
770.474.7703 **tel**
770.474.1569 **fax**

www.resjcpas.com

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 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 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 GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.'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 GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.'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 audits.

RESJ, P.C.

RESJ, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

September 13, 2023
McDonough, Georgia

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash	\$ 835,589	\$ 670,870
Accounts Receivable:		
State Agency Receivables	233,168	339,121
Georgia Baptist Mission Board, Church Contributions	158,446	182,182
Georgia Baptist Foundation	238,854	241,333
State of Georgia Grants	114,224	65,914
Other Current Assets	25,827	4,917
Deposits	50,000	50,000
TOTAL CURRENT ASSETS	1,656,108	1,554,337
INVESTMENTS		
Beneficiary Interests in Perpetual Trusts	29,102,244	28,803,423
Marketable Securities	20,186,977	19,314,880
Assets Held in Charitable Remainder Unitrusts	373,333	373,581
TOTAL INVESTMENTS	49,662,554	48,491,884
NET PROPERTY AND EQUIPMENT	5,348,259	5,214,380
OTHER ASSETS		
Real Estate	168,571	168,571
Cash Surrender Value of Life Insurance	89,277	101,681
TOTAL OTHER ASSETS	257,848	270,252
TOTAL ASSETS	\$ 56,924,769	\$ 55,530,853
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 374,099	\$ 261,751
Accrued Vacation Payable	200,605	205,821
Medical Claims Payable	81,483	66,783
TOTAL CURRENT LIABILITIES	656,187	534,355
LIABILITIES UNDER CHARITABLE REMAINDER UNITRUSTS	299,857	300,464
ACCRUED POST RETIREMENT BENEFITS	2,985,032	3,170,116
TOTAL LIABILITIES	3,941,076	4,004,935
NET ASSETS		
Without Donor Restrictions	22,427,720	21,327,376
With Donor Restrictions:		
Purpose Restrictions	767,950	711,722
Perpetual in Nature	29,788,023	29,486,820
TOTAL NET ASSETS	52,983,693	51,525,918
TOTAL LIABILITIES AND NET ASSETS	\$ 56,924,769	\$ 55,530,853

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>
SUPPORT AND REVENUE			
Program Revenues	\$ 5,308,215	\$ -	\$ 5,308,215
Churches	2,764,037	-	2,764,037
Individuals	2,239,293	-	2,239,293
Foundations	1,092,737	-	1,092,737
Estates	901,284	-	901,284
State of Georgia Educational Grants	764,338	-	764,338
Income from Investments	539,411	47,303	586,714
Net Realized Gain on Securities	543,576	22,997	566,573
Trusts	231,806	-	231,806
Other Revenue	178,372	-	178,372
Rental Income	16,547	-	16,547
Income from Timber Sales and Leases	50,654	-	50,654
Net Assets Released from Restrictions	42,056	(42,056)	-
TOTAL SUPPORT AND REVENUE	<u>14,672,326</u>	<u>28,244</u>	<u>14,700,570</u>
PROGRAM AND SUPPORT EXPENSES			
Children and Family Ministries	12,205,314	-	12,205,314
General and Administrative	1,346,681	13,975	1,360,656
Fund Raising	472,427	-	472,427
TOTAL PROGRAM AND SUPPORT EXPENSES	<u>14,024,422</u>	<u>13,975</u>	<u>14,038,397</u>
INCREASE IN NET ASSETS FROM OPERATIONS BEFORE NET UNREALIZED GAIN ON SECURITIES, NET CHANGE IN POSTRETIREMENT BENEFITS, AND NET CHANGE IN VALUES OF BENEFICIARY INTERESTS IN PERPETUAL TRUSTS	647,904	14,269	662,173
NET UNREALIZED GAIN ON SECURITIES	589,999	94,342	684,341
NET CHANGE IN POSTRETIREMENT BENEFITS	185,084	-	185,084
NET CHANGE IN BENEFICIARY INTERESTS IN PERPETUAL TRUSTS	-	(73,823)	(73,823)
INCREASE IN NET ASSETS	1,422,987	34,788	1,457,775
NET ASSETS AT BEGINNING OF YEAR	<u>21,327,376</u>	<u>30,198,542</u>	<u>51,525,918</u>
INTERFUND TRANSFERS	<u>(322,643)</u>	<u>322,643</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u><u>\$ 22,427,720</u></u>	<u><u>\$ 30,555,973</u></u>	<u><u>\$ 52,983,693</u></u>

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2022 Totals</u>
SUPPORT AND REVENUES			
Program Revenues	\$ 4,362,010	\$ -	\$ 4,362,010
Churches	2,950,069	-	2,950,069
Individuals	1,534,058	-	1,534,058
Foundations	1,290,362	-	1,290,362
Income from Timber Sales and Leases	1,148,401	-	1,148,401
State of Georgia Educational Grants	779,813	-	779,813
Estates	653,787	-	653,787
Income from Investments	515,129	52,375	567,504
Net Realized Gain on Securities	457,000	31,476	488,476
Trusts	159,294	-	159,294
Rental Income	25,376	-	25,376
Other Revenue	1,564	-	1,564
Net Assets Released from Restrictions	<u>39,945</u>	<u>(39,945)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>13,916,808</u>	<u>43,906</u>	<u>13,960,714</u>
PROGRAM AND SUPPORT EXPENSES			
Children and Family Ministries	10,936,364	-	10,936,364
General and Administrative	1,120,972	14,666	1,135,638
Fund Raising	442,861	-	442,861
TOTAL PROGRAM AND SUPPORT EXPENSES	<u>12,500,197</u>	<u>14,666</u>	<u>12,514,863</u>
INCREASE IN NET ASSETS FROM OPERATIONS BEFORE NET UNREALIZED (LOSS) ON SECURITIES, NET CHANGE IN POSTRETIREMENT BENEFITS, AND NET CHANGE IN VALUES OF BENEFICIARY INTERESTS IN PERPETUAL TRUSTS			
	1,416,611	29,240	1,445,851
NET UNREALIZED (LOSS) ON SECURITIES	(3,539,784)	(298,116)	(3,837,900)
NET CHANGE IN POSTRETIREMENT BENEFITS	855,120	-	855,120
NET CHANGE IN BENEFICIARY INTERESTS IN PERPETUAL TRUSTS	<u>-</u>	<u>(1,282,967)</u>	<u>(1,282,967)</u>
(DECREASE) IN NET ASSETS	(1,268,053)	(1,551,843)	(2,819,896)
NET ASSETS AT BEGINNING OF YEAR	<u>22,897,868</u>	<u>31,447,946</u>	<u>54,345,814</u>
INTERFUND TRANSFERS	<u>(302,439)</u>	<u>302,439</u>	<u>-</u>
NET ASSETS AT END OF YEAR	<u>\$ 21,327,376</u>	<u>\$ 30,198,542</u>	<u>\$ 51,525,918</u>

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

	Children and Family Ministries	Support Services			2023 Total Expenses
		General and Administrative	Fund Raising	Total Support Services	
PROGRAM AND SUPPORT EXPENSES					
Salaries	\$ 6,484,604	\$ 419,018	\$ 227,197	\$ 646,215	\$ 7,130,819
Medical Insurance	1,663,120	179,496	42,169	221,665	1,884,785
Other Insurance	660,324	34,800	874	35,674	695,998
Utilities	589,889	16,411	-	16,411	606,300
Repairs and Maintenance	513,953	47,026	6,064	53,090	567,043
Payroll Taxes	460,974	25,831	16,443	42,274	503,248
Depreciation	423,098	72,949	-	72,949	496,047
Professional Fees	144,252	163,241	35,880	199,121	343,373
Other Personnel Expenses	290,148	28,592	10,832	39,424	329,572
Information Technology	95,982	110,694	21,953	132,647	228,629
Office	120,105	82,302	10,736	93,038	213,143
Food Service	201,417	-	-	-	201,417
Education	155,443	-	-	-	155,443
Investment Expenses	-	130,013	-	130,013	130,013
Promotion	6,732	-	95,227	95,227	101,959
Miscellaneous	100,075	1,052	-	1,052	101,127
Telecommunications	58,722	23,482	3,515	26,997	85,719
Foster Care	49,460	-	-	-	49,460
Licenses and Taxes	41,908	3,419	-	3,419	45,327
Medical	39,803	-	-	-	39,803
Household Supplies	39,797	-	-	-	39,797
Clothing	34,461	-	-	-	34,461
Travel	15,057	14,796	1,537	16,333	31,390
Other Physical Needs	14,848	-	-	-	14,848
Interest	1,142	7,534	-	7,534	8,676
TOTAL EXPENSES	\$ 12,205,314	\$ 1,360,656	\$ 472,427	\$ 1,833,083	\$ 14,038,397

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

	Children and Family Ministries	Support Services			2022 Total Expenses
		General and Administrative	Fund Raising	Total Support Services	
PROGRAM AND SUPPORT EXPENSES					
Salaries	\$ 5,855,273	\$ 328,149	\$ 224,517	\$ 552,666	\$ 6,407,939
Medical Insurance	1,252,094	130,621	37,077	167,698	1,419,792
Other Insurance	677,481	36,046	7,396	43,442	720,923
Utilities	522,041	22,549	-	22,549	544,590
Repairs and Maintenance	489,072	38,953	3,079	42,032	531,104
Depreciation	411,273	70,188	-	70,188	481,461
Payroll Taxes	410,910	20,804	16,591	37,395	448,305
Other Personnel Expenses	276,382	32,176	11,572	43,748	320,130
Professional Fees	116,088	119,909	28,576	148,485	264,573
Education	247,859	-	-	-	247,859
Food Service	211,549	-	-	-	211,549
Investment Expenses	-	138,144	-	138,144	138,144
Information Technology	44,313	70,846	21,233	92,079	136,392
Office	34,761	76,950	6,351	83,301	118,062
Promotion	-	-	80,503	80,503	80,503
Telecommunications	61,118	15,197	3,156	18,353	79,471
Miscellaneous	51,593	19,705	-	19,705	71,298
Licenses and Taxes	70,045	1,160	-	1,160	71,205
Foster Care	70,511	-	-	-	70,511
Medical	46,552	230	-	230	46,782
Household Supplies	45,653	-	-	-	45,653
Travel	8,905	14,011	2,810	16,821	25,726
Clothing	17,565	-	-	-	17,565
Other Physical Needs	11,658	-	-	-	11,658
Interest	3,668	-	-	-	3,668
TOTAL EXPENSES	\$ 10,936,364	\$ 1,135,638	\$ 442,861	\$ 1,578,499	\$ 12,514,863

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
INCREASE (DECREASE) IN CASH

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Individuals	\$ 2,239,293	\$ 1,534,058
Cash Received from Program Revenues	5,414,168	4,457,528
Cash Received from Churches, Foundations, Estates and Trusts	5,016,079	5,046,071
Cash Received from State and Federal Grants	716,028	796,690
Cash Received from Other Income	245,573	1,175,341
Cash Paid to Vendors, Related Agencies and Employees	(13,421,490)	(12,147,757)
Investment Income	586,355	580,093
Interest Paid	(7,534)	(3,668)
	788,472	1,438,356
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales of Investments	3,655,770	3,554,221
Purchases of Investments	(3,649,597)	(4,579,166)
Purchase of Property, Vehicles and Equipment	(680,957)	(679,041)
Proceeds from Sales of Real Estate, Vehicles and Equipment	51,031	-
	(623,753)	(1,703,986)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Line of Credit	2,844,000	-
Principal Payments on Line of Credit	(2,844,000)	-
Principal Payments on Notes Payable	-	(81,250)
	-	(81,250)
NET INCREASE (DECREASE) IN CASH	164,719	(346,880)
CASH AT BEGINNING OF YEAR	670,870	1,017,750
CASH AT END OF YEAR	\$ 835,589	\$ 670,870

The accompanying notes are an integral part of these financial statements.

GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
INCREASE (DECREASE) IN CASH

	2023	2022
RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets	\$ 1,457,775	\$ (2,819,896)
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	496,047	481,461
Net Unrealized (Gain) Loss on Investments	(684,341)	3,837,900
Net Realized (Gain) on Investments	(566,573)	(488,476)
Net Change in the Values of Beneficiary Interests in Perpetual Trusts	73,823	1,282,967
Net Change in Net Charitable Remainder Unitrusts	(359)	12,589
Net Change in Accrued Post Retirement Benefits	(185,084)	(855,120)
Change in Assets and Liabilities		
State Agency Receivables	105,953	95,518
Accounts Receivable State of Georgia Grants	(48,310)	16,877
Accounts Receivable Georgia Baptist Foundation	2,479	250
Accounts Receivable Georgia Baptist Convention, Church Contributions	23,736	(7,691)
Other Current Assets	(20,910)	47,523
Cash Surrender Value of Life Insurance	12,404	5,951
Accounts Payable	112,348	(202,557)
Accrued Vacation Payable	(5,216)	(626)
Medical Claims Payable	14,700	31,686
Total Adjustments	(669,303)	4,258,252
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 788,472	\$ 1,438,356

The accompanying notes are an integral part of these financial statements.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – Since 1872, GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC., (the "Agency") has been providing for the physical, educational, emotional, and spiritual needs of children and dysfunctional families in Georgia, and is an agency and integrated auxiliary of the Georgia Baptist Mission Board. The mission statement of the GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC. is that it is a Christian caring ministry of services designed to promote the spiritual, physical and emotional wellbeing of children, youth and families. The Agency's revenue is derived primarily from program revenues and contributions from churches, foundations and individuals.

Basis of Presentation – The financial statements of the Agency have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the Agency to report information regarding its financial position and activities according to the following net asset classifications:

Net Assets without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Agency. These net assets may be used at the discretion of the Agency's management and the board of directors.

Net Assets with Donor Restrictions – Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Agency or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Measure of Operations – The statements of activities and changes in net assets report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Agency's ongoing services and interest and dividends earned on investments. Non-operating activities are limited to resources that generate return from investments and other activities considered to be of a more unusual or nonrecurring nature.

Contributions and Donated Assets – Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets. Restricted support whose restrictions are met within the same year as received are reported as unrestricted revenue.

Donated property and equipment are recorded as unrestricted support unless the donor has restricted the donated assets for a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Agency reclassifies donor restricted net assets to net assets without donor restrictions at that time.

Cash Equivalents – For the purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments with an initial maturity of three months or less to be cash equivalents. Periodically the Agency has cash balances in excess of amounts insured by the Federal Deposit Insurance Corporation.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Marketable Securities – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value with all gains and losses reported in the statements of activities and changes in net assets. Marketable securities consist of cash and cash equivalents, equity mutual funds, and real estate investment trusts. Unrealized gains and losses are calculated based on the securities' fair values on an active market as of June 30, 2023 and 2022.

Beneficiary Interests in Perpetual Trusts – The Agency is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Agency. Income distributed from the trusts is recorded in investment income. Also, the Agency will never receive the assets of the trusts. The beneficiary interest in perpetual trusts have been recorded as net assets with donor restrictions.

Accounts Receivable – Accounts receivable represent amounts due from state agencies, the Georgia Baptist Convention and the Georgia Baptist Foundation. Management estimates the allowance for receivables based on historical experience as well as specific allowances for uncollectible accounts. All receivables deemed by management to be uncollectible are written off to the allowance for losses. At June 30, 2023 and 2022, management believes all receivables to be fully collectible. Accordingly, there is not an allowance for uncollectible receivables at June 30, 2023 or 2022.

Real Estate Valuation – Real estate is stated at cost, if purchased, or at fair market value upon receipt, if donated. There were no donations of real estate during the years ended June 30, 2023 and 2022.

Property and Equipment – Property and equipment purchased by the Agency are recorded at cost. Property and equipment received as contributions are recorded at estimated fair value on the date of contribution. Depreciation is recorded using the straight line method over the estimated useful lives of the various classes of property and equipment which range from 3 to 30 years. The costs of normal maintenance and repairs are charged to expense as incurred. Major improvements exceeding \$5,000 to existing facilities are capitalized.

Accrued Vacation Payable – The Agency maintains a vacation policy in which earned vacation time, not exceeding 25 days, may be carried over to the following year. At June 30, 2023 and 2022, the Agency accrued vacation under this policy totaling \$200,605 and \$205,821, respectively.

Functional Expenses – Methods used for allocation of costs vary among program and support functions. The financial statements of the Agency 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. The expenses that are allocated include salaries and benefits, which are allocated on the basis of time and effort studies.

Income Taxes – The Agency is recognized by Internal Revenue Code Section 501(c)(3) as a nonprofit organization. Organizations under this status do not pay federal or state income taxes. They are, however, required to maintain proper accounting records in order to maintain their status as a nonprofit organization. The Agency evaluates all significant tax positions as required by generally accepted accounting principles in the United States of America. As of June 30, 2023 and 2022, the Agency does not believe it has taken any tax positions that would require the recording of any additional tax asset or liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next twelve months.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting year. Actual results could differ from these estimates.

Donated Services – Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. For the years ended June 30, 2023 and 2022, the Agency received no donated services as described above.

Fair Values of Financial Instruments – The Agency's financial instruments are cash, receivables, marketable securities, beneficiary interests in perpetual trusts, assets held in charitable remainder unitrusts, mortgage receivable, accounts payable, medical claims payable, advances under line of credit, notes payable and liabilities under unitrust agreements. The recorded values of cash, receivables, accounts payable, and medical claims payable approximate their fair value based on their short term nature. The recorded values of mortgage receivable, advances under line of credit, notes payable and liabilities under unitrust agreements also approximate their fair values as these instruments bear interest at market rates. The recorded values of marketable securities, beneficiary interest in perpetual trusts and assets held in charitable remainder unitrusts also approximate their fair values which were determined using quoted market prices and valuations provided by the investment trustees.

Advertising – The Agency follows the policy of charging the costs of advertising to expense as incurred. Advertising costs were \$48,166 and \$46,182 for the years ended June 30, 2023 and 2022, respectively. Advertising and promotion costs are included in Fund Raising on the Agency's statements of activities and changes in net assets. In addition, the Agency sponsored various fund raising events during the years ended June 30, 2023 and 2022. Costs incurred for these events and advertising totaled \$472,427 and \$442,861, respectively.

Reclassifications – Certain reclassifications have been made to the 2022 balances to conform to the 2023 presentation. These reclassifications did not have any effect on the change in net assets reported on the statements of activity and changes in net assets.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following represents the Agency's financial assets at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Total Financial Assets	\$ 21,767,258	\$ 20,814,300
Less Amounts not Available to be Used Within One Year – Net Assets with Donor Restrictions	(1,448,250)	(1,389,234)
Plus Net Assets with Purpose Restrictions to be Met in Less Than One Year	<u>762,471</u>	<u>705,837</u>
Financial Assets to Meet General Expenditures over the Next Twelve Months	<u>\$ 21,081,479</u>	<u>\$ 20,130,903</u>

The Agency's goal is generally to maintain financial assets to meet 180 days of operating expenses. As part of its liquidity plan, the Agency has a \$1,000,000 line of credit (see Note 10).

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 3 CASH VALUE OF DONATED LIFE INSURANCE POLICY

The cash surrender value of the donated insurance policy is summarized as follows:

	<u>2023</u>	<u>2022</u>
Face Amount	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>
Cash Value	<u>\$ 89,277</u>	<u>\$ 101,681</u>

The cash value at June 30, 2023 and 2022 is based upon the net cash surrender value.

NOTE 4 INVESTMENTS

Investments are presented in the financial statements at market value. Market values for real estate investment trusts are based upon information provided by the investment manager. The investments are held in trust accounts administered by the Georgia Baptist Foundation, Inc., various investment brokerage firms and various financial institutions. A summary of the market values of all investments held at June 30, 2023 and 2022 is as follows:

	<u>2023 Market Value</u>			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions (Purpose)</u>	<u>With Donor Restrictions (Perpetual)</u>	<u>Total</u>
Equity Securities	\$ 13,623,794	\$ 473,462	\$ 458,424	\$14,555,680
Corporate and Government Bonds	4,092,793	253,587	192,140	4,538,520
Real Estate Investment Trust	523,951	27,246	23,051	574,248
Cash and Cash Equivalents	<u>498,189</u>	<u>8,176</u>	<u>12,164</u>	<u>518,529</u>
Total	<u>\$ 18,738,727</u>	<u>\$ 762,471</u>	<u>\$ 685,779</u>	<u>\$20,186,977</u>
	<u>2022 Market Value</u>			
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions (Purpose)</u>	<u>With Donor Restrictions (Perpetual)</u>	<u>Total</u>
Equity Securities	\$ 12,192,929	\$ 416,433	\$ 425,853	\$13,035,215
Corporate and Government Bonds	4,610,755	253,514	217,286	5,081,555
Real Estate Investment Trust	594,585	27,610	25,608	647,803
Cash and Cash Equivalents	<u>527,377</u>	<u>8,280</u>	<u>14,650</u>	<u>550,307</u>
Total	<u>\$ 17,925,646</u>	<u>\$ 705,837</u>	<u>\$ 683,397</u>	<u>\$19,314,880</u>

The investment managers charge a fee for administering the trusts. The fees, which are based on a percentage of the fair market value of the trust assets, totaled \$127,610 and \$137,803 for the years ended June 30, 2023 and 2022, respectively.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 4 INVESTMENTS (CONTINUED)

The Agency is the beneficiary of various trusts created by donors, the assets of which are not in the possession of the Agency. The Agency has beneficiary interest in perpetual trusts in the form of investments held by the Georgia Baptist Foundation, Inc., various brokerage firms and various financial institutions in pooled investment accounts. Net changes in the values of beneficiary interests in perpetual trusts are reported as net assets with donor restrictions perpetual in nature. The Agency has no managerial discretion over the funds but is entitled to receive income generated by the funds.

NOTE 5 BENEFICIARY INTERESTS IN PERPETUAL TRUSTS

The historical cost and market value at June 30, 2023 and 2022, of beneficiary interests in perpetual trusts were as follows:

	2023		2022	
	With Donor Restrictions Perpetual in Nature		With Donor Restrictions Perpetual in Nature	
	<u>Cost</u>	<u>Market Value</u>	<u>Cost</u>	<u>Market Value</u>
Georgia Baptist Foundation, Inc.	\$ 12,110,100	\$25,452,497	\$ 11,684,687	\$25,199,912
Various Financial Institutions	3,167,476	3,505,097	3,272,807	3,469,338
Various Investment Brokerage Firms	<u>112,949</u>	<u>144,650</u>	<u>115,224</u>	<u>134,173</u>
Total	<u>\$ 15,390,525</u>	<u>\$29,102,244</u>	<u>\$ 15,072,718</u>	<u>\$28,803,423</u>

NOTE 6 CHARITABLE REMAINDER UNITRUSTS

The Agency is the beneficiary of split interest agreements including charitable remainder unitrusts (for which a brokerage company acts as trustee). Under these agreements, the donors establish and fund a trust. As trustee, the brokerage company makes specified distributions to designated beneficiaries over the term of the trusts. Upon termination of the trusts, the Agency receives all or a portion of the remaining trust assets, as set forth in the trust agreements.

The assets held in the charitable remainder unitrusts are stated at fair market value. Recorded liabilities to beneficiaries represent the present value of the estimated future payments based on actuarial assumptions. A discount rate of 10% was used to calculate the liabilities based on the most recent tables available from the Internal Revenue Service at the dates of the gifts. Contribution revenue is recognized based on the net amount of the assets and liabilities of split interest agreements received in a given year and the changes in the values of the agreements received in prior years.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 6 CHARITABLE REMAINDER UNITRUSTS (CONTINUED)

During the years ended June 30, 2023 and 2022, the Agency recorded the following balances related to the Agency's split interest agreements:

	2023	2022
Equity Funds	\$ 150,651	\$ 20,490
Fixed Income Funds	130,344	136,859
Other Funds	92,338	216,232
Total	373,333	373,581
Liabilities under Charitable Remainder Unitrusts	299,857	300,464
Net Assets Held in Charitable Remainder Unitrusts	\$ 73,476	\$ 73,117

NOTE 7 TIMBER

The Agency owns approximately 5,000 acres located in Appling County and Bacon County, Georgia. The value of the land is \$39,947, which is included in real estate on the statements of financial position. The Agency had deeded the rights to cut the timber for a sixty year term, which expired in August 2020 and was not renewed. In March 2021, the Agency signed a Forest Management Agreement through March 2023. The agreement is extended automatically and continually for successive one year periods unless terminated with 120 days' notice by either party. During the years ended June 30, 2023 and 2022, the Agency recorded revenue from timber related activities of \$50,654 and \$1,148,701 and timber related expenses of \$37,515 and \$152,185, respectively.

NOTE 8 RETIREMENT PLAN

The Agency participates in a 403(b) retirement plan administered by Guidestone Financial Resources of the Southern Baptist Convention. All full time employees who are regularly scheduled to work at least 1,000 hours per year and who have completed two years of service are eligible for matching contributions under the plan. Employees can make voluntary non-matching contributions beginning on the first day of the month following a thirty (30) day waiting period. Employer contributions are fully vested to the participant. The Agency made contributions totaling \$174,974 and \$171,609 during the fiscal years ended 2023 and 2022, respectively. If employed on or before December 31, 2001, the matching contribution remains at 10% of the employees' wages. The employer matching contribution was reduced to 5% of wages for employees hired on or after January 1, 2002. The Agency will match a maximum of 5% of the employee's wages. Beginning in July 2009, the Agency switched to a flexible discretionary matching contribution policy.

The Agency has established a plan under IRC Section 457(b) allowing certain employees the opportunity to defer current compensation. Total contributions to this plan for the years ended June 30, 2023 and 2022, were \$15,408 and \$16,573, respectively.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 9 PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022, is summarized as follows:

	<u>2023</u>	<u>2022</u>
Land and Improvements	\$ 2,976,468	\$ 2,943,776
Buildings and Improvements	15,153,559	14,597,583
Vehicles	1,351,601	1,333,356
Equipment	1,125,680	1,102,667
Office Equipment	375,189	375,189
Water and Sewer Systems	39,889	39,889
Livestock	<u>13,050</u>	<u>13,050</u>
 Total Property and Equipment	 21,035,436	 20,405,510
 Less Accumulated Depreciation Thereon	 <u>(15,687,177)</u>	 <u>(15,191,130)</u>
 Net Property and Equipment	 <u>\$ 5,348,259</u>	 <u>\$ 5,214,380</u>

Depreciation of property and equipment totaled \$496,047 and \$481,461 for the years ended June 30, 2023 and 2022, respectively.

NOTE 10 LINE OF CREDIT

The Agency has a bank line of credit totaling \$1,000,000 payable on demand, under which the Agency may borrow at the Secured Overnight Financing Rate ("SOFR") plus 3.75% per year. Advancements under the agreement are secured by all deposits and investments with the bank.

Interest expense totaled \$8,676 and \$3,668 for the years ended June 30, 2023 and 2022, respectively.

NOTE 11 HEALTH AND DENTAL INSURANCE PLAN

The Agency sponsors a partially self funded group health plan, the administration of which is provided through a third party claims administrator. The Agency pays benefits to which a plan participant or beneficiary is entitled under the plan from the Agency's general assets which are maintained in a separate bank account. An employee who is regularly scheduled to work at least thirty hours per week becomes eligible for health and dental insurance benefits at ninety days of service. Medical claims paid were \$1,543,483 and \$1,001,324 for the years ending June 30, 2023 and 2022, respectively. Fees paid to the third party claims administrator were \$54,632 and \$50,859 for the years ending June 30, 2023 and 2022, respectively.

The cost of health care services is accrued as services are rendered, including an estimate for claims incurred but not yet reported. These amounts are determined based on historical claims payment. The liability of \$81,483 at June 30, 2023 and \$66,783 at June 30, 2022 for medical claims payable includes claims in process and a provision for incurred but not yet reported claims. These reserves are continually monitored and reviewed with any adjustments reflected in the current year. The Agency has a stop loss insurance policy which limits its liability for claims to \$95,000 per covered claim per year. Claims incurred by the Agency in excess of this amount are covered entirely by the insurance carrier at no additional cost to the Agency.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 POST RETIREMENT EMPLOYEE BENEFIT PLAN

A retiree may be eligible to continue medical coverage under the Agency's health and dental insurance plan, which is described in Note 11, if he or she has retired, attained age 59 and 1/2, has at least ten years of full time service with the Agency, and was employed prior to January 1, 2005. The retiree will pay a portion of the premium according to the schedule in the policy manual. A retiree may also continue coverage for dependents, but must pay the entire premium for such dependent. The plan is not funded and there are no assets associated with the plan. This plan is contributory with contributions adjusted annually.

The Agency recognizes the overfunded or underfunded status of a defined benefit postretirement plan as an asset or liability in its statements of financial position and recognizes changes in that funded status in the year in which the changes occur through changes in net assets without donor restrictions.

Further information about this plan is as follows:

	<u>2023</u>	<u>2022</u>
Change in Benefit Obligation:		
Accumulated Post Retirement		
Benefit Obligation, Beginning of Year	\$ 3,170,116	\$ 4,025,236
Service Cost	28,282	56,797
Interest Cost	137,505	108,316
Actuarial (Gain)	(194,920)	(877,901)
Benefits Paid	<u>(155,951)</u>	<u>(142,332)</u>
Accumulated Post Retirement		
Benefit Obligation, End of Year	<u>\$ 2,985,032</u>	<u>\$ 3,170,116</u>
Change in Plan Assets:		
Fair Value of Assets, Beginning of Year	\$ -	\$ -
Employer Contributions (Estimated)	155,951	142,332
Benefits Paid	<u>(155,951)</u>	<u>(142,332)</u>
Fair Value of Assets End of Year	<u>\$ -</u>	<u>\$ -</u>
Funded Status:		
Assets	\$ -	\$ -
Liabilities	<u>(2,985,032)</u>	<u>(3,170,116)</u>
Net (Liability) at End of Year	<u>\$ (2,985,032)</u>	<u>\$ (3,170,116)</u>
Estimated Future Benefit Payments:		
2024	\$ 168,361	
2025	160,703	
2026	160,949	
2027	157,438	
2028	151,351	
2029 to 2033	871,691	
Discount Rate:		
Net Periodic Benefit Cost	4.43%	2.73%
Benefit Obligations	4.91%	4.43%
Measurement Date	6/30/23	6/30/22
Census Date	6/30/23	6/30/22

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 12 POST RETIREMENT EMPLOYEE BENEFIT PLAN (CONTINUED)

	2023	2022
Components of Net Period Benefits Cost:		
Service Cost	\$ 28,282	\$ 56,797
Interest Cost	137,505	108,316
Amortization of Unrecognized (Gain)	<u>(182,756)</u>	<u>(62,228)</u>
Net Periodic Postretirement Benefit Cost (Income)	<u>\$ (16,969)</u>	<u>\$ 102,885</u>

NOTE 13 NET ASSETS

Net assets with donor restrictions at June 30, 2023 and 2022 of \$767,950 and \$711,722, respectively, were available for education purposes.

Net assets with donor restriction that are perpetual in nature consisted of the following at June 30, 2023 and 2022:

	2023	2022
Beneficiary Interests in Perpetual Trusts	\$ 29,064,814	\$ 28,769,757
Education	550,357	558,994
Endowment Funds	<u>172,852</u>	<u>158,069</u>
Total	<u>\$ 29,788,023</u>	<u>\$ 29,486,820</u>

Net assets released from restrictions totaled \$42,056 and \$39,945, for the years ended June 30, 2023 and 2022, respectively.

The Agency's endowments consist of donor restricted funds established for a variety of purposes. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions.

The Agency has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor restricted funds that the Agency must hold in perpetuity. Under this policy, as approved by the Board, the endowment assets are invested in a conservative manner that is intended to provide diversity and safety.

To satisfy its long term rate of return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity based investments to achieve its long term return objectives within prudent risk constraints.

NOTE 14 RELATED PARTY TRANSACTIONS

As described in Note 1, the GEORGIA BAPTIST CHILDREN'S HOMES AND FAMILY MINISTRIES, INC. is an agency and integrated auxiliary of the Georgia Baptist Mission Board (the "Mission Board"). The Mission Board receives monies from churches which are designated by the donor to be contributed to the Agency. The monies are passed through the Mission Board to the Agency. During the years ended June 30, 2023 and 2022, contributions totaling \$1,678,909 and \$1,645,466, respectively, were passed through the Mission Board to the Agency. At June 30, 2023 and 2022, receivables totaling \$158,446 and \$182,182, respectively, were due from the Mission Board.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 FAIR VALUE

The Agency implemented a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 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 unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

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;
- inputs other than quoted prices that are observable for the assets or liabilities;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the assets or liabilities have a specified (contractual) term, the level 2 input must be observable for substantially the full term of the assets or liabilities.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023 and 2022.

Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Agency are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value ("NAV") and to transact at that price. The mutual funds held by the Agency are deemed to be actively traded.

Bonds: Certain bonds are valued at the closing price reported in the active market in which the bond is traded.

Common Stocks: Certain common stocks are valued at the closing price reported in the active market in which the individual securities are traded.

Money Market Funds: The carrying amount reported approximates fair value because of the short maturity of these instruments.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 FAIR VALUE (CONTINUED)

The following tables set forth by level, within the fair value hierarchy, the Agency's assets at fair value as of June 30, 2023 and 2022:

<u>Description</u>	<u>Total</u>	<u>2023</u>		
		Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Investments:				
Beneficiary Interests in Perpetual Trusts:				
Stock:				
Banking & Finance	\$ 2,266,064	\$ 2,266,064	\$ -	\$ -
Healthcare	1,355,540	1,355,540	-	-
Retail	1,303,695	1,303,695	-	-
Food & Beverage	1,045,720	1,045,720	-	-
Oil & Gas	1,045,231	1,045,231	-	-
Semiconductors	1,003,827	1,003,827	-	-
Software	1,003,085	1,003,085	-	-
Manufacturing & Machinery	899,436	899,436	-	-
Insurance	893,542	893,542	-	-
Internet	862,650	862,650	-	-
Computers & Technology	860,581	860,581	-	-
Pharmaceuticals	821,166	821,166	-	-
Electronics	519,822	519,822	-	-
Miscellaneous	519,758	519,758	-	-
Telecommunications	496,256	496,256	-	-
Commercial Services	493,773	493,773	-	-
Airlines & Transportation	416,158	416,158	-	-
Cosmetics	369,621	369,621	-	-
Chemicals	344,304	344,304	-	-
Aerospace & Defense	326,630	326,630	-	-
Mining	325,538	325,538	-	-
Distribution	314,947	314,947	-	-
Equity REITs	301,707	301,707	-	-
Raw Materials	298,985	298,985	-	-
Advertising & Media	221,249	221,249	-	-
Biotechnology	209,581	209,581	-	-
Leisure	71,813	71,813	-	-
Energy	27,856	27,856	-	-
Consumer Discretionary	12,426	12,426	-	-
Industrials	4,089	4,089	-	-
Total Stock	\$ 18,635,050	\$ 18,635,050	\$ -	\$ -

GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Bonds:				
Convertible Debt	\$ 537,823	\$ -	\$ 537,933	\$ -
Banking & Finance	424,429	-	424,429	-
Private Placements - > 1 Yr	376,525	-	376,525	-
Oil and Gas	207,375	-	207,375	-
Private Placements - ABS	195,348	-	195,348	-
Utilities	184,346	-	184,346	-
Health Care	142,736	-	142,736	-
Technology	132,891	-	132,891	-
Private Placements - MBS	85,313	-	85,313	-
REITS	73,398	-	73,398	-
Communications	69,366	-	69,366	-
Convertible Preferred Stock	66,730	66,730	-	-
Insurance	58,405	-	58,405	-
Food Products	49,834	-	49,834	-
Industrial	47,800	-	47,800	-
Aerospace & Defense	46,094	-	46,094	-
Commercial Services	42,291	-	42,291	-
Chemicals	40,266	-	40,266	-
Private Placements - Banking	37,814	-	37,814	-
Retail	30,161	-	30,161	-
Paper & Forest Products	23,822	-	23,822	-
Transportation	21,768	-	21,768	-
Capital Goods	16,986	-	16,986	-
Mining	15,149	-	15,149	-
Leisure	13,128	-	13,128	-
Miscellaneous	12,055	-	12,055	-
Total Bonds	<u>\$ 2,951,853</u>	<u>\$ 66,730</u>	<u>\$ 2,885,123</u>	<u>\$ -</u>
Mutual Funds				
Equities	\$ 1,792,849	\$ 1,792,849	\$ -	\$ -
Fixed Income	1,213,366	1,213,366	-	-
International	341,935	341,935	-	-
Real Estate	96,813	96,813	-	-
Investments Valued at NAV				
Real Estate (a)	531,957	-	-	-
Private Debt (a)	389,678	-	-	-
Asset Backed Securities	353,917	-	353,917	-
Government Securities	1,750,623	1,750,623	-	-
Cash Equivalents/Money	-	-	-	-
Market Funds	<u>1,044,203</u>	<u>1,044,203</u>	<u>-</u>	<u>-</u>
Total Beneficiary Interests in Perpetual Trusts	<u><u>\$ 29,102,244</u></u>	<u><u>\$ 24,941,569</u></u>	<u><u>\$ 3,239,040</u></u>	<u><u>\$ -</u></u>

GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	Quoted Prices In Active Markets For Identical Assets <u>(Level 1)</u>	Significant Other Observable <u>(Level 2)</u>	Significant Unobservable <u>(Level 3)</u>
Marketable Securities:				
Stock:				
Computer & Technology	\$ 779,779	\$ 779,779	\$ -	\$ -
Banking & Finance	655,349	655,349	-	-
Food & Beverage	476,123	476,123	-	-
Healthcare	447,569	447,569	-	-
Consumer Discretionary	396,887	396,887	-	-
Telecommunications	334,912	334,912	-	-
Industrials	139,467	139,467	-	-
Energy	114,234	114,234	-	-
Miscellaneous	88,324	88,324	-	-
Retail	88,010	88,010	-	-
Oil & Gas	70,630	70,630	-	-
Semiconductors	67,832	67,832	-	-
Software	67,782	67,782	-	-
Manufacturing & Machinery	60,776	60,776	-	-
Insurance	60,379	60,379	-	-
Internet	58,291	58,291	-	-
Pharmaceuticals	55,489	55,489	-	-
Electronics	35,125	35,125	-	-
Commercial Services	33,365	33,365	-	-
Airlines & Transportation	28,120	28,120	-	-
Cosmetics	24,976	24,976	-	-
Chemicals	23,265	23,265	-	-
Aerospace & Defense	22,071	22,071	-	-
Mining	21,997	21,997	-	-
Distribution	21,281	21,281	-	-
Raw Materials	20,204	20,204	-	-
Advertising & Media	14,952	14,952	-	-
Biotechnology	14,162	14,162	-	-
Total Stock	<u>\$ 4,221,351</u>	<u>\$ 4,221,351</u>	<u>\$ -</u>	<u>\$ -</u>
Bonds:				
Convertible Debt	\$ 36,349	\$ -	\$ 36,349	\$ -
Banking & Finance	28,677	-	28,677	-
Private Placements - > 1 Yr	25,442	-	25,442	-
Oil and Gas	14,012	-	14,012	-
Private Placements - ABS	13,200	-	13,200	-
Utilities	12,457	-	12,457	-
Health Care	9,645	-	9,645	-
Technology	8,980	-	8,980	-
Miscellaneous	6,954	-	6,954	-
Private Placements - MBS	5,765	-	5,765	-
REITS	4,960	-	4,960	-
Communications	4,687	-	4,687	-
Convertible Preferred Stock	4,509	4,509	-	-
Insurance	3,946	-	3,946	-
Food Products	3,367	-	3,367	-

GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Industrials	3,230	-	3,230	-
Aerospace & Defense	3,115	-	3,115	-
Commercial Services	2,858	-	2,858	-
Chemicals	2,721	-	2,721	-
Private Placements - Banking	2,555	-	2,555	-
Retail	2,038	-	2,038	-
Total Bonds	<u>\$ 199,467</u>	<u>\$ 4,509</u>	<u>\$ 194,958</u>	<u>\$ -</u>
Mutual Funds				
Equities	\$ 5,700,754	\$ 5,700,754	\$ -	\$ -
Fixed Income	5,249,272	5,249,272	-	-
International	2,312,850	2,312,850	-	-
Other	389,159	389,159	-	-
Real Estate	346,911	346,911	-	-
Government Securities	1,106,023	1,106,023	-	-
Cash Equivalents/Money				
Market Funds	574,998	574,998	-	-
Asset Backed Securities	23,914	-	23,914	-
Investments Valued at NAV				
Real Estate (a)	35,946	-	-	-
Private Debt (a)	26,332	-	-	-
Total Marketable Securities	<u>\$ 20,186,977</u>	<u>\$ 19,905,827</u>	<u>\$ 218,872</u>	<u>\$ -</u>
Assets Held in Charitable Remainder Unitrusts:				
Equity Funds	\$ 150,650	\$ 150,650	\$ -	\$ -
Fixed Income Funds	130,344	130,344	-	-
International	58,288	58,288	-	-
Other	15,894	15,894	-	-
Real Estate	11,782	11,782	-	-
Cash Equivalents/Money				
Market Funds	6,375	6,375	-	-
Total Assets Held in Charitable Remainder Unitrusts	<u>\$ 373,333</u>	<u>\$ 373,333</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments	<u>\$ 49,662,554</u>	<u>\$ 45,220,729</u>	<u>\$ 3,457,912</u>	<u>\$ -</u>

GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 FAIR VALUE (CONTINUED)

		<u>2022</u>			
<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable (Level 2)</u>	<u>Significant Unobservable (Level 3)</u>	
Investments:					
Beneficiary Interests in Perpetual Trusts:					
Stock:					
Banking & Finance	\$ 1,969,815	\$ 1,969,815	\$ -	\$ -	-
Food & Beverage	1,286,060	1,286,060	-	-	-
Healthcare	1,246,178	1,246,178	-	-	-
Retail	1,154,129	1,154,129	-	-	-
Oil & Gas	1,043,331	1,043,331	-	-	-
Pharmaceuticals	857,807	857,807	-	-	-
Manufacturing & Machinery	823,377	823,377	-	-	-
Computers & Technology	795,199	795,199	-	-	-
Insurance	769,868	769,868	-	-	-
Software	762,684	762,684	-	-	-
Semiconductors	724,578	724,578	-	-	-
Internet	648,692	648,692	-	-	-
Commercial Services	521,043	521,043	-	-	-
Electronics	517,472	517,472	-	-	-
Telecommunications	463,398	463,398	-	-	-
Miscellaneous	455,771	455,771	-	-	-
Airlines & Transportation	413,786	413,786	-	-	-
Cosmetics	346,911	346,911	-	-	-
Equity REITs	332,355	332,355	-	-	-
Chemicals	283,885	283,885	-	-	-
Biotechnology	269,258	269,258	-	-	-
Mining	264,092	264,092	-	-	-
Advertising & Media	243,319	243,319	-	-	-
Distribution	238,351	238,351	-	-	-
Aerospace & Defense	236,508	236,508	-	-	-
Raw Materials	182,317	182,317	-	-	-
Leisure	36,072	36,072	-	-	-
Energy	25,645	25,645	-	-	-
Industrials	13,213	13,213	-	-	-
Consumer Discretionary	10,971	10,971	-	-	-
Total Stock	<u>\$ 16,936,085</u>	<u>\$ 16,936,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>
Bonds:					
Private Placements - MBS	\$ 820,332	\$ -	\$ 820,332	\$ -	-
Banking & Finance	545,892	-	545,892	-	-
Convertible Debt	475,940	-	475,940	-	-
Utilities	295,726	-	295,726	-	-
Health Care	241,240	-	241,240	-	-
Oil and Gas	215,324	-	215,324	-	-
Technology	199,349	-	199,349	-	-
Convertible Preferred Stock	103,200	103,200	-	-	-
REITS	97,855	-	97,855	-	-
Food Products	64,984	-	64,984	-	-
Communications	61,598	-	61,598	-	-

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable (Level 2)</u>	<u>Significant Unobservable (Level 3)</u>
Aerospace & Defense	50,804	-	50,804	-
Chemicals	47,511	-	47,511	-
Insurance	45,297	-	45,297	-
Commercial Services	43,334	-	43,334	-
Retail	40,495	-	40,495	-
Industrial	38,946	-	38,946	-
Paper & Forest Products	34,858	-	34,858	-
Non-US Government Bonds	31,478	-	31,478	-
Transportation	29,047	-	29,047	-
Materials	27,890	-	27,890	-
Capital Goods	21,902	-	21,902	-
Mining	19,861	-	19,861	-
Miscellaneous	13,105	-	13,105	-
Household Products	10,240	-	10,240	-
Total Bonds	<u>\$ 3,576,208</u>	<u>\$ 103,200</u>	<u>\$ 3,473,008</u>	<u>\$ -</u>
Mutual Funds				
Equities	\$ 1,815,102	\$ 1,815,102	\$ -	\$ -
Fixed Income	1,164,078	1,164,078	-	-
International	312,759	312,759	-	-
Real Estate	103,179	103,179	-	-
Investments Valued at NAV				
Real Estate (a)	557,422	-	-	-
Private Debt (a)	227,555	-	-	-
Asset Backed Securities	496,854	-	496,854	-
Government Securities	2,314,612	2,314,612	-	-
Cash Equivalents/Money				
Market Funds	<u>1,299,569</u>	<u>1,299,569</u>	<u>-</u>	<u>-</u>
Total Beneficiary Interests in Perpetual Trusts	<u>\$ 28,803,423</u>	<u>\$ 24,048,584</u>	<u>\$ 3,969,862</u>	<u>\$ -</u>
Marketable Securities:				
Stock:				
Banking & Finance	\$ 655,970	\$ 655,970	\$ -	\$ -
Computer & Technology	561,348	561,348	-	-
Food & Beverage	495,576	495,576	-	-
Healthcare	407,959	407,959	-	-
Consumer Discretionary	346,527	346,527	-	-
Telecommunications	269,793	269,793	-	-
Industrials	127,327	127,327	-	-
Energy	92,020	92,020	-	-
Miscellaneous	64,464	64,464	-	-
Retail	64,436	64,436	-	-
Oil & Gas	58,205	58,205	-	-
Pharmaceuticals	48,025	48,025	-	-
Manufacturing & Machinery	46,099	46,099	-	-
Insurance	43,103	43,103	-	-
Software	42,701	42,701	-	-
Semiconductors	40,567	40,567	-	-

GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	Quoted Prices In Active Markets For Identical Assets (Level 1)	Significant Other Observable (Level 2)	Significant Unobservable (Level 3)
Internet	36,318	36,318	-	-
Commercial Services	29,172	29,172	-	-
Electronics	28,971	28,971	-	-
Airlines & Transportation	23,167	23,167	-	-
Cosmetics	19,423	19,423	-	-
Chemicals	15,894	15,894	-	-
Biotechnology	15,075	15,075	-	-
Mining	14,786	14,786	-	-
Advertising & Media	13,623	13,623	-	-
Distribution	13,344	13,344	-	-
Aerospace & Defense	13,241	13,241	-	-
Raw Materials	10,207	10,207	-	-
Total Stock	<u>\$ 3,597,341</u>	<u>\$ 3,597,341</u>	<u>\$ -</u>	<u>\$ -</u>
Bonds:				
Private Placements - MBS	\$ 45,925	\$ -	\$ 45,925	\$ -
Banking & Finance	30,564	-	30,564	-
Convertible Debt	26,647	-	26,647	-
Utilities	16,557	-	16,557	-
Health Care	13,507	-	13,507	-
Oil and Gas	12,056	-	12,056	-
Miscellaneous	11,543	-	11,543	-
Technology	11,161	-	11,161	-
Convertible Preferred Stock	5,784	5,784	-	-
REITS	5,479	-	5,479	-
Communications	3,449	-	3,449	-
Aerospace & Defense	2,844	-	2,844	-
Chemicals	2,660	-	2,660	-
Food Products	2,636	-	2,636	-
Insurance	2,536	-	2,536	-
Commercial Services	2,426	-	2,426	-
Retail	2,267	-	2,267	-
Industrials	2,181	-	2,181	-
Total Bonds	<u>\$ 200,222</u>	<u>\$ 5,784</u>	<u>\$ 194,438</u>	<u>\$ -</u>
Mutual Funds				
Equities	\$ 6,287,805	\$ 6,287,805	\$ -	\$ -
Fixed Income	5,036,585	5,036,585	-	-
International	1,990,467	1,990,467	-	-
Real Estate	377,294	377,294	-	-
Other	425,740	425,740	-	-
Government Securities	721,061	721,061	-	-
Cash Equivalents/Money				
Market Funds	606,600	606,600	-	-
Asset Backed Securities	27,817	-	27,817	-
Investments Valued at NAV				
Real Estate (a)	31,208	-	-	-
Private Debt (a)	12,740	-	-	-
Total Marketable Securities	<u>\$ 19,314,880</u>	<u>\$ 19,048,677</u>	<u>\$ 222,255</u>	<u>\$ -</u>

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 15 FAIR VALUE (CONTINUED)

<u>Description</u>	<u>Total</u>	<u>Quoted Prices In Active Markets For Identical Assets (Level 1)</u>	<u>Significant Other Observable (Level 2)</u>	<u>Significant Unobservable (Level 3)</u>
Assets Held in Charitable Remainder Unitrusts:				
Equity Funds	\$ 212,859	\$ 212,859	\$ -	\$ -
Fixed Income Funds	136,859	136,859	-	-
Other	13,301	13,301	-	-
Cash Equivalents/Money Market Funds	<u>10,562</u>	<u>10,562</u>	<u>-</u>	<u>-</u>
Total Assets Held in Charitable Remainder Unitrusts	<u>\$ 373,581</u>	<u>\$ 373,581</u>	<u>\$ -</u>	<u>\$ -</u>
Total Investments	<u>\$ 48,491,884</u>	<u>\$ 43,470,842</u>	<u>\$ 4,192,117</u>	<u>\$ -</u>

(a) For the years ended June 30, 2023 and 2022, certain investments that were measured at NAV per share or its equivalent have not been classified in the fair value hierarchy. The fair value amounts presented in the above tables are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statements of financial position.

NOTE 16 STATE OF GEORGIA GRANTS

The Agency is due grant monies from the State of Georgia, Department of Education to reimburse the Agency for the reasonable and necessary costs in educating children placed in resident facilities by the Department of Human Resources and the Department of Juvenile Justice.

The following is a summary of state grant income and expenses at June 30:

	<u>2023</u>	<u>2022</u>
Grant Income Received During Fiscal Year Ended June 30	\$ 650,114	\$ 713,899
State of Georgia Government Grant Receivable at June 30	<u>114,224</u>	<u>65,914</u>
Total State Government Grant Income at June 30	<u>\$ 764,338</u>	<u>\$ 779,813</u>

Grant expenses of \$764,338 and \$779,813 were paid during the years ended June 30, 2023 and 2022, respectively.

NOTE 17 UNDERWATER ENDOWMENTS

The Agency has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of fair value of the original gift as of the gift date if the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions-perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) 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.

**GEORGIA BAPTIST CHILDREN'S HOMES
AND FAMILY MINISTRIES, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022**

NOTE 17 UNDERWATER INVESTMENTS (CONTINUED)

The remaining portion of donor restricted endowment fund that is not classified as perpetual in nature is classified as purpose restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulated donor restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the organization and the donor restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected return from income and the appreciation of investments
- (6) Other resources of the organization
- (7) The investment policies of the organization

From time to time, the fair value of the assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the organization to retain as a fund of perpetual duration. In accordance with ASU 2016-14, deficiencies of this nature that are reported in the "with donor restrictions" class of net assets. As of June 30, 2023, there were no material underwater investments. As of June 30, 2022, funds with approximate original gift values of \$4,000,000, fair values of \$3,820,000, and deficiencies of \$180,000 were reported as net assets with donor restrictions. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of these contributions and continued appropriation for certain programs that were deemed prudent by the Board.

NOTE 18 SUBSEQUENT EVENTS

The Agency has evaluated all subsequent events through September 13, 2023, the date the financial statements were issued.