

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2022

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Georgia Baptist Mission Board and Subsidiaries  
Duluth, Georgia

### ***Opinion***

We have audited the accompanying consolidated financial statements of Georgia Baptist Mission Board and Subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2022, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Georgia Baptist Mission Board and Subsidiaries as of December 31, 2022, and the changes in its net assets 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. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of Georgia Baptist Mission Board and Subsidiaries 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.

### ***Responsibilities of Management for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Baptist Mission Board and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Board of Directors  
Georgia Baptist Mission Board and Subsidiaries  
Duluth, Georgia

***Auditors' Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 consolidated 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 consolidated 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 consolidated 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 Mission Board and Subsidiaries' 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Georgia Baptist Mission Board and Subsidiaries' 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.

*Capin Crouse LLP*

Lawrenceville, Georgia  
June 30, 2023

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Consolidated Statement of Financial Position

December 31, 2022

### ASSETS:

Cash and cash equivalents	\$ 11,526,725
Investments	222,815,876
Prepaid expenses and other assets	851,825
Property and equipment-net	33,618,701
Beneficial interest in trusts held by others	<u>23,728,523</u>

Total Assets \$ 292,541,650

### LIABILITIES AND NET ASSETS:

#### Liabilities:

Accounts payable and accrued expenses	\$ 1,036,471
Distributions payable	<u>3,866,961</u>
Total liabilities	<u>4,903,432</u>

#### Net assets:

Net assets without donor restrictions 239,938,104

#### Net assets with donor restrictions:

Restricted by purpose or time	9,906,513
Restricted in perpetuity	<u>37,793,601</u>
	<u>47,700,114</u>

Total net assets 287,638,218

Total Liabilities and Net Assets \$ 292,541,650

See notes to consolidated financial statements

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Consolidated Statement of Activities

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
<b>SUPPORT AND REVENUE:</b>			
Cooperative Program receipts	\$ 37,330,104	\$ -	\$ 37,330,104
Georgia Baptist Causes receipts	568,743	-	568,743
Less distributions to Southern Baptist Convention and Georgia Baptist Convention entities as approved by the adoption of the annual budget by the Georgia Baptist Convention:			
Southern Baptist Convention	(14,722,010)	-	(14,722,010)
Shorter University	(2,136,003)	-	(2,136,003)
Brewton-Parker College	(1,169,816)	-	(1,169,816)
Truett McConnell University	(1,169,816)	-	(1,169,816)
Baptist Village	(100,615)	-	(100,615)
Baptist Retirement Communities of Georgia	(100,615)	-	(100,615)
	<u>18,499,972</u>	<u>-</u>	<u>18,499,972</u>
Other contributions	<u>3,699,995</u>	<u>\$ 2,960,520</u>	<u>6,660,515</u>
Revenue:			
Investment loss	(29,488,967)	(3,931,897)	(33,420,864)
Change in value of trusts held by others	-	(4,736,655)	(4,736,655)
Registrations and fees	1,233,136	-	1,233,136
Other revenue	461,310	-	461,310
	<u>(27,794,521)</u>	<u>(8,668,552)</u>	<u>(36,463,073)</u>
Total Support and Revenue	<u>(5,594,554)</u>	<u>(5,708,032)</u>	<u>(11,302,586)</u>
<b>RECLASSIFICATIONS:</b>			
Satisfaction of purpose restrictions	<u>2,611,882</u>	<u>(2,611,882)</u>	<u>-</u>
<b>EXPENSES:</b>			
Program services	22,477,186	-	22,477,186
General and administrative	6,998,211	-	6,998,211
Fundraising	67,071	-	67,071
Total expenses	<u>29,542,468</u>	<u>-</u>	<u>29,542,468</u>
Change in Net Assets	(32,525,140)	(8,319,914)	(40,845,054)
Net Assets, Beginning of Year	<u>272,463,244</u>	<u>56,020,028</u>	<u>328,483,272</u>
Net Assets, End of Year	<u>\$ 239,938,104</u>	<u>\$ 47,700,114</u>	<u>\$ 287,638,218</u>

See notes to consolidated financial statements

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Consolidated Statement of Cash Flows

December 31, 2022

### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ (40,845,054)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	1,254,257
Realized loss on disposal of assets	25,284
Unrealized and realized losses on investments	35,015,108
Change in value of beneficial interest in trusts held by others	4,736,655
Changes in operating assets and liabilities:	
Prepaid expenses and other assets	(26,552)
Accounts payable and accrued expenses	(570,678)
Distribution payable	<u>(425,157)</u>
Net Cash Used by Operating Activities	<u>(836,137)</u>

### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchase of investments	(19,734,148)
Proceeds from the sale of investments	17,429,323
Purchase of property and equipment	<u>(388,374)</u>
Net Cash Used by Investing Activities	<u>(2,693,199)</u>

Net Change in Cash and Cash Equivalents (3,529,336)

Cash and Cash Equivalents, Beginning of Year 15,056,061

Cash and Cash Equivalents, End of Year \$ 11,526,725

See notes to consolidated financial statements

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 1. NATURE OF ORGANIZATION:

The Executive Committee of the Baptist Convention of the State of Georgia d/b/a the Georgia Baptist Mission Board ("The Mission Board") (GBMB) is a Georgia corporation that qualifies for tax exempt status under Section 501 (c)(3) of the U.S. Internal Revenue Code.

The Mission Board's purpose is to organize and facilitate cooperation among Georgia Baptist churches through the operation or support of Georgia Baptist and Southern Baptist missions, education, benevolence, support for church building and related facilities and other supporting ministries. A significant portion of its activities involve receiving funds from cooperating Baptist churches and other sources and distributing such funds to various Baptist causes and institutions. Additionally, the Mission Board operates various Baptist student unions at colleges and universities throughout the state of Georgia.

The accompanying consolidated financial statements includes net assets and operations of GBMB and statewide activities conducted by GBMB on behalf of the Georgia Baptist Convention (Convention). Activities conducted by Convention institutions are not included in the GBMB financial statements. GBMB and each convention institution is independent and autonomous, with GBMB having no authority or control over any of the Convention institutions.

GBMB is charged with the responsibility of transacting all business for the Convention between sessions. It reviews all programs of work of all agencies and institutions for the Convention, and it initiates new programs and recommends programs and policies to the Convention which are included in this report.

Convention Institutions as identified by the Convention are:

- Shorter University
- Brewton-Parker College
- Truett McConnell University
- Georgia Baptist Foundation
- Georgia Baptist Children's Home
- Baptist Village
- Baptist Retirement Communities of Georgia

GBMB is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code (Code). GBMB is not considered to be a private foundation under section 509(a)(2) of the Code and contributions to it are tax deductible within limits prescribed by the Code. GBMB is subject to federal taxation on any unrelated business taxable income.



# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements have been prepared on the accrual basis. The significant accounting policies followed are described below to enhance the usefulness of the statements to the reader.

#### ESTIMATES

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States (GAAP) requires management to make estimates and assumptions that affect the reported amounts and disclosures at the date of the consolidated financial statements. Actual results could differ from those estimates.

#### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of GBMB and Georgia Baptist Health Care Ministry Foundation (GBHCMF). GBHCMF is consolidated due to voting control and economic interest. All significant intercompany balances and transactions have been eliminated in the consolidation. The acronym GBMB from here forward is representative of both GBMB and GBHCMF.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits in banks, and money market accounts. Cash equivalents also include, when applicable, short-term, highly liquid debt securities that are both readily convertible to cash and have an original maturity of three months or less. GBMB maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits; however, GBMB has not experienced any losses on such accounts. As of December 31, 2022, GBMB had cash balances exceeding federally insured limits by approximately \$8,829,000.

#### INVESTMENTS

Investments in equity securities, exchange-traded funds, and mutual funds with readily determinable fair values and fixed income securities are recorded at fair value with gains and losses reported in the consolidated statement of activities. Private equity fund assets are reported at net asset value (NAV), as reported by fund managers, which represents GBMB's proportionate share of the fund. The private equity fund assets are not immediately liquid. Accordingly, their values are based upon guidelines established by the fund managers. Management believes this method provides a reasonable estimate of fair value. These values may differ significantly from values that would have been used had a readily available market existed for such investments, and the differences could be material to the change in net assets of GBMB. Donated investments are recorded at fair value at the date of donation and thereafter carried in conformity with the stated policy. Investment income is included in investment income without donor restrictions unless a donor preference or law restricts its use.

#### PROPERTY AND EQUIPMENT—NET

The GBMB capitalizes all assets with a cost or value over \$2,500 and an estimated useful life over one year. Land, buildings, improvements, and equipment are recorded at cost or, if donated, fair value on the date of donation. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. Estimated useful lives are 30 to 50 years for buildings and building improvements and 3 to 10 years for furniture and equipment.

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### BENEFICIAL INTEREST IN TRUSTS HELD BY OTHERS

Beneficial interests in trusts held by others represent resources neither in the possession or under the control of GBMB, but held and administered by third parties for the benefit of Georgia Baptist mission causes.

#### CLASSES OF NET ASSETS

The consolidated financial statements report amounts separately by class of net assets.

*Net assets without donor restrictions* are currently available for ministry purposes under the direction of GBMB, designated by management or board committees for specific use, or resources invested in property and equipment.

*Net assets with donor restrictions* are contributed with donor stipulations for specific operating purposes or programs, time restrictions, or not currently available for use until commitments regarding their use have been fulfilled or lifetime beneficiary interests have ceased. These net assets include contributions with donor restrictions that they be held in perpetuity.

#### SUPPORT, REVENUES, AND RECLASSIFICATIONS

GBMB recognizes revenue when earned and support when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to GBMB. Conditional promises to give with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met, promises are made, or ownership of other assets is transferred to GBMB.

GBMB reports gifts of cash and other assets as support in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as satisfaction of purpose restrictions.

GBMB reports gifts of land, buildings, and equipment as net assets without donor restrictions support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, GBMB reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

GBMB recognizes registrations, fees, and other revenue when earned. These revenue streams represent revenue from events, conferences, and other services provided.

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

#### EXPENSES

The costs of providing the various program services and supporting activities of GBMB have been summarized on a functional basis in the consolidated statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Promotion and advertising costs are expensed when incurred and were \$325,887 for the year ended December 31, 2022.

#### ECONOMIC DEPENDENCY

GBMB is dependent upon contributions from participating Baptist churches located in Georgia. The churches' contributions are primarily dependent upon the economic conditions of Georgia and the churches' desire to support the ministry of GBMB.

### 3. LIQUIDITY AND FUNDS AVAILABLE:

As part of the GBMB's liquidity management policies and practices, GBMB maintains financial assets to be available for general expenditures and other obligations as they come due. The following reflects the GBMB's financial assets as of the consolidated statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date. Amounts not available include amounts set aside for reserves designated by the board that could be drawn upon if the governing board approves that action.

#### Financial assets:

Cash and cash equivalents	\$ 11,526,725
Investments	222,815,876
	<u>234,342,601</u>

#### Less those unavailable for general expenditures within one year due to:

##### Limited availability:

Alternative investments	(37,871,692)
Endowment corpus and accumulated earnings	(19,659,814)
	<u>(57,531,506)</u>

#### Financial assets available to meet cash needs for general expenditures within one year

\$ 176,811,095

As part of GBMB's liquidity management, its practice is to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Net assets with donor restrictions for program ministries of \$9,906,513 as of December 31, 2022, are included in financial assets available to meet cash needs (above) because they represent resources available for operational expenditure within one year.

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 4. INVESTMENTS:

Investments consist of:

Held at cost:

Cash and cash equivalents	<u>\$ 4,467,838</u>
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Held at fair value:

Equities	152,696,699
Fixed income	1,947,017
Exchange-traded funds	3,982,273
Mutual funds	6,947,505
Interest in GBF Ministry Trust Fund	<u>14,902,852</u>
	<u>180,476,346</u>

Held at estimated fair value using net asset value:

Alternative investments	<u>37,871,692</u>
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\$ 222,815,876

### 5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net consist of:

Land and land improvements	\$ 12,438,509
Buildings and building improvements	41,025,980
Furnishings and equipment	<u>6,686,490</u>
	60,150,979
Less accumulated depreciation	<u>(26,532,278)</u>
Property and equipment—net	<u><u>\$ 33,618,701</u></u>

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 6. BENEFICIAL INTERESTS IN TRUSTS HELD BY OTHERS:

GBMB is a beneficiary of various trusts that are administered by the Georgia Baptist Foundation (GBF). Although the assets of these trusts are not in its possession, GBMB is entitled to receive the income or future assets there from. At December 31, 2022, all assets held in trust by others are considered Level 3 investments.

Beginning balance	\$ 28,465,178
Change in value of trusts held by others	<u>(4,736,655)</u>
Ending balance	<u><u>\$ 23,728,523</u></u>

Realized and unrealized gains related to assets held in trust are included in change in value of assets held in trust on the consolidated statement of activities.

### 7. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of:

Net assets with donor restrictions:

Restricted by purpose or time:

Accumulated endowment earnings	\$ 5,594,736
Disaster relief	2,179,921
Wellness	1,079,861
Ministerial emergency assistance	514,326
Foster care and adoption	183,315
Scholarships	103,136
Other	<u>251,218</u>
	9,906,513

Subject to restriction in perpetuity:

Endowment funds restricted in perpetuity	14,065,078
Beneficial interest in perpetual trusts held by others	<u>23,728,523</u>
	<u><u>\$ 47,700,114</u></u>

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

8. EXPENSES BY BOTH NATURE AND FUNCTION:

The consolidated statement of activities report certain categories of expenses that are attributable to one or more program or supporting functions of GBMB. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and benefits and depreciation. Salaries and benefits have been allocated based on the programmatic purpose of this position, including time and effort. Depreciation, equipment and facility costs have been allocated on purpose, time and space. Functional expenses by natural classification for the year ended December 31, 2022:

	Program Services	Supporting Activities			Total
		General and Administrative	Fundraising	Total Support	
Salaries and benefits	\$ 7,538,546	\$ 2,512,849	\$ -	\$ 2,512,849	\$ 10,051,395
Professional services	711,204	507,873	-	507,873	1,219,077
Depreciation expense	384,893	1,154,677	-	1,154,677	1,539,570
Conference production and supplies	2,375,907	-	-	-	2,375,907
Charitable and pastoral assistance	1,091,501	-	-	-	1,091,501
Grants awarded	7,970,632	-	-	-	7,970,632
Insurance	271,493	814,480	-	814,480	1,085,973
Equipment and facility	639,064	910,137	-	910,137	1,549,201
Supplies and materials	549,755	183,252	-	183,252	733,007
Technology	122,989	368,967	-	368,967	491,956
Travel	599,264	219,504	-	219,504	818,768
Marketing and promotion	64,704	194,112	67,071	261,183	325,887
Other	157,234	132,360	-	132,360	289,594
	<u>\$ 22,477,186</u>	<u>\$ 6,998,211</u>	<u>\$ 67,071</u>	<u>\$ 7,065,282</u>	<u>\$ 29,542,468</u>

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 9. FAIR VALUE MEASUREMENTS:

The *Fair Value Measurements and Disclosure* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. GBMB uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, GBMB measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 or Level 2 inputs are not available.

Methods and assumptions used by the organization in estimating fair values are as follows:

*Equities, mutual funds, and exchange-traded funds*—The fair values of these financial instruments are based on quoted market prices or dealer quotes.

*Fixed income*—The fair value of these financial instruments is based upon yields currently available on comparable securities of issuers with similar credit ratings.

*Beneficial interests in agreements held by others*—The value of investments in funds are based on the value of GBMB's per share interest in the pooled funds as reported by the fund managers. The funds consist of diversified funds which blend domestic and international portfolios to reduce risk through investment in various equity instruments. The equity funds are reported at fair value based on the quoted market price of the instrument or the net asset value of its holdings.

*Alternative investments*—Values of alternative investment assets are based upon the net asset value of the underlying investments as reported by the fund managers, which represents GBMB's proportionate interest in the capital of the invested funds.

*Change in valuation techniques*—None.

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

9. FAIR VALUE MEASUREMENTS, continued:

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2022:

	December 31, 2022			Total
	Level 1	Level 2	Level 3	
Investments at fair value:				
Equities:				
Industrials	\$ 33,627,033	\$ -	\$ -	\$ 33,627,033
Technology	31,739,081	-	-	31,739,081
Financial	20,802,820	-	-	20,802,820
Consumer staples	19,148,211	-	-	19,148,211
Health Care	15,106,123	-	-	15,106,123
Energy	11,326,424	-	-	11,326,424
Insurance	11,027,443	-	-	11,027,443
Transportation and other	9,919,564	-	-	9,919,564
	152,696,699	-	-	152,696,699
Fixed income:				
Mortgage-backed securities	-	581,886	-	581,886
U.S. government obligations	-	507,947	-	507,947
Corporate debt securities	-	857,184	-	857,184
	-	1,947,017	-	1,947,017
Mutual funds:				
Open-ended funds	6,357,245	-	-	6,357,245
Money market funds	590,260	-	-	590,260
	6,947,505	-	-	6,947,505
Exchange-traded funds:				
Financial	3,982,273	-	-	3,982,273
	3,982,273	-	-	3,982,273
GBF Ministry Trust Fund	-	14,902,852	-	14,902,852
Total investments at fair value	\$163,626,477	\$ 1,947,017	\$ -	\$ 180,476,346
Beneficial interests in agreements held by others	\$ -	\$ -	\$ 23,728,523	\$ 23,728,523



# GEORGIA BAPTIST HEALTH CARE MINISTRY FOUNDATION, INC.

## Notes to Consolidated Financial Statements

December 31, 2022

9. FAIR VALUE MEASUREMENTS, continued:

GBMB uses the Net Asset Value (NAV) to determine the fair value for all private equity funds which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have attributes of an investment company. The following table lists investments in other investment companies (in partnership format) by major category at December 31, 2022:

Investment Category	Strategy	Fair Value Determined Using NAV	\$ Amount of Unfunded Commitments	Timing to Draw Down Commitments	Redemption Terms	Redemption Restrictions	Redemption Restrictions in Place at Year End
Private Equity Funds	Buyout	\$ 6,976,808	\$ 9,839,000	8-10 years	Illiquid with a lock-up period of 10-15 years	Yes	Yes
Private Equity Funds	Growth Equity	15,233,407	4,009,000	8-10 years	Illiquid with a lock-up period of 10-15 years	Yes	Yes
Private Equity Funds	Venture Capital	12,929,799	4,212,000	8-10 years	Illiquid with a lock-up period of 10-15 years	Yes	Yes
Private Equity Funds	Special Situations	<u>2,731,678</u>	<u>4,212,000</u>	8-10 years	Illiquid with a lock-up period of 10-15 years	Yes	Yes
		<u>\$ 37,871,692</u>	<u>\$ 22,272,000</u>				

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 10. ENDOWMENTS:

As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. GBHCMF has one particular endowment, established for a variety of religious and charitable purposes, that is classified as endowment funds restricted in perpetuity in accordance with the donor restriction. The assets funding the endowment are included in investments.

The board of directors has interpreted the Georgia Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, GBHCMF classifies as endowment funds restricted in perpetuity (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. The remaining portion of the donor restricted endowment fund that is not classified in endowment funds restricted in perpetuity net assets is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by GBHCMF in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, GBHCMF considers the following factors in making a determination to appropriate from or accumulate to this donor restricted endowment fund:

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

Endowment net asset composition by type of fund as of December 31, 2022:

	Without donor restrictions	With Donor Restrictions		Total
		Accumulated Gains (losses)	Original Gift	
Donor restricted funds	\$ -	\$ 5,594,736	\$ 14,065,078	\$ 19,659,814
	<u>\$ -</u>	<u>\$ 5,594,736</u>	<u>\$ 14,065,078</u>	<u>\$ 19,659,814</u>

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 10. ENDOWMENTS, continued:

Changes in endowment net assets for year ended December 31, 2022:

	Without donor restrictions	With Donor Restrictions		Total
		Accumulated Gains (losses)	Original Gift	
Endowment net assets, beginning of year	\$ -	\$ 9,866,633	\$ 14,065,078	\$ 23,931,711
Investment return:				
Interest and dividends	-	250,684	-	250,684
Net realized and unrealized losses	-	(4,182,581)	-	(4,182,581)
	-	(3,931,897)	-	(3,931,897)
Amounts appropriated for expenditure	-	(340,000)	-	(340,000)
	-	(4,271,897)	-	(4,271,897)
Endowment net assets, end of year	\$ -	\$ 5,594,736	\$ 14,065,078	\$ 19,659,814
With donor restrictions net assets:				
The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulations or by UPMIFA.				\$ 14,065,078
Total endowment funds restricted in perpetuity				\$ 14,065,078

*Funds with Deficiencies*—From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires GBHCFM to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature that are reported in net assets with donor restrictions. As of December 31, 2022, there were no deficiencies of this nature.

*Return Objectives and Risk Parameters*—GBHCFM has adopted investment and spending policies for these particular endowment assets that attempt to provide a balance of yield and capital appreciation while distributing funds in a manner that meets the intent of the donor. These endowment assets include those assets of donor restricted funds that GBHCFM must hold in perpetuity. Under this policy, the assets of this particular endowment are invested in a manner that is intended to preserve the balance of the endowment. Actual returns in any given year may vary.

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2022

### 10. ENDOWMENTS, continued:

*Strategies Employed for Achieving Objectives*—To satisfy its long-term rate-of-return objectives, GBHCMF 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). GBHCMF 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.

*Spending Policy and How the Investment Objectives Related to Spending Policy*—GBHCMF has a policy of appropriating for distribution each year amounts dependent on grant applications, which meet the criteria of the endowment, and allow for the preservation of the endowment. In establishing this policy, GBHCMF considered how a prudent official would interpret the donor's intent. This is consistent with the board's objective to preserve the balance of the endowment assets held in perpetuity as well as to provide additional growth through investment returns.

### 11. RETIREMENT PLAN:

GBMB provides a defined contribution retirement plan for all full-time employees. GBMB may make matching and non-matching contributions at their discretion. In 2022, GBMB contributed 5% of salary for all eligible employees. GBMB also matched up to 10% of eligible employee's contributions. Vesting occurs immediately for both employee and employer contributions. Retirement plan expenses for the year ended December 31, 2022, was \$739,946.

GBMB also provides, through a third-party insurer, an insurance plan (the "Plan") that provides life insurance and accidental death insurance for all full-time employees. Plan expenses for the year ended December 31, 2022, was \$75,308.

### 12. COMMITMENTS:

On November 1, 1998, the Hospital Authority of Forsyth County issued \$56,000,000 of tax-exempt Series 1998 revenue anticipation certificates and loaned the proceeds to the Georgia Baptist Health Care System, Inc. (the Health System), now known as GBHCMF to finance or refinance various construction projects, fund the debt service fund, and pay certain costs of issuance of the 1988 certificates. The 1998 certificates bear interest ranging from 6% to 6.375%, and are due in varying installments through 2028.

In October 2002, the Health System, now known as GBHCMF, defeased the 1998 bonds by depositing with the escrow holders an amount sufficient to pay principal and interest on the defeased bonds as such becomes due. The principal amounts outstanding on the bonds was \$21,260,000 as of December 31, 2022. The assets held in escrow to pay the outstanding bonds was \$23,152,200 as of December 31, 2022.

### 13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through June 30, 2023 which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Subsequent to year-end, GBMB entered into a contract involving the sale of certain property and equipment attached to its campus ministries approximating \$3,500,000.

## **SUPPLEMENTAL INFORMATION**

**INDEPENDENT AUDITORS' REPORT  
ON SUPPLEMENTAL INFORMATION**

Board of Directors  
Georgia Baptist Mission Board and Subsidiaries  
Duluth, Georgia

We have audited the consolidated financial statements of the Georgia Baptist Mission Board and Subsidiaries as of and for the year ended December 31, 2022, and our report thereon dated June 30, 2023, which expresses an unmodified opinion on those consolidated financial statements, appears on page 1. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position and consolidating statement of activities (the information) are presented for purposes of additional analysis and are not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Capin Crouse LLP*

Lawrenceville, Georgia  
June 30, 2023

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Consolidating Statement of Financial Position

December 31, 2022

	GBMB	GBHCMF	Eliminations	Total
<b>ASSETS:</b>				
Cash and cash equivalents	\$ 10,123,781	\$ 1,402,944	\$ -	\$ 11,526,725
Investments	14,902,852	207,913,024	-	222,815,876
Prepaid expenses and other assets	911,908	-	(60,083)	851,825
Property and equipment-net	33,618,701	-	-	33,618,701
Beneficial interest in trusts held by others	22,628,701	1,099,822	-	23,728,523
	<u>\$ 82,185,943</u>	<u>\$ 210,415,790</u>	<u>\$ (60,083)</u>	<u>\$ 292,541,650</u>
<b>Total Assets</b>	<b>\$ 82,185,943</b>	<b>\$ 210,415,790</b>	<b>\$ (60,083)</b>	<b>\$ 292,541,650</b>
<b>LIABILITIES AND NET ASSETS:</b>				
<b>Liabilities:</b>				
Accounts payable and accrued expenses	\$ 1,036,405	\$ 60,149	\$ (60,083)	\$ 1,036,471
Distributions payable	3,866,961	-	-	3,866,961
<b>Total liabilities</b>	<u>4,903,366</u>	<u>60,149</u>	<u>(60,083)</u>	<u>4,903,432</u>
<b>Net assets:</b>				
Net assets without donor restrictions	50,419,586	189,518,518	-	239,938,104
<b>Net assets with donor restrictions:</b>				
Restricted by purpose or time	4,234,290	5,672,223	-	9,906,513
Restricted in perpetuity	22,628,701	15,164,900	-	37,793,601
	<u>26,862,991</u>	<u>20,837,123</u>	<u>-</u>	<u>47,700,114</u>
<b>Total net assets</b>	<u>77,282,577</u>	<u>210,355,641</u>	<u>-</u>	<u>287,638,218</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 82,185,943</b>	<b>\$ 210,415,790</b>	<b>\$ (60,083)</b>	<b>\$ 292,541,650</b>

See independent auditors' report on supplementary data

# GEORGIA BAPTIST MISSION BOARD AND SUBSIDIARIES

## Consolidating Statement of Activities

Year Ended December 31, 2022

	<u>GBMB</u>	<u>GBHCMF</u>	<u>Eliminations</u>	<u>Total</u>
<b>SUPPORT AND REVENUE:</b>				
Cooperative Program receipts	\$ 37,330,104	\$ -	\$ -	\$ 37,330,104
Georgia Baptist Causes receipts	568,743	-	-	568,743
Less distributions to Southern Baptist Convention and Georgia Baptist Convention (GBC) entities as approved by the adoption of the annual budget by the GBC:				
Southern Baptist Convention	(14,722,010)	-	-	(14,722,010)
Shorter University	(2,136,003)	-	-	(2,136,003)
Brewton-Parker College	(1,169,816)	-	-	(1,169,816)
Truett McConnell University	(1,169,816)	-	-	(1,169,816)
Baptist Village	(100,615)	-	-	(100,615)
Baptist Retirement Communities of Georgia	(100,615)	-	-	(100,615)
	<u>18,499,972</u>	<u>-</u>	<u>-</u>	<u>18,499,972</u>
Other contributions	<u>6,230,784</u>	<u>429,731</u>	<u>-</u>	<u>6,660,515</u>
<b>Revenue:</b>				
Investment loss	(654,941)	(32,765,923)	-	(33,420,864)
Change in value of trusts held by others	(4,559,337)	(177,318)	-	(4,736,655)
Registrations and fees	1,233,136	-	-	1,233,136
Other revenue	821,810	-	(360,500)	461,310
	<u>(3,159,332)</u>	<u>(32,943,241)</u>	<u>(360,500)</u>	<u>(36,463,073)</u>
Total Support and Revenue	<u>21,571,424</u>	<u>(32,513,510)</u>	<u>(360,500)</u>	<u>(11,302,586)</u>
<b>EXPENSES:</b>				
Program services	14,298,706	8,178,480	-	22,477,186
General and administrative	6,730,819	627,892	(360,500)	6,998,211
Fundraising	67,071	-	-	67,071
Total expenses	<u>21,096,596</u>	<u>8,806,372</u>	<u>(360,500)</u>	<u>29,542,468</u>
Change in Net Assets	474,828	(41,319,882)	-	(40,845,054)
Net Assets, Beginning of Year	<u>76,807,749</u>	<u>251,675,523</u>	<u>-</u>	<u>328,483,272</u>
Net Assets, End of Year	<u>\$ 77,282,577</u>	<u>\$210,355,641</u>	<u>\$ -</u>	<u>\$287,638,218</u>

See independent auditors' report on supplementary data