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**NORTHWEST BAPTIST FOUNDATION**

**AUDITED FINANCIAL STATEMENTS**

**Year Ended December 31, 2010**

**with**

**Supplementary Financial Information**

**and**

**Independent Auditor's Report**

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# NORTHWEST BAPTIST FOUNDATION

## Table of Contents

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	<b>Page</b>
<b>Independent Auditor's Report</b>	1
<b>Financial Statements</b>	
Statement of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statement of Cash Flows	5
Notes to Financial Statements	6
<b>Supplementary Financial Information</b>	
Schedule of Cash and Cash Equivalents, Investments and Other Assets	22
Schedule of Notes and Contracts Receivable	23
Charts	24



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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
Northwest Baptist Foundation  
Vancouver, Washington

We have audited the accompanying statement of financial position of Northwest Baptist Foundation (the Foundation) as of December 31, 2010, and the related statements of activities and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Baptist Foundation as of December 31, 2010, and changes in its net assets and its cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary financial information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "General Fund Expenses as a Percent of Total Assets," which is unaudited and upon which we express no opinion or any other form of assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*McDonald Jacobs, P.C.*

March 30, 2011

*Strength in Numbers*

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NORTHWEST BAPTIST FOUNDATION

Statement of Financial Position

December 31, 2010

ASSETS		General Fund	Endowment	Trust	Total
1	Cash and cash equivalents	\$ 16,701	\$ 255,670	\$ 478,739	\$ 751,110
2	Investments (Note 2)	6,204	2,985,435	19,881,638	22,873,277
3	Accrued interest receivable, net	-	108,120	381,507	489,627
4	Notes and contracts receivable (Note 3)	3,709	5,099,196	6,364,909	11,467,814
5	Property and equipment - net of accumulated depreciation of \$144,971 (Note 4)	192,066	-	-	192,066
6	Real estate (Note 5)	6,360	271,220	4,830,408	5,107,988
7	Other assets	63,277	-	509,388	572,665
8	<b>Total assets</b>	<b>\$ 288,317</b>	<b>\$ 8,719,641</b>	<b>\$ 32,446,589</b>	<b>\$ 41,454,547</b>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Liabilities:</b>					
9	Accounts payable	\$ 17,318	\$ 401	\$ 91,271	\$ 108,990
10	Accrued distributions	-	240,500	-	240,500
11	Accrued vacation	23,348	-	-	23,348
12	Notes payable (Note 6)	-	-	393,627	393,627
13	Agency, non-charitable and revocable trust funds (Note 7)	-	2,319,890	26,975,700	29,295,590
14	Liability under split-interest agreements (Note 8)	-	-	2,056,462	2,056,462
15	<b>Total liabilities</b>	<b>40,666</b>	<b>2,560,791</b>	<b>29,517,060</b>	<b>32,118,517</b>
<b>Net Assets:</b>					
Unrestricted:					
16	Available for general operations	55,585	194,045	55,929	305,559
17	Board-directed endowment (Notes 9, 19)	-	555,879	-	555,879
18	Net investment in equipment	192,066	-	-	192,066
19	Total unrestricted	247,651	749,924	55,929	1,053,504
20	Temporarily restricted (Note 9)	-	1,299,870	1,411,199	2,711,069
21	Permanently restricted (Notes 9, 19, 20)	-	4,109,056	1,462,401	5,571,457
22	<b>Total net assets</b>	<b>247,651</b>	<b>6,158,850</b>	<b>2,929,529</b>	<b>9,336,030</b>
23	<b>Total liabilities and net assets</b>	<b>\$ 288,317</b>	<b>\$ 8,719,641</b>	<b>\$ 32,446,589</b>	<b>\$ 41,454,547</b>

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

**NORTHWEST BAPTIST FOUNDATION**

**Statement of Activities and Changes in Net Assets**

**Year Ended December 31, 2010**

	<u>General Fund</u>	<u>Endowment</u>	<u>Trust</u>	<u>Total</u>
<b>Changes in unrestricted net assets:</b>				
1	Revenues and gains:			
2	\$ 34,427	\$ -	\$ 9,082	\$ 43,509
3	422,947	-	-	422,947
4	18,000	-	-	18,000
5	25,233	-	-	25,233
6	47,791	-	-	47,791
7	18,600	43,205	15,274	77,079
8	8,150	(7,073)	(1,086)	(9)
9	1,040	4,005	(11,479)	(6,434)
10	-	(12,532)	-	(12,532)
11	318,245	(107,846)	(222,240)	(11,841)
12	-	-	(1,772)	(1,772)
13	-	373,950	25,577	399,527
14	894,433	293,709	(186,644)	1,001,498
Expenses (Note 13) :				
15	Program services:			
16	211,647	20,029	25,577	257,253
17	32,282	44,694	-	76,976
18	40,579	297,474	-	338,053
19	194,234	-	-	194,234
20	478,742	362,197	25,577	866,516
21	Support services:			
22	201,773	-	-	201,773
23	51,952	-	-	51,952
24	253,725	-	-	253,725
25	732,467	362,197	25,577	1,120,241
26	<b>161,966</b>	<b>(68,488)</b>	<b>(212,221)</b>	<b>(118,743)</b>
	(Carried forward)			

*The accompanying notes are an integral part of the financial statements.*

NORTHWEST BAPTIST FOUNDATION

Statement of Activities and Changes in Net assets - Continued

Year Ended December 31, 2010

	<u>General Fund</u>	<u>Endowment</u>	<u>Trust</u>	<u>Total</u>
27 <b>Increase (decrease) in unrestricted net assets</b> (Brought forward)	\$ 161,966	\$ (68,488)	\$ (212,221)	\$ (118,743)
<b>Changes in temporarily restricted net assets:</b>				
28 Gifts and contributions	-	40,659	46,575	87,234
29 Interest, dividends and other investment income	-	305,894	153,350	459,244
30 Net realized gains on investments	-	33,871	531	34,402
31 Net appreciation (depreciation) in the fair value of investments	-	(69,157)	8,363	(60,794)
32 Management fees related to investment income	-	-	(1,524)	(1,524)
33 Transfers <i>(Note 11)</i>	-	118,643	-	118,643
34 Change in value of split-interest agreements	-	-	(121,426)	(121,426)
35 Net assets released from restrictions	-	(373,950)	(25,577)	(399,527)
<b>36 Increase in temporarily restricted net assets</b>	<b>-</b>	<b>55,960</b>	<b>60,292</b>	<b>116,252</b>
<b>Changes in permanently restricted net assets:</b>				
37 Gifts and contributions	-	49,009	5,666	54,675
38 Interest, dividends and other investment income	-	2,988	102,207	105,195
39 Net realized losses on investments	-	-	(1,514)	(1,514)
40 Net depreciation in the fair value of investments	-	-	(267,469)	(267,469)
41 Management fees related to investment income	-	-	(51,356)	(51,356)
42 Transfers <i>(Note 11)</i>	-	168,587	(275,389)	(106,802)
43 Change in value of split-interest agreements	-	-	(15,651)	(15,651)
<b>44 Increase (decrease) in permanently restricted net assets</b>	<b>-</b>	<b>220,584</b>	<b>(503,506)</b>	<b>(282,922)</b>
<b>45 Increase (decrease) in net assets</b>	<b>161,966</b>	<b>208,056</b>	<b>(655,435)</b>	<b>(285,413)</b>
46 Net assets, beginning of year, restated <i>(Note 20)</i>	85,685	5,950,794	3,584,964	9,621,443
<b>47 Net assets, end of year</b>	<b>\$ 247,651</b>	<b>\$ 6,158,850</b>	<b>\$ 2,929,529</b>	<b>\$ 9,336,030</b>

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

**NORTHWEST BAPTIST FOUNDATION**

**Statement of Cash Flows**

**Year Ended December 31, 2010**

	<u>General Fund</u>	<u>Endowment</u>	<u>Trust</u>	<u>Total</u>
<b>Cash flows from operating activities:</b>				
1	\$ 161,966	\$ 208,056	\$ (655,435)	\$ (285,413)
	Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:			
2	28,195	-	-	28,195
3	(1,040)	65,152	270,585	334,697
4	(8,150)	(26,798)	2,069	(32,879)
	Net change in:			
5	133	(64,861)	(89,999)	(154,727)
6	(30,101)	-	(222,046)	(252,147)
7	(1,310)	401	(110,512)	(111,421)
8	1,970	-	-	1,970
9	-	144,094	965,887	1,109,981
10	-	(251)	-	(251)
11	-	-	(99,512)	(99,512)
12	<b>151,663</b>	<b>325,793</b>	<b>61,037</b>	<b>538,493</b>
<b>Cash flows from investing activities:</b>				
13	(340,116)	(1,266,260)	(1,329,933)	(2,936,309)
14	341,292	798,848	493,635	1,633,775
15	(128,204)	-	-	(128,204)
16	8,000	-	-	8,000
17	(3,709)	(356,318)	678,907	318,880
18	<b>(122,737)</b>	<b>(823,730)</b>	<b>(157,391)</b>	<b>(1,103,858)</b>
<b>Cash flows from financing activities:</b>				
19	(12,225)	-	-	(12,225)
20	-	-	276,606	276,606
21	<b>(12,225)</b>	<b>-</b>	<b>276,606</b>	<b>264,381</b>
22	<b>16,701</b>	<b>(497,937)</b>	<b>180,252</b>	<b>(300,984)</b>
23	-	753,607	298,487	1,052,094
24	<b>\$ 16,701</b>	<b>\$ 255,670</b>	<b>\$ 478,739</b>	<b>\$ 751,110</b>

*The accompanying notes are an integral part of the financial statements.*

# NORTHWEST BAPTIST FOUNDATION

## Notes to Financial Statements

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### 1. Nature of Operations and Summary of Significant Accounting Policies

**Nature of Operations** - Northwest Baptist Foundation (the Foundation) is incorporated under the laws of the State of Oregon as a nonprofit organization. The Foundation provides interim financing for church construction, bond financing services, and scholarships; serves as trustee for various revocable and irrevocable trusts, charitable trusts and endowments; and assists individuals in their estate and financial planning.

Constituency of the Foundation consists of messengers elected by Southern Baptist churches cooperating with the activities of the Northwest Baptist Convention. These churches are located primarily in Oregon, Washington and Idaho, and the Foundation operates from offices located in Vancouver, Washington. The Foundation's Board of Directors, elected annually by the Northwest Baptist Convention, has responsibility for the work of the Foundation in the intervals between the Convention's annual sessions.

**Basis of Accounting** - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and the principles of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors and/or the Foundation.

**Basis of Presentation** - Net assets and all balances and transactions are based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Foundation and changes therein are classified and reported as follows:

- *Unrestricted net assets* - Net assets not subject to donor-imposed stipulations.
- *Temporarily restricted net assets* - Net assets subject to donor-imposed stipulations that will be met either by actions of the Foundation and/or the passage of time.
- *Permanently restricted net assets* - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Foundation. Generally, the donors of these assets permit the Foundation to use all or part of the income earned on related investments for general or specific purposes.

In the accompanying financial statements, the Foundation's assets, liabilities and net assets are also reported in three self-balancing fund groups, as follows:

- *General* - Representing expendable funds that are available for support of the Foundation's activities.

## NORTHWEST BAPTIST FOUNDATION

### Notes to Financial Statements - Continued

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#### 1. Nature of Operations and Summary of Significant Accounting Policies - Continued

##### **Basis of Presentation - Continued -**

- *Endowment* - Representing funds subject to the restriction of gift instruments requiring, in perpetuity, that the principal be invested and only the income be utilized. While the Board of Directors has established Board-directed endowment funds for the same purposes as endowment funds, any portion of these funds may be expended. Term endowment funds are funds under which the terms of the gift release the principal from restriction following a particular event or the passage of a stated period of time. Some perpetual trusts are for the benefit of other charitable organizations, an agency relationship, and are therefore reflected as a liability unless the Foundation has been granted variance power by the donor. Many of the endowment funds either require or state a preference that the funds be invested in a manner that allow them to be used principally to support financing of Northwest Baptist Convention church construction and other projects.
- *Trust* - Representing both revocable and irrevocable trusts established by donors under separate trust agreements. Revocable trusts are not present gifts to the Foundation, and the donor retains the right to withdraw the trust principal at any time, therefore these funds are reflected in the accompanying financial statements as a liability. In addition, some of the irrevocable trusts either do not provide for any charitable benefits, or provide benefits only for other charitable organizations. As such, the Foundation, acting as trustee, is considered to be an agent for accounting purposes and for these assets, an offsetting liability is reflected in the accompanying financial statements.

Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets, unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated time period has elapsed or use restriction has been satisfied) are reported as net assets released from restrictions.

**Use of Estimates** - The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, gains and expenses during the reporting period. Actual results could differ from those estimates.

**Contributions** - Contributions, which include unconditional promises to give, are recognized as revenues in the period the commitment was received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

# NORTHWEST BAPTIST FOUNDATION

## Notes to Financial Statements - Continued

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### 1. Nature of Operations and Summary of Significant Accounting Policies - Continued

The Foundation recognizes the fair value of assets donated to benefit others as a liability to the specified beneficiary concurrent with recognition of the assets received from the donor. However, if the donor explicitly grants the Foundation variance power, or if the recipient organization and the specified beneficiary are financially interrelated organizations, the recipient organization is required to recognize the fair value of any assets it receives as a contribution received.

**Contributions of Long-Lived Assets** - Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

**Administrative Fees** - The Foundation charges a fee for most endowment and trust funds it manages. In addition, a fee is charged when the Foundation is serving as personal representative of an estate. Additional fees are charged for professional services that are not part of the normal management of the trust or estate.

**Earnings on the Investment of Endowment Funds** - Income and realized and unrealized net gains and losses on the investment of endowment and similar funds are reported as follows:

- As increases in permanently restricted net assets if the terms of the gift require that they be added to the principal of a permanent endowment fund;
- As increases in temporarily restricted net assets if the terms of the gift impose restrictions on the use of income; and
- As increases in unrestricted net assets in all other cases.

**Cash and Cash Equivalents** - Cash and cash equivalents consist primarily of money market and open checking accounts. Certificates of deposit and other securities with original maturities over 90 days are classified as investments.

Cash in the bank exceeded the federally insured limit at various times during the year. At December 31, 2010, there is no limit for funds deposited in a non-interest bearing account; interest bearing accounts are insured up to \$250,000. As of December 31, 2010, the balance in interest bearing accounts at the bank did not exceed the federally insured limit.

**Investments** - Investments in stock, bonds, U.S. Treasury securities, and mutual funds are reflected at fair market value. Church bonds are reflected at their carrying value which approximates market, if they are current, or at the estimated net realizable value of the underlying collateral if they are in default. The invested asset market values were determined by management as described in Note 18. Unrealized gains and losses [appreciation (depreciation)] are included in the changes in net assets in the accompanying Statement of Activities and Changes in Net Assets. Concentrations of investment credit risk are limited, due to diversification of the investments held by the Foundation.

# NORTHWEST BAPTIST FOUNDATION

## Notes to Financial Statements - Continued

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### 1. Nature of Operations and Summary of Significant Accounting Policies - Continued

**Notes and Contracts Receivable** - Notes and contracts receivable are reported at the amount management expects to collect on balances outstanding at year-end. Based on an assessment of the credit history with those having outstanding balances and current relationships with them, management has concluded that realization losses on balances outstanding at year-end will be immaterial.

**Property and Equipment** – Property and equipment are recorded at cost or fair market value (in the case of gifts) at the time of acquisition. Maintenance, repairs and minor renewals are charged as expenses. Property and equipment sold are removed from the accounts, and the related gain or loss is reflected at that time.

**Depreciation** – The costs of all assets with useful lives of more than one year are capitalized. All depreciable assets are being depreciated over their estimated useful lives using the straight-line method. Furniture, equipment, and automobiles are depreciated over lives ranging from 5 to 10 years; office improvements are depreciated over 40 years.

**Real Estate** - Real estate held for investment purposes is recorded at estimated fair value based upon appraisals, when available; otherwise values are determined using the best information available which may include market values reported by property tax assessors and purchase and sale agreements.

**Other Assets** - Other assets consist primarily of the cash values of life insurance policies, prepaid expenses, personal property held in revocable trusts and miscellaneous receivables and are recorded at either carrying value or fair value, as appropriate.

**Income Taxes** - Under current federal and state income tax regulations, the Foundation is exempt from tax under Internal Revenue Service Code Section 501(c)(3), and is not classified as a private foundation. As such, it is taxed only on income unrelated to its exempt purpose. Currently, none of the activities of the Foundation give rise to unrelated taxable income; therefore, no amount is provided for income taxes in the financial statements. Certain activities of the Foundation are subject to the State of Washington's Business and Occupation (B&O) tax. A provision for B&O taxes is charged against unrestricted net assets in the period that the revenue from those activities is earned.

**Subsequent Events** – The Foundation has evaluated all subsequent events through March 30, 2011, the date the financial statements were available to be issued.

## NORTHWEST BAPTIST FOUNDATION

### Notes to Financial Statements - Continued

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#### 2. Investments

Investments are summarized as follows at December 31, 2010:

Common and preferred stocks	\$ 478,950
Corporate bonds	48,039
U.S. Treasury securities	102,735
Mutual funds	4,879,752
Church bonds	17,021,223
Annuities	<u>342,578</u>
	<u>\$ 22,873,277</u>

As of December 31, 2010, twenty-three issuers of church bonds missed, or were late in paying, regularly scheduled interest payments and/or principal payments on their bonds. Two of these caught up their payments during January 2011. The underwriters and transfer agents for these issuers have indicated that they are working with the churches in an effort to bring the payments current. Thirteen of the issuers were more than one payment delinquent. Accrued interest on these thirteen issues totaled \$190,953 as of December 31, 2010. A reserve in this amount has been established, and has been deducted from the total accrued interest receivable reported in the Statement of Financial Position. No reserve has been established for the principal portion of these bonds. Management has, however, estimated the net realizable value of the underlying collateral and adjusted the market value of all past due bonds to the amount that is estimated to be recovered in the event that foreclosure is required. As part of its evaluation, the Foundation recorded an unrealized loss of \$428,440.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Financial Position.

#### 3. Notes and Contracts Receivable

Notes receivable of the Foundation represent 43 loans made primarily to Baptist organizations, with four loans representing approximately 50% of total notes receivable. The interest rates on these loans range from 0 percent to 9 percent. The maturity dates range from February 2011 to April 2043. All notes receivable are secured by collateral, most of which is real property.

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

**4. Property and Equipment**

The following is a summary of property and equipment at December 31, 2010:

	Original Cost	Accumulated Depreciation	Net Amount
Automobiles	\$ 105,329	\$ 54,396	\$ 50,933
Computer equipment and software	82,194	57,789	24,405
Furniture	33,773	22,985	10,788
Office improvements	102,168	3,396	98,772
Other equipment	13,573	6,405	7,168
Total	\$ 337,037	\$ 144,971	\$ 192,066

**5. Real Estate**

Real estate is summarized as follows:

Vacant land	\$ 307,207
Personal residences	2,928,461
Rental properties	757,470
Church land and buildings	1,108,490
Other	6,360
	<b>\$5,107,988</b>

**6. Notes Payable**

Notes payable consist of the following at December 31, 2010:

Loans payable to the Foundation's Fixed Income Pool, payable upon the receipt of proceeds from sale of real property, with interest at 7.5%.	\$ 281,970
Reverse mortgage payable to Well Fargo (decedent's estate), due on or before May 5, 2011, interest at 1.5%, secured by real estate.	96,553
Note payable to GE Lending (revocable trust), payable in monthly installments of \$475, including interest at 8.75%, secured by vehicle.	13,872
Loan payable to Midland National Life Insurance Company, payable at termination of life insurance policy, secured by life insurance with interest at 7.4%.	1,232
	<b>\$ 393,627</b>

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

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**6. Notes Payable - Continued**

Future maturities are as follows:

<b>Years Ending December 31,</b>	
2011	\$ 101,220
2012	5,092
2013	4,113
2014	-
2015	-
Thereafter	<u>283,202</u>
	<u>\$ 393,627</u>

**7. Changes in Agency, Non-Charitable and Revocable Trust Funds**

Changes in revocable trust funds for the year ended December 31, 2010 are as follows:

Balance at beginning of year, as restated (See Note 20)	\$28,185,609
Additions - funds received on behalf of others	4,846,334
Investment income	1,694,251
Administrative fees	(241,054)
Change in market value of assets	(217,734)
Deductions - funds distributed on behalf of others	<u>(4,971,816)</u>
Balance at end of year	<u>\$29,295,590</u>

In December 2010, the state of Oregon filed a claim against certain assets held in revocable trust funds of a recently deceased donor. The claim approximates \$214,500 and is included in the revocable trust liability.

**8. Split-Interest Agreements**

The Foundation serves as trustee of various charitable remainder unitrusts and charitable remainder annuity trusts (forms of split-interest agreements). Under the terms of the remainder trusts, the donors and/or their families receive annual distributions from the trusts during their lifetime. At the termination of the trust (generally at the time of the donor's death), the assets of the trust will be distributed to the Foundation, either outright or by converting to a perpetual endowment trust, to be managed similarly to the other existing perpetual trusts. Based on donor life expectancy, and the use of an 8.5% discount rate, the present value of future payments expected to be paid by the Foundation for charitable remainder trusts is summarized in the table below. Assets held in charitable remainder unitrusts totaled \$2,529,573 at December 31, 2010 and assets held in charitable remainder annuity trusts totaled \$284,453. These assets are included with investments in the accompanying Statement of Financial Position.

## NORTHWEST BAPTIST FOUNDATION

### Notes to Financial Statements - Continued

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#### 8. Split-Interest Agreements – Continued

On an annual basis, the Foundation revalues the liability to make distributions to the designated beneficiaries based on actuarial assumptions. The market value of the new remainder trusts created during the year is recorded as an asset. The net assets related to these charitable remainder trusts (total assets less the present value of the future payments to the beneficiaries) is reported as either temporarily restricted, if the assets are transferred outright to the Foundation at termination, or permanently restricted, if the trust will convert to a perpetual endowment.

The Foundation issues charitable gift annuities (a form of split-interest agreement). Under these annuities, the donor transfers assets to the Foundation in exchange for a promise to pay an annual annuity, generally for the remaining life of the donor. The present value of future payments under gift annuities was computed using discount rates and life expectancies mandated by the State of Washington. That present value, plus an additional 10% surplus, totaled \$199,190 at December 31, 2010 and is the estimated liability for gift annuities included on the Statement of Financial Position as part of the liability under split-interest agreements. This computation is required to be used, under Washington regulations for both the estimated liability related to Charitable Gift Annuities and for the required segregated reserves. (See Note 16)

Assets held in gift annuities totaled \$289,915 at December 31, 2010. The Foundation allows donors to designate up to 75% of the remainder interest in an annuity to go to another charitable beneficiary, either outright or by means of a perpetual endowment. Net assets received under gift annuities are recorded as temporarily restricted for any portion designated to go outright to other charitable beneficiaries, permanently restricted for any portion designated to become a perpetual endowment, and as unrestricted for the balance designated outright to the Foundation.

The Foundation manages various life income funds. These trusts are similar to charitable remainder trusts described above, but without tax exempt status. The donors of these funds are paid the actual income earned on their fund until the terms of the trust are satisfied, often at their death. At that time the funds revert to the Foundation. The assets are included with investments in the accompanying Statement of Financial Position. Assets under life income funds totaled \$1,037,790 at December 31, 2010. On an annual basis, the Foundation revalues the liability for distributions to the designated beneficiaries based on an estimated time period until the termination of the trust. Using an 8.5% discount rate the present value of future payments for life income funds was \$481,511 at December 31, 2010. Net assets under life income funds are recorded as temporarily restricted for any portion designated outright to the Foundation at termination, or permanently restricted, if the trust will convert to a perpetual endowment.

The Foundation's liability under split-interest agreements at December 31, 2010 is summarized as follows:

Charitable remainder unitrusts	\$ 1,231,559
Charitable remainder annuity trusts	144,202
Charitable gift annuities	199,190
Life income funds	<u>481,511</u>
Total liability under split-interest agreements	<u>\$ 2,056,462</u>

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

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**9. Restrictions and Limitations on Net Asset Balances**

Temporarily restricted net assets at December 31, 2010 consist of contributions, investment income and other unexpended revenues and gains available for the following purposes:

Program services	\$ 1,299,870
Future periods	<u>1,411,199</u>
	<u>\$ 2,711,069</u>

At December 31, 2010, the Foundation had \$5,571,457 in permanently restricted net assets, as follows:

<i>Endowment</i> - Income unrestricted or temporarily restricted	\$ 4,109,056
<i>Trust</i> - Present value of split-interest agreements and other trusts restricted by donors to endowment and church loan purposes	<u>1,462,401</u>
	<u>\$ 5,571,457</u>

In addition, at December 31, 2010, the Foundation's Board of Directors had designated \$555,879 of unrestricted net assets for endowment purposes.

**10. Related Party Transactions**

The Foundation receives office space, at below-market rent, from the Northwest Baptist Convention. Management estimates that the fair rental value of the space provided to the Foundation is approximately \$25,233 more than the amount paid during 2010. This transaction is reflected in the Statement of Activities and Changes in Net Assets as in-kind contributions.

The Foundation has investments and church bonds which are invested with Strongtower Financial (Strongtower). Strongtower is a related party in that the Foundation's President is a board member of Strongtower. No investment fees were paid to Strongtower for the year. In addition, Strongtower paid to the Foundation \$2,032 as reimbursement of travel and office expenses, and \$9,500 as a loan origination fee for providing short-term financing to one of its client churches.

**11. Transfers**

From time to time, certain trusts and endowments distribute income to the Foundation for its unrestricted use. When this occurs, the cash is added to the General Fund, and the transaction is reflected as a transfer on the Statement of Activities and Changes in Net Assets. In addition, at the termination of certain trusts, assets are distributed to the Foundation either outright, or to establish perpetual endowments. These assets are added to the unrestricted, temporarily restricted or permanently restricted net assets of the appropriate fund according to the donor restrictions, and reflected as a transfer on the Statement of Activities and Changes in Net Assets.

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

**12. Net Assets Released from Restrictions**

The Foundation incurred expenses and/or made distributions totaling \$399,527 in satisfaction of the restricted purposes imposed by donors. Distributions are reflected in program services, transfers or change in value of split interest agreements on the Statement of Activities and Changes in Net Assets.

**13. Expenses**

The costs of providing the various programs and other services of the Foundation have been summarized on a functional basis in the Statement of Activities and Changes in Net Assets, and do not include expenses from the agency, non-charitable and revocable trusts. Accordingly, certain expenses have been allocated among the programs and supporting services benefited. During 2010, expenses by natural classification for program services were as follows:

	General			Total
	Fund	Endowment	Trust	
Salaries and related costs	\$ 361,026	\$ -	\$ -	\$ 361,026
Administrative fees	1,902	19,437	18,643	39,982
Distributions of income	-	342,168	-	342,168
Office	26,972	-	-	26,972
Travel	10,417	-	-	10,417
Board and committee	6,064	-	-	6,064
Rent	32,776	-	-	32,776
Auto	11,643	-	-	11,643
Depreciation	19,988	-	-	19,988
Other	7,954	592	6,934	15,480
Total	<u>\$ 478,742</u>	<u>\$ 362,197</u>	<u>\$ 25,577</u>	<u>\$ 866,516</u>

Expenses for support services have been summarized, based upon management's estimates, on a functional basis in the Statement of Activities and do not include expenses from the agency, non-charitable and revocable trusts. Support services expenses by natural classification were as follows:

Salaries and related costs	\$ 148,223
Administrative fees	1,902
Promotion	11,819
Professional services	26,907
Office	14,758
Insurance	8,323
Travel	4,277
Board and committee	4,042
Rent	13,457
Auto	4,781
Depreciation	8,207
Other	7,019
Total	<u>\$ 253,715</u>

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

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**14. Convention Annuity Plan**

The Foundation participates in Guidestone Financial Resource's Convention Annuity Plan, which is a plan described in section 403(b) of the Internal Revenue Code. Under the plan, employees may defer a portion of their salary into the plan in any amount up to the maximum allowed by the Code. The Foundation contributes an amount equal to 10 percent of each qualified employee's gross income. Contributions to the Plan for 2010 were \$39,141.

**15. Supplemental Cash Flow Information**

Interest paid during the year	<u>\$ 16,941</u>
Non-cash investing activities:	
Net contributions of non-cash assets in trust and endowments, including revocable trusts	<u>\$1,101,491</u>
Net distributions of non-cash assets from trusts and endowments, including revocable trusts	<u>\$ 307,328</u>

**16. Charitable Gift Annuity Reserves**

The Foundation maintains a reserve fund (included in cash and investments) for its charitable gift annuities as required by the states of Oregon and Washington. Currently the Foundation deposits 100% of the assets used to fund the gift annuities into the reserve fund until the annuity terminates (usually at the death of the donor). At that time the remaining assets for that annuity are removed from the reserve fund and distributed to the charitable remainder beneficiary(ies), including the Foundation.

Both Oregon and Washington require that the amount set aside in the reserve fund be no less than an amount equal to the present value of the future annuity payments for all annuities, computed using actuarial tables and assumptions specified by state law. Each state's law specifies its own actuarial assumptions and tables, and therefore, each state's requirement for the reserve fund is different. In addition, the state of Washington requires that an additional 10% surplus be added to the reserve fund. As of December, 31, 2010, the Foundation's reserve fund totaled \$289,915. Each state's required reserves are summarized as follows:

State of Oregon	<u>\$184,638</u>
State of Washington – base amount	\$181,082
10% surplus	<u>18,108</u>
Total reserve	<u>\$199,190</u>

The Foundation had eight annuities issued in the state of Oregon as of December 31, 2009. One new annuity was issued during 2010. Annual annuity payments of \$20,340 are required for these nine annuities.

## NORTHWEST BAPTIST FOUNDATION

### Notes to Financial Statements - Continued

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#### 16. Charitable Gift Annuity Reserves - Continued

The Foundation had seven annuities issued in the state of Washington as of December 31, 2009. Two annuities terminated during 2010 due to the death of the annuitants. Annual annuity payments of \$13,388 are required for the remaining five annuities.

Under the laws of the state of Washington, the Foundation must maintain unrestricted net assets of at least \$500,000 in order to be allowed to continue issuing gift annuities in that state.

The activity for the charitable gift annuities and the reserve fund for the year are as follows:

Reserve balance, beginning	\$	415,012
New annuities		10,000
Investment earnings		10,259
Management fees		(3,569)
Distribution to charities at termination of annuity		(106,296)
Annuity payments to beneficiaries		<u>(35,491)</u>
Reserve balance, ending	\$	<u>289,915</u>

#### 17. Commitments

At December 31, 2010 the Foundation had approved three loans that had not yet been fully funded. The total commitment for these three loans is \$445,000 and the amount remaining to be funded was \$286,010 as of December 31, 2010. These three loans are all for construction projects, and funds will be advanced as needed for the projects. It is anticipated that this will occur in 2011.

In 2007, the Foundation issued two irrevocable letters of credit on behalf of churches totaling \$94,236. If needed, these letters of credit require the Foundation to make loans to the churches in order for them to complete landscaping related to their recent building construction projects. They remain in effect until released by the counties where the churches are located. In 2009, one of the letters of credit was released. The remaining letter of credit, in the amount of \$93,161 was released in 2010.

#### 18. Fair Value Measurements

Assets and liabilities recorded at fair value in the Statement of Financial Position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

Level 3: Unobservable inputs reflecting management’s own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

Fair values for investments, other than church bonds are determined by reference to quoted market prices and other relevant information generated by market transactions. Fair value of church bonds that are current in making their interest and/or principal payments is estimated to be at face value of the bonds, based upon comparable purchases and sales experienced in limited markets. For bonds that are past due, management has estimated the net realizable value of the underlying collateral and adjusted the market value to the amount that is estimated to be recovered in the event that foreclosure is required. Real estate is valued based upon appraisals, when available; otherwise values are determined using the best information available which may include market values reported by property tax assessors and purchase and sale agreements. Other assets consist of personal property based on identical items and life insurance valued at cash surrender value as reported by the issuer of the policy. The liability under split interest agreements is determined by calculating the present value of the future distributions to be made using published life expectancy tables and applicable discount rates for each agreement (see Note 8).

Fair values of assets and liabilities measured on a recurring basis at December 31, 2010 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>Assets:</b>				
Investments:				
US equities	\$ 431,093	\$ 431,093	\$ -	\$ -
International stocks	47,857	47,857	-	-
Corporate bonds	48,039	48,039	-	-
U.S. Treasury Securities	102,735	102,735	-	-
Mutual funds:				
Growth funds	1,499,046	1,499,046	-	-
Balanced funds	616,937	616,937	-	-
Bond funds	2,763,769	2,763,769	-	-
Church bonds	17,021,223	-	17,021,223	-
Annuities	342,578	342,578	-	-
	<u>22,873,277</u>	<u>5,852,054</u>	<u>17,021,223</u>	<u>-</u>

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

**18. Fair Value Measurements – Continued**

	<b>Fair Value</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Real estate	5,107,988	-	5,107,988	-
Other assets:				
Automobiles/RVs/Mobile home	141,449	-	141,449	-
Life insurance	165,742	-	165,742	-
Other assets	2,607	-	2,607	-
<b>Liabilities:</b>				
Liability under split-interest agreements	(2,056,462)	-	-	(2,056,462)

Liabilities measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

Liability under split interest agreements:	
Balance at beginning of year	\$ (2,155,974)
Change in value of split interest agreements	(138,849)
New agreements	(20,009)
Payments to beneficiaries	258,370
	\$ (2,056,462)

**19. Endowment**

Northwest Baptist Foundation’s endowments consist of 129 individual funds and agency accounts established for a variety of purposes. Its endowments include both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by U.S. generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions, or Board designations.

Interpretation of Relevant Law

The Board of Directors (the Board) of Northwest Baptist Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (the Act) enacted by the States of Oregon and Washington as requiring the institution to consider both the need to distribute income and the need for preservation of capital absent explicit donor stipulations to the contrary. To that end, state law allows the Board to expend or accumulate any portion of the fund that it deems prudent. While not expressly stated in state law, the Board believes that the Act encourages the Foundation to strive to preserve the “Historical Dollar Value” (fair value of original and subsequent contributions at the time of the contribution, plus required accumulations) of the various endowment funds over time. Furthermore, it is understood that, from time to time, the fair market value of some endowment funds may be below their Historic Dollar Value due to economic conditions, including recessionary cycles in the market. Even under such conditions, the Board has determined that the Foundation may nevertheless continue to distribute income from those funds according to its normal spending policy if it deems it prudent to do so. Based upon this, the Board has determined that under state law, 80% of the Historic Dollar Value of each fund is required to be retained permanently, and

## NORTHWEST BAPTIST FOUNDATION

### Notes to Financial Statements - Continued

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#### 19. Endowment - Continued

##### Interpretation of Relevant Law, Continued

accordingly, that portion of each donor restricted endowment fund is reported as permanently restricted net assets. Declines in value below 80% of the Historic Dollar Value are reported as decreases in unrestricted net assets. The remaining portion of each donor-restricted endowment fund that is not classified in permanently restricted or unrestricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the Act. In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation, the charitable beneficiaries and the donor-restricted funds
- (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 the Foundation and the other charitable beneficiaries
- (7) The investment policies of the Foundation

##### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below 80% of their Historic Dollar Value. Deficiencies of this nature were \$14,204, including \$153 in agency accounts as of December 31, 2010.

##### Return Objectives and Risk Parameters

Northwest Baptist Foundation 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 Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of selected benchmarks while assuming a commensurate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average income return between 4 percent and 5 percent annually, plus growth returns that keep pace with current inflation. Actual returns in any given year may vary from this amount.

##### Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Foundation 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 Foundation targets a diversified asset allocation that places a greater emphasis on income-based investments to achieve its long-term return objectives within prudent risk constraints.

**NORTHWEST BAPTIST FOUNDATION**

**Notes to Financial Statements - Continued**

**19. Endowment - Continued**

Spending Policy and How the Investment Objectives Relate to Spending Policy

Northwest Baptist Foundation has a policy of appropriating for distribution each year the natural income (interest and dividends less a portion of the management fees) earned by the funds. In establishing this policy, the Foundation considered the long-term expected return on its endowments. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at an average rate that approximates inflation. This is consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Endowment Net Asset Composition by Type of Fund

Endowment net assets consist of the following at December 31, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Unrestricted endowment funds	\$ 194,045	\$ -	\$ -	\$ 194,045
Donor restricted endowment funds	-	1,299,870	4,109,056	5,408,926
Board designated endowment funds	<u>555,879</u>	<u>-</u>	<u>-</u>	<u>555,879</u>
Total endowment funds	<u>\$ 749,924</u>	<u>\$ 1,299,870</u>	<u>\$ 4,109,056</u>	<u>\$ 6,158,850</u>

Changes in endowment assets for the year ended December 31, 2010 are summarized as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning	\$ 818,412	\$ 1,243,910	\$ 3,888,472	\$ 5,950,794
Investment return:				
Investment income, net of expense	43,205	305,894	2,988	352,087
Realized and unrealized loss	<u>(3,068)</u>	<u>(35,286)</u>	<u>-</u>	<u>(38,354)</u>
Total investment return	40,137	270,608	2,988	313,733
Contributions, including transfers	-	159,302	217,596	376,898
Administrative fees and other expenses	(12,532)	-	-	(12,532)
Appropriated for expenditure, including transfers	<u>(96,093)</u>	<u>(373,950)</u>	<u>-</u>	<u>(470,043)</u>
Endowment net assets, ending	<u>\$ 749,924</u>	<u>\$ 1,299,870</u>	<u>\$ 4,109,056</u>	<u>\$ 6,158,850</u>

**20. Restatement to Net Assets**

Permanently restricted net assets at the beginning of the year were restated to correct classification of permanently restricted net assets as agency and revocable liability. The correction decreased net assets by \$190,000, and increased the agency and revocable trust liability by the same amount at December 31, 2009.

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**NORTHWEST BAPTIST FOUNDATION**

**Supplementary Financial Information**

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NORTHWEST BAPTIST FOUNDATION

Schedule of Cash and Cash Equivalents, Investments and Other Assets

December 31, 2010

	General Fund		Endowment		Trust		Total	
	Cost or Other Basis	Market Value	Cost or Other Basis	Market Value	Cost or Other Basis	Market Value	Cost or Other Basis	Market Value
1 Cash and cash equivalents	\$ 16,701	\$ 16,701	\$ 255,670	\$ 255,670	\$ 478,739	\$ 478,739	\$ 751,110	\$ 751,110
Investments:								
2 Common and preferred stocks	324	604	-	-	462,878	478,346	463,202	478,950
3 Bonds	-	-	-	-	50,005	48,039	50,005	48,039
4 U.S. Treasury securities	-	-	-	-	76,955	102,735	76,955	102,735
5 Mutual funds	-	-	1,579,926	1,587,339	3,364,183	3,292,413	4,944,109	4,879,752
6 Church bonds	7,200	5,600	1,456,720	1,398,096	16,026,359	15,617,527	17,490,279	17,021,223
7 Annuities	-	-	-	-	324,641	342,578	324,641	342,578
8 Total investments	7,524	6,204	3,036,646	2,985,435	20,305,021	19,881,638	23,349,191	22,873,277
Other assets:								
9 Accrued interest receivable	-	-	108,120	108,120	381,507	381,507	489,627	489,627
10 Notes and contracts receivable	3,709	3,709	5,099,196	5,099,196	6,364,909	6,364,909	11,467,814	11,467,814
11 Property and equipment	192,066	192,066	-	-	-	-	192,066	192,066
12 Real estate	1,181	6,360	312,748	271,220	2,978,563	4,830,408	3,292,492	5,107,988
13 Other assets	63,277	63,277	-	-	512,744	509,388	576,021	572,665
14 Total other assets	260,233	265,412	5,520,064	5,478,536	10,237,723	12,086,212	16,018,020	17,830,160
15 <b>Total cash and cash equivalents, investments and other assets</b>	<b>\$ 284,458</b>	<b>\$ 288,317</b>	<b>\$ 8,812,380</b>	<b>\$ 8,719,641</b>	<b>\$ 31,021,483</b>	<b>\$ 32,446,589</b>	<b>\$ 40,118,321</b>	<b>\$ 41,454,547</b>

See Auditor's Report

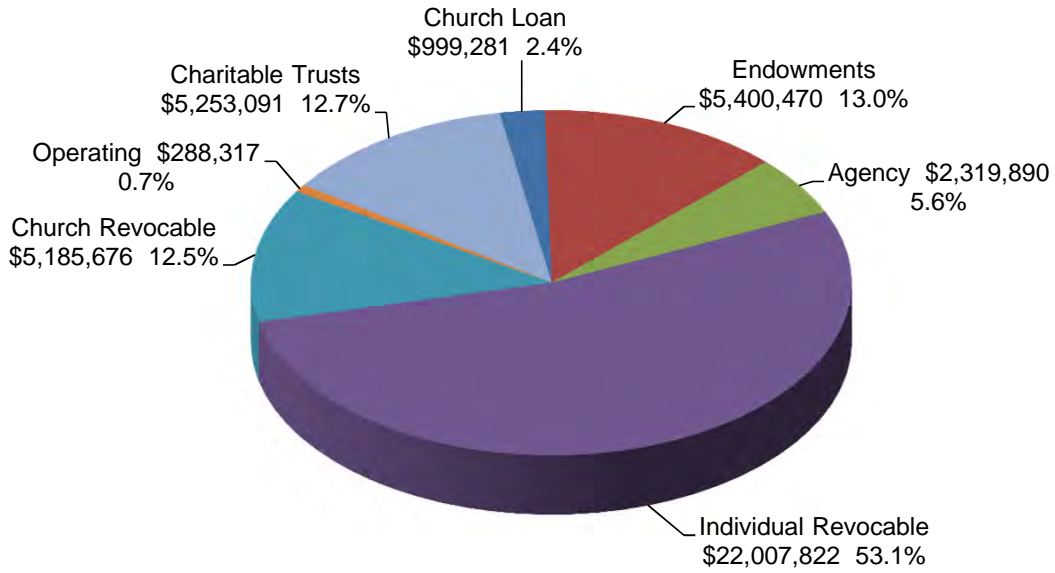
**NORTHWEST BAPTIST FOUNDATION**

**Schedule of Notes and Contracts Receivable**

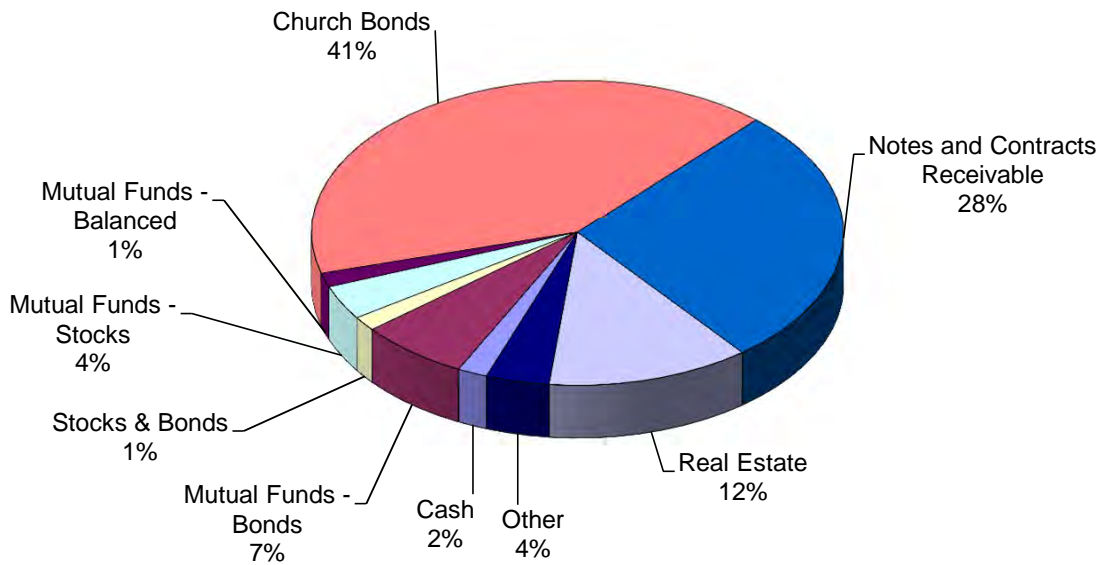
<b>December 31, 2010</b>						
	<u>Original Loan Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Balance 12/31/2010</u>	
<b>Interstate Baptist Association loan fund:</b>						
1	Bible Fellowship Community Church, Vancouver, WA	03/06/07	40,000	1.00%	7	\$ 12,240
2	Clackamas Valley Baptist Church, Estacada, OR	08/29/07	15,000	1.00%	7	6,673
3	Community Baptist, Battle Ground, WA	11/01/07	10,000	1.00%	7	5,681
4	Crosspointe Baptist Church, Vancouver, WA	02/16/07	75,000	1.00%	7	60,562
5	Grace Baptist Church, Vancouver, WA	02/13/09	10,000	1.00%	7	4,565
6	Lacamas Heights Baptist, Camas, WA	02/17/06	66,300	1.00%	7	20,915
7	New Life Baptist Church, Hillsboro, OR	04/10/10	35,000	1.00%	7	27,891
8	Orient Dr Baptist Church, Boring, OR	01/14/10	63,071	1.00%	6	53,679
9	Solid Rock Baptist, Portland, OR	07/23/04	80,074	1.00%	7	11,473
10	<b>Total Interstate Baptist Association loan fund</b>					<u>203,679</u>
<b>Foundation church loan funds:</b>						
11	Aberdeen Avenue Baptist Church, Aberdeen, WA	02/01/06	35,000	8.00%	10	22,021
12	Blue Mountain Baptist Church, Walla Walla, WA	05/26/05	243,000	6.25%	15	176,439
13	Chestnut Street Baptist Church, Ellensburg, WA	12/21/09	867,250	6.50%	15	857,339
14	Evangelical Baptist Church, Kent, WA	12/12/08	1,800,000	6.50%	15	1,718,602
15	Faith Community Church, Ocean Shores, WA	07/25/05	759,919	6.50%	15	400,028
16	First Baptist Church, Monroe, WA	03/28/08	1,200,000	6.50%	15	1,179,075
17	First Baptist Church, Zillah, WA	07/25/07	7,000	8.00%	5	2,501
18	First Ukrainian Baptist Church, Auburn, WA	12/31/09	1,660,913	6.50%	15	1,632,618
19	Happy Valley Baptist Church, Portland, OR	08/31/10	250,000	6.50%	15	247,944
20	Holgate Baptist Church, Portland, OR	02/14/05	155,000	7.00%	15	112,873
21	Japanese International Baptist Church, Tigard, OR	11/15/09	314,000	6.75%	5	304,977
22	Northwest Baptist Convention, Vancouver, WA	06/30/06	1,185,000	7.00%	8	640,896
23	Parkland Baptist Church, Tacoma, WA	11/01/06	181,100	6.25%	15	147,590
24	Richland Baptist Church, Richland, WA	05/05/07	177,910	8.00%	15	132,852
25	Safe Family Ministries, Chehalis, WA	04/30/08	693,750	6.50%	10	643,937
26	Tammany View Baptist Church, Lewiston, ID	06/30/10	150,000	7.25%	1	126,000
27	Trinity Baptist Church, Lakeview, OR	04/15/99	53,000	9.00%	15	7,628
28	Valley Baptist Church, Sedro Woolley, WA	10/15/10	30,000	6.50%	10	20,311
29	Valley Christian Fellowship, Longview, WA	10/15/07	180,000	7.50%	15	155,971
30	<b>Total Foundation church loan funds</b>					<u>8,529,602</u>
<b>Other loans:</b>						
31	Alder Street Baptist Church, Centrailia, WA	03/01/98	74,945	7.50%	20	70,391
32	Centro Cristiano Nuevo Pacto, George, WA	10/20/10	38,500	8.50%	20	38,342
33	Cornerstone Baptist Church, Spartanburg, SC	11/29/10	380,000	7.50%	< 1	273,847
34	DJ&M Investments, Medford, OR	11/18/07	1,450,000	9.00%	4	1,282,990
35	First Baptist Church, Phoenix, OR	04/26/10	10,000	6.50%	5	6,127
36	Greater Gresham Baptist Church, Gresham, OR	05/20/09	200,000	0.00%	34	193,500
37	Pilot Rock Baptist Church, Pilot Rock, OR	11/20/06	55,000	6.25%	15	26,077
38	Skagit Baptist Church, Sedro Woolley, WA	05/01/07	20,000	8.00%	10	14,355
39	Loans to individuals and other miscellaneous loans	Various	-	Various	Various	828,904
40	<b>Total other loans</b>					<u>2,734,533</u>
41	<b>Total notes and contracts receivable</b>					<u>\$ 11,467,814</u>

**NORTHWEST BAPTIST FOUNDATION**  
**December 31, 2010**

**ASSETS BY FUND**  
**December 31, 2010**



**ASSETS BY TYPE**  
**December 31, 2010**

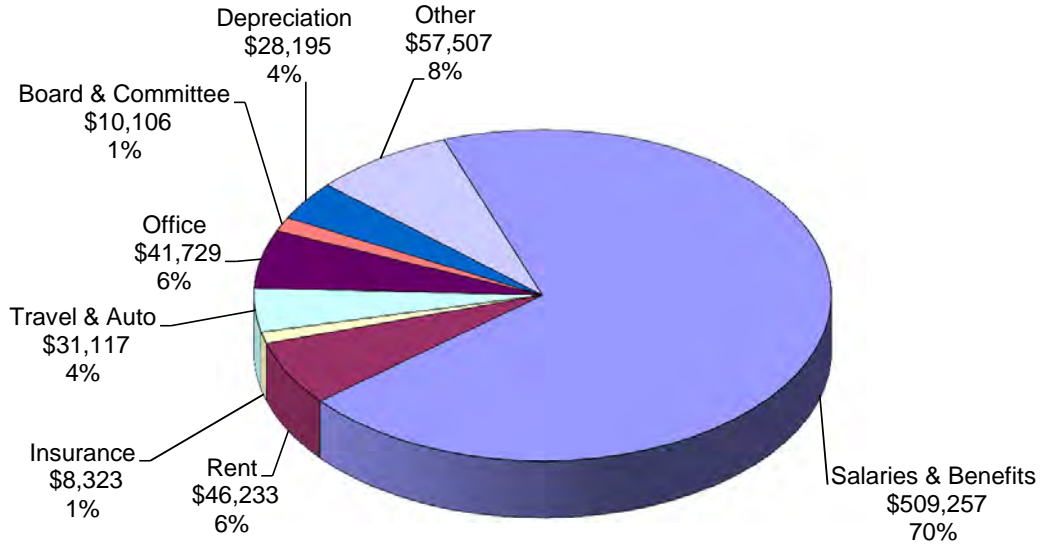


See auditor's report.

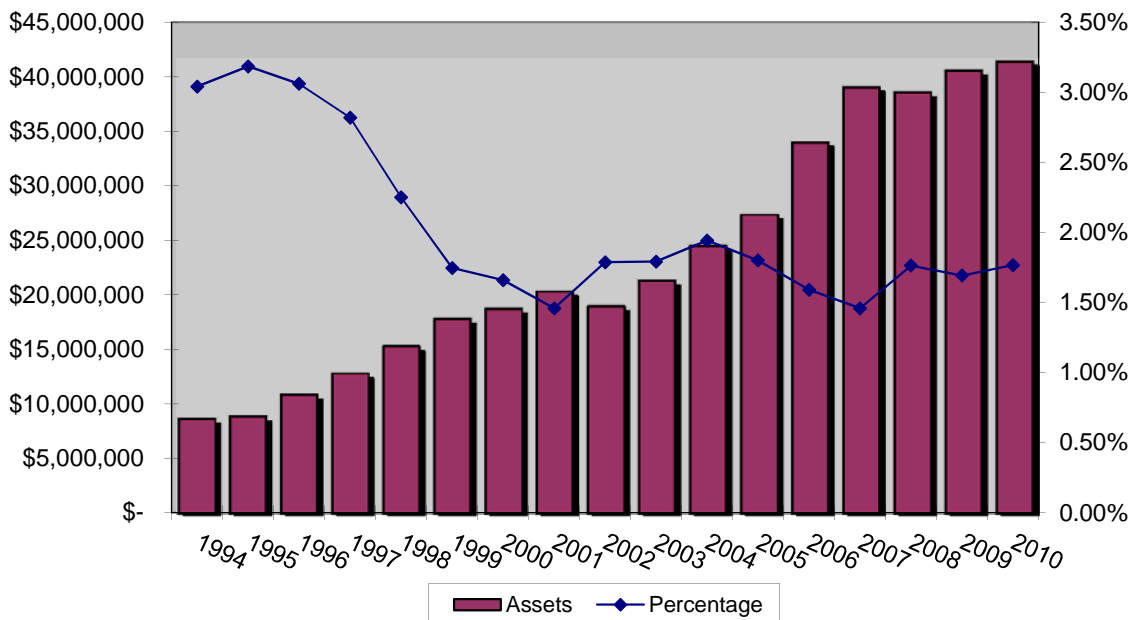
**NORTHWEST BAPTIST FOUNDATION**

December 31, 2010

**GENERAL FUND EXPENSES  
For the Year 2010**



**GENERAL FUND EXPENSES AS A PERCENT OF TOTAL ASSETS  
For the Years Indicated  
(unaudited)**



See auditor's report.