



AUDITED FINANCIAL STATEMENTS

Year Ended December 31, 2022

with

Supplementary Financial Information

and

Independent Auditor's Report



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Northwest Baptist Foundation
Vancouver, Washington

Opinion

We have audited the accompanying financial statements of Northwest Baptist Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northwest Baptist Foundation as of December 31, 2022, and the changes in 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Baptist Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Baptist Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Board of Directors
Northwest Baptist Foundation

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Baptist Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Northwest Baptist Foundation's 2021 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated July 22, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Portland, Oregon
August 2, 2023



Statement of Financial Position

December 31, 2022

	General Fund	Endowment	Trust	Total
ASSETS				
Cash and cash equivalents	\$ 450,648	\$ 1,525,283	\$ 7,893,791	\$ 9,869,722
Investments (Note 2)	230,588	7,276,062	8,855,600	16,362,250
Accrued interest receivable, net	3,802	53,139	92,642	149,583
Notes and contracts receivable (Note 3)	697,399	4,359,532	23,983,172	29,040,103
Property & equipment - net of depreciation (Note 4)	103,110	-	-	103,110
Real estate (Note 5)	26,434	1,220,194	15,315,587	16,562,215
Other assets	686,945	-	421,086	1,108,031
Total assets	\$ 2,198,926	\$ 14,434,210	\$ 56,561,878	\$ 73,195,014
LIABILITIES AND NET ASSETS				
Liabilities:				
Accounts payable	\$ 107,164	\$ 4,572	\$ 2,572	\$ 114,308
Accrued distributions	-	313,674	440,835	754,509
Accrued vacation	42,011	-	-	42,011
Notes payable (Note 6)	-	-	372,387	372,387
Agency, non-charitable, & revocable trust funds (Note 7)	-	2,338,173	41,016,323	43,354,496
Liability under split-interest agreements (Note 8)	-	-	6,655,531	6,655,531
Total liabilities	149,175	2,656,419	48,487,648	51,293,242
Net Assets:				
<i>Without Donor Restrictions:</i>				
Available for general operations	1,930,633	-	-	1,930,633
Split-interest	-	-	92,950	92,950
Donor advised	-	19,023	-	19,023
Board-directed endowment (Notes 11, 14)	-	774,835	-	774,835
Total without donor restrictions	1,930,633	793,858	92,950	2,817,441
<i>With Donor Restrictions (Notes 11, 14)</i>				
Total net assets	2,049,751	11,777,791	8,074,230	21,901,772
Total liabilities and net assets	\$ 2,198,926	\$ 14,434,210	\$ 56,561,878	\$ 73,195,014

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



Statement of Activities and Changes in Net Assets

Year Ended December 31, 2022

	General Fund	Endowment	Trust	Total
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenues and gains:				
Contributions	\$ 1,042,621	\$ 327,802	\$ -	\$ 1,370,423
Administrative fees and other income	808,428	-	-	808,428
Loan fees	58,551	-	-	58,551
Net investment return	20,153	(33,049)	(1,632)	(14,528)
Transfers (Note 19)	50,033	(42,572)	(2,317)	5,144
Change in value of split-interest agreements	-	-	(10,230)	(10,230)
Appropriated from board directed endowment (Note 12)	6,688	(6,688)	-	-
Net assets released from restrictions (Note 12)	-	777,220	104,835	882,055
Total revenues and gains	1,986,474	1,022,713	90,656	3,099,843
Expenses (Note 17) :				
Program services:				
Trust administration and care services	210,535	72,234	73,462	356,231
Trust agency support	222,260	-	-	222,260
Scholarships and resources for ministry	56,697	758,481	-	815,178
Church financing and other programs	113,069	-	-	113,069
Total program services	602,561	830,715	73,462	1,506,738
Support services:				
General and administrative	319,532	-	-	319,532
Development	176,275	-	469,891	646,166
Total support services	495,807	-	469,891	965,698
Total expenses	1,098,368	830,715	543,353	2,472,436
Adjustment to anticipated bequests	37,833	-	-	37,833
Increase (decrease) in net assets without donor restrictions	850,273	191,998	(452,697)	589,574
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Gifts and contributions	-	4,245,064	334,160	4,579,224
Contributions of non-financial assets	-	-	1,139,320	1,139,320
Net investment return	16,828	(518,560)	3,669,934	3,168,202
Transfers (Note 19)	-	(5,144)	-	(5,144)
Change in value of split-interest agreements	-	-	(2,967,493)	(2,967,493)
Appropriated from donor restricted endowment (Note 14)	-	(753,625)	-	(753,625)
Other net assets released from restrictions (Note 12)	-	(23,595)	(104,835)	(128,430)
Increase (decrease) in net assets with donor restrictions	16,828	2,944,140	2,071,086	5,032,054
Increase (decrease) in net assets	867,101	3,136,138	1,618,389	5,621,628
Net assets, beginning of year (Notes 11, 14)	1,182,650	8,641,653	6,455,841	16,280,144
Net assets, end of year	\$ 2,049,751	\$ 11,777,791	\$ 8,074,230	\$ 21,901,772

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



Statement of Functional Expenses

December 31, 2022

	Program Services					Support Services			Grand Total	
	Trust Admin Care Svcs	Trust Agency Support	Scholarships/ Ministry Svcs	Loans & Other	Total	General Administrative	Development	Total		
GENERAL FUND										
Compensation and benefits	\$ 138,920	\$ 157,425	\$ 39,406	\$ 75,755	\$ 411,506	\$ 189,426	\$ 122,052	\$ 311,478	\$ 722,984	
Promotion	-	-	-	-	-	3,601	3,602	7,203	7,203	
Professional services	-	-	-	-	-	20,825	-	20,825	20,825	
Computer expenses	12,809	14,516	3,634	6,985	37,944	17,466	11,254	28,720	66,664	
Office	3,044	3,450	863	1,660	9,017	4,151	2,675	6,826	15,843	
Fees and memberships	2,054	-	-	2,054	4,108	4,108	-	4,108	8,216	
Travel and auto	1,946	2,206	552	1,062	5,766	2,654	1,710	4,364	10,130	
Board and committee	1,771	-	1,062	1,416	4,249	2,479	354	2,833	7,082	
Rent	10,528	11,930	2,986	5,741	31,185	14,356	9,250	23,606	54,791	
Interest	-	-	-	2,644	2,644	75	-	75	2,719	
Taxes	10,577	-	-	-	10,577	-	-	-	10,577	
Insurance	-	-	-	-	-	20,768	-	20,768	20,768	
Depreciation	6,669	7,557	1,892	3,637	19,755	9,093	5,859	14,952	34,707	
Other	22,217	25,176	6,302	12,115	65,810	30,530	19,519	50,049	115,859	
Total general fund	210,535	222,260	56,697	113,069	602,561	319,532	176,275	495,807	1,098,368	
ENDOWMENT FUND										
Distributions to ministry	-	-	758,481	-	758,481	-	-	-	758,481	
Fees	72,234	-	-	-	72,234	-	-	-	72,234	
Other	-	-	-	-	-	-	-	-	-	
Total endowment fund	72,234	-	758,481	-	830,715	-	-	-	830,715	
TRUST										
Fees	73,462	-	-	-	73,462	-	-	-	73,462	
Other	-	-	-	-	-	-	469,891	469,891	469,891	
Total trust	73,462	-	-	-	73,462	-	469,891	469,891	543,353	
Total expenses	\$ 356,231	\$ 222,260	\$ 815,178	\$ 113,069	\$ 1,506,738	\$ 319,532	\$ 646,166	\$ 965,698	\$ 2,472,436	

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



Statement of Cash Flows

Year Ended December 31, 2022

	<u>General Fund</u>	<u>Endowment</u>	<u>Trust</u>	<u>Total</u>
Cash flows from operating activities:				
Fees received for services	\$ 867,490	\$ -	\$ -	\$ 867,490
Cash received without restrictions from donors	467,092	327,802	-	794,894
Cash additions to agency, non-charitable and revocable trusts	-	28,143	5,152,636	5,180,779
Interest, dividends and other investment income	26,207	318,111	1,479,503	1,823,821
Transfers from (to) other funds	56,721	(54,404)	(2,317)	-
Interest paid	(75)	-	(16,998)	(17,073)
Cash paid to employees and suppliers	(872,222)	(174,042)	(900,179)	(1,946,443)
Income distributed to support other ministries	(102,463)	(785,899)	-	(888,362)
Cash distributions to trust beneficiaries	-	-	(8,084,395)	(8,084,395)
Net cash provided (used) by operating activities	442,750	(340,289)	(2,371,750)	(2,269,289)
Cash flows from investing activities:				
Purchases of investments and other assets	(1,304,570)	(5,513,391)	(13,119,378)	(19,937,339)
Proceeds from sale of investments and other assets	1,203,309	6,105,911	13,744,008	21,053,228
Proceeds from sale of property and equipment	29,664	-	-	29,664
Purchases of property and equipment	(7,588)	-	-	(7,588)
Funding of new loans and additions to existing loans	(119,262)	(1,759,896)	(2,404,238)	(4,283,396)
Purchases of loan participations	(445,377)	(6,391,057)	(8,333,659)	(15,170,093)
Sales of loan participations	454,948	6,355,487	8,359,658	15,170,093
Principal payments received on notes and contracts receivable	90,920	144,208	3,758,352	3,993,480
Net cash provided (used) by investing activities	(97,956)	(1,058,738)	2,004,743	848,049
Cash flows from financing activities:				
Cash received from donors restricted for:				
Split-interest agreements	-	-	334,160	334,160
Endowment	-	1,131,894	-	1,131,894
Proceeds from notes payable	-	-	22,621	22,621
Principal payments on notes payable	(7,110)	-	(58,400)	(65,510)
Net cash provided (used) by financing activities	(7,110)	1,131,894	298,381	1,423,165
Net increase in cash and cash equivalents	337,684	(267,133)	(68,626)	1,925
Cash and cash equivalents, beginning of year	112,964	1,792,416	6,823,097	8,728,477
Cash and cash equivalents, end of year	\$ 450,648	\$ 1,525,283	\$ 6,754,471	\$ 8,730,402

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



Notes to Financial Statements

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 corporation. The Foundation provides short-term, construction, and permanent financing for churches, awards scholarships, serves as trustee for various revocable and irrevocable trusts, administers charitable trusts and endowments; and assists individuals in their estate planning.

Constituency of the Foundation consists of messengers elected by Southern Baptist churches cooperating with the activities of the Northwest Baptist Convention (NWBC). These churches are located primarily in Oregon, Washington and Idaho, and the Foundation operates from offices located in Vancouver, Washington. The Foundation's directors serve rotating four-year terms and are eligible to serve a second four-year term. Individuals to fill vacant positions on the board are nominated by the NWBC Nominating Committee and elected by the messengers during the NWBC's annual meeting.

Affiliated Organization – The Foundation is affiliated with the NWBC as described above. Additionally, the NWBC's executive director and board president serve as ex-officio members on the Foundation's board (The executive director is a non-voting member of the board.) Neither NWBC, nor the Foundation has a right to or an interest in the net assets of the other; therefore, consolidation is not appropriate or required.

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.

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.

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

- *Net Assets Without Donor Restrictions* - Net assets not subject to donor-imposed stipulations.
- *Net Assets With Donor Restrictions* - Net assets subject to donor-imposed stipulations. These can be temporary in nature that will be met by actions of the Foundation and/or the passage of time. They can also be permanent in nature. Generally, the permanent restrictions permit the Foundation to use all or part of the income earned on related investments for general or specific purposes while maintaining the principal.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.



Notes to Financial Statements

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

Basis of Presentation - Continued

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.

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.
- **Endowment** - Representing funds subject to restriction of gift instruments requiring one of the following:
 - **Permanent** – These require the principal to be invested and held in perpetuity while only the income be used. Principal may be spent subject to the spending policy approved by the Board at least annually (see Note 14).
 - **Board Directed** - The Board of Directors has established endowment funds for the same purposes as permanent endowment funds, but any portion of these funds may be expended.
- **Trust** - Representing both revocable and irrevocable trusts established by donors under separate trust agreements.
 - **Charitable** trusts are irrevocable trusts that have identified one or more charitable organizations, which may include the Foundation, as a current or future beneficiary. These include the various forms of split-interest agreements described further in Note 8.
 - **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.



Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

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

The Foundation recognizes the fair value of assets donated to benefit others as a liability to the specified beneficiary when the assets are 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 Foundation is required to record the fair value of the assets it receives as income.

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 without donor restrictions. Contributions of cash or other assets to be used to acquire property and equipment with such donor stipulations are reported as revenues with donor restrictions; the restrictions are considered to be released at the time of acquisition of such long-lived assets.

In-Kind Contributions - In 2022, the Foundation adopted Accounting Standards Update (ASU) 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets. The standard is applied on a retrospective basis to 2021. The standard increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets received, qualitative information about whether the nonfinancial assets were

monetized or utilized during the reporting period, the nonprofit's policy for monetizing or using nonfinancial assets, a description of donor-imposed restrictions associated with the assets, and the nonprofit's valuation techniques and inputs used to arrive at fair value measure, in accordance with Topic 820, Fair Value Measurement, at initial recognition.

In 2022, the Foundation was named as the beneficiary of commercial real estate valued at \$1,139,320. The commercial real estate was transferred to the Foundation. The transferred property is a 20,136-square foot mixed use commercial property (retail/office) located in Vancouver, Washington. The property space is fully leased to 10 retail tenants and an office tenant. It is the Foundation's general policy to monetize nonfinancial assets upon receipt. In this case, the properties are being held as an investment in real estate until divested. At December 31, 2022, the value of the real estate was adjusted to the appraised value as of that date. This adjustment in value is recorded as investment income.

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 (primarily tax preparation services and duties that fall under an executed power of attorney).



Notes to Financial Statements

Earnings on the Investment of Endowment Funds – Income, realized and unrealized net gains and losses less related expenses (net investment return) on the investment of endowment and similar funds are reported as follows:

- As increases in net assets with donor restrictions if the terms of the gift require that they be added to the principal of a permanent endowment fund, or if the terms of the gift impose restrictions on the use of income; and
- As increases in net assets without donor restrictions in all other cases.

Cash and Cash Equivalents - Cash and cash equivalents consist primarily of money market, open checking accounts, and certificates of deposits with original maturities less than 90 days. 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, 2022 accounts are insured up to \$250,000. As of December 31, 2022, the balance in accounts at the bank exceeded the federally insured limit by \$7,726,000 in anticipation of funding loan inquiries, estate receipts, and possible liquidity needs of trustors.



Notes to Financial Statements

1. Nature of Operations and Summary of Significant Accounting Policies – Continued

Investments - Investments in stocks, 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 10. 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.

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 determined that a reserve for uncollectable accounts is not required.

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 and greater than \$1,000 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.

Real Estate - Real estate held for investment purposes is recorded at estimated fair value determined using the best information available. See Note 10.

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 net assets without donor restrictions in the period that the revenue from those activities is earned.



Notes to Financial Statements

2. Investments

Investments are summarized as follows on December 31, 2022:

Description	Amount
Common and preferred stocks	\$ 1,898,585
Bond/bond funds	119,777
Mutual Funds	12,855,544
Church bonds	1,404,712
Annuities	83,632
Total	\$ 16,362,250

As of December 31, 2022, six issuers of church bonds currently held by the Foundation have missed, or were late in paying, regularly scheduled interest payments and/or principal payments. The trustees for these bond have indicated that they are working with the churches in an effort to bring the payments current. No interest is being accrued on bonds while they are delinquent. Interest accrual resumes when the bond issue is restructured, and the payments remain current under the new plan. Management has estimated the net realizable value of the underlying collateral, and recovery delays that will occur in the event that foreclosure is required. Market value of delinquent bonds is estimated, based on this information. As a result, the Foundation has recorded a cumulative unrealized loss of \$358,240 on bonds it still owns.

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.

Recent economic uncertainty and volatility in the public investment markets resulting from the coronavirus pandemic and international tensions have caused steep declines in values of a significant number of traded investments across all categories. Whether and how much these market fluctuations will result in permanent or temporary loss cannot be reasonably estimated. Future changes in market prices may make such investments less valuable.

3. Notes and Contracts Receivable

Notes and contracts receivable of the Foundation consist of 64 loans made primarily to Baptist organizations, with the five largest loans representing approximately 44% of total notes and contracts receivable. The interest rates on these loans range from 0 percent to 8.05 percent. The maturity dates range from July 2025 to November 2048. Substantially all notes receivable are secured by a 1st lien position on collateral, most of which is real property.

As of June 2023, one loan representing 17% of the total loan portfolio does not meet the Foundation's minimum loan-to-value policy of 75%. The current loan-to-value is 100% as determined by a certified appraisal ordered by the Foundation in March 2022. The nature of the loan is a construction-to-permanent loan for a church building in Kent, WA. Construction has been completed and a certificate of occupancy is expected to be issued by the Fall of 2023 assuming all necessary structures and equipment pass inspection from the appropriate county and city regulators. The Church has no additional funds to withdraw from the Foundation. Interest-only payments by the Church have been made on a timely basis and projected amortized payments meet the minimum debt service coverage ratio per Foundation policy.



Notes to Financial Statements

3. Notes and Contracts Receivable - Continued

Foundation staff is closely monitoring the progression of the project and health of the Church and does not believe a reserve for collectability is needed at this time.

Management believes that the underlying collateral for loans is sufficient to provide funds for repayment in the event of default for all loans. Accordingly, no reserve has been established for uncollectable loans.

4. Property and Equipment

The following is a summary of property and equipment at December 31, 2022:

Description	Original Cost	Accumulated Depreciation	Net Amount
Automobiles	\$ 115,954	\$ 35,943	\$ 80,011
Computers and software	163,566	144,241	19,325
Furniture	45,440	41,666	3,774
Other equipment	887	887	-
Total	\$ 325,847	\$ 222,737	\$ 103,110

5. Real Estate

Real estate is summarized as follows:

Description	Amount
Vacant land	\$ 1,328,800
Personal residences	8,717,521
Rental properties	6,089,859
Church land and buildings	399,600
Other	26,435
Total	\$ 16,562,215

6. Notes Payable

Notes payable consist of the following at December 31, 2022:

Description	Amount
Reverse mortgage payable to Livewell Financial (Revocable Trust), payable in monthly installments or sale of property, with interest at 4.5%.	\$ 240,385
Note payable (Irrevocable Trust) to Gateway Seminary, annual interest payments of \$1,200, interest at 2%, maturity based on sale of property.	109,381
Other small loans from revocable and irrevocable trusts.	22,621
Total	\$ 372,387

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

Changes in agency, non-charitable and revocable trust funds for the year ended December 31, 2022 are as follows:

Balance at beginning of year	\$ 44,335,347
Additions - funds received on behalf of others	9,333,634
Investment income	1,781,248
Administrative fees	(530,111)
Change in market value of assets	418,389
Distributions - funds distributed on behalf of others	(11,984,011)
Total	\$ 43,354,496



Notes to Financial Statements

8. Split-Interest Agreements

The Foundation serves as trustee of various charitable remainder 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 for their lifetime, for a term of up to 20 years, or for lifetime followed by a term of up to 20 years. At the termination of the trust, the assets of the trust will be distributed to charity, either outright or by converting to a perpetual endowment managed by the Foundation like the other existing endowments. Assets held in charitable remainder unitrusts totaled \$9,793,996 at December 31, 2022 and assets held in charitable remainder annuity trusts totaled \$4,203,400. These assets are included with investments in the accompanying Statement of Financial Position. The market value of 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 net assets with donor restrictions.

In the past, the Foundation issued charitable gift annuities (a form of split-interest agreement). Under these annuities, the donor transferred assets to the Foundation in exchange for the Foundation's obligation to pay an annual annuity, generally for the remaining life of the donor. Assets held in gift annuities totaled \$228,816 at December 31, 2022. The Foundation allows donors to designate up to 50% 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 net assets with donor restrictions for any portion designated to go outright to other charitable beneficiaries, or for any portion designated to become a perpetual endowment; the remaining portion is recorded as net assets without donor restrictions.

The Foundation manages various life income funds. These trusts are similar to charitable remainder trusts described above, but without tax exempt status. Generally, the donors of these funds are paid the actual income earned on their fund until the terms of the trust are satisfied. 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 \$642,634 at December 31, 2022. Net assets under life income funds are recorded as net assets with donor restrictions.

On an annual basis, the Foundation revalues the liability for each of these split-interest agreements for the requirement to make distributions to the designated beneficiaries. The estimated liability is based on actuarial assumptions, including life expectancy of the donor/beneficiary, and the use of an 8.5% discount rate. Based on these assumptions the present value of future payments expected to be paid by the Foundation for the various split-interest agreements is summarized in the table below. The total liability is included on the Statement of Financial Position as the liability under split-interest agreements.

The Foundation's liability under split-interest agreements at December 31, 2022 is summarized as follows:

Charitable remainder unitrusts	\$ 5,056,544
Charitable remainder annuity trusts	1,339,937
Charitable gift annuities	87,395
Life income funds	171,655
Total liability under split-interest agreements	\$ 6,655,531



Notes to Financial Statements

9. Liquidity

Financial assets available to meet the cash needs of the Foundation within one year of December 31, 2022 are summarized as follows:

Financial Assets as of December 31:	
Cash and cash equivalents	\$ 9,869,722
Investments	16,362,250
Accrued Interest receivable	149,583
Notes and contracts receivable	29,040,103
Total financial assets	55,421,658
Less those unavailable for general expenditures within one year due to:	
Donor-imposed restrictions, including agency accounts	(12,409,851)
Investments held in non-charitable and revocable trusts	(31,467,673)
Required charitable gift annuity reserves	(117,560)
Investments held in other split-interest agreements	(9,129,179)
Approved loans not yet funded	-
Other long-term investments not included above:	
Defaulted bonds with no marketability	(90,057)
Notes and other receivables due after one year	(465,570)
Add additional funds available:	
Restricted funds available for funding new loans	-
Financial Assets available for general cash needs within one year	\$ 1,741,768

The Foundation's endowment funds consist of donor-restricted endowments and board-directed endowments. Income from donor-restricted endowments is restricted for specific purposes and, therefore, is not available for general expenditure. Financial assets held in board-directed endowments are considered available to meet the cash needs of the Foundation since the board can act, without the consent of any outside party, to release the restrictions on the use of those assets. Although the Foundation does not intend

to spend from its board-designated endowment, other than investment earnings appropriated for general expenditure as part of its annual budget approval and appropriation process, amounts from its board-designated endowment could be made available if necessary to manage unanticipated liquidity needs.

As described in Note 14, the Foundation uses a spending policy to appropriate income from endowment funds for distribution to ministries, including the Foundation. A total of \$24,170 of appropriations from endowment funds will be available to meet the Foundation's cash needs within the next 12 months.

As described in Note 13, the Foundation maintains a segregated fund as a reserve for its charitable gift annuities. The Foundation maintains a balance in this fund that exceeds the amount required by the states in which it issues gift annuities. As of December 31, 2022 the reserve fund had an excess of \$99,037 which can be withdrawn from the reserve fund and used for general cash needs.

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Foundation invests cash in excess of current requirements in short-term investments.

Notes to Financial Statements

10. Fair Value Measurements

Assets and liabilities are measured at fair value using valuation techniques prioritized into the following hierarchy:

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.

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).



Notes to Financial Statements

10. Fair Value Measurements – Continued

Fair values of assets and liabilities measured on a recurring basis at December 31, 2022 are as follows:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Investments:				
Stocks	\$ 1,898,585	\$ 1,898,585	\$ -	\$ -
Bonds	119,777	119,777	-	-
Mutual funds:				
Growth funds	7,573,195	7,573,195	-	-
Balanced funds	1,885,273	1,885,273	-	-
Bond funds	3,397,076	3,397,076	-	-
Church bonds	1,404,712	-	570,100	834,612
Annuities	83,632	83,632	-	-
Total Investments	\$ 16,362,250	\$ 14,957,538	\$ 570,100	\$ 834,612
Real estate	\$ 16,562,215	\$ -	\$ -	\$ 16,562,215
Other assets:				
Automobiles/RVs/Mobile home	\$ 3,137	\$ -	\$ -	\$ 3,137
Perpetual trust held by third party	\$ 119,118	\$ -	\$ -	\$ 119,118
Life insurance	\$ 393,449	\$ -	\$ 393,449	\$ -
Liabilities:				
Liability under split-interest agreements	\$ (6,655,531)	\$ -	\$ -	\$ (6,655,531)



Notes to Financial Statements

10. Fair Value Measurements – Continued

Changes in assets measured using significant unobservable inputs (Level 3) for the year ended December 31, 2022 are summarized in the following table:

	Real Estate	Church Bonds	Other Assets	Split-Interest Liability
Balance at beginning of year	\$ 10,126,934	\$ 895,215	\$ 105,427	\$ (3,042,464)
Transfer in and/or out of Level 3	-	-	-	-
Additions	6,188,003	18,557	-	(1,332,274)
Dispositions	(961,360)	(78,689)	-	696,930
Change in market value	1,208,638	(471)	16,828	-
Change in value of split interest agreements	-	-	-	(2,977,723)
Balance at end of year	\$ 16,562,215	\$ 834,612	\$ 122,255	\$ (6,655,531)

11. Restrictions and Limitations on Net Asset Balances

Board Directed Endowment – At December 31, 2022, the Foundation’s Board of Directors had designated \$774,835 of net assets without donor restrictions for endowment purposes. The income generated by these endowments is used for the Foundation’s general purposes.

Gift Annuity Reserves – At December 31, 2022 net assets of \$228,816 were set aside as a reserve for payment of Charitable Gift Annuities (see Note 8). This reserve is included in the Trust Fund’s net assets. \$92,950 of this is included in net assets without donor restriction since the gifts under the annuity agreements are for the Foundation’s general purposes. The remainder is included in net assets with donor restrictions as described below.

Purpose or Timing Restrictions – At December 31, 2022 net assets with donor restrictions included the following items restricted for purpose or timing:

- **Endowment** – net assets of \$976,179 for which the donor has imposed purpose restrictions on the use of the funds. The restrictions for these funds will be released as the Foundation makes disbursements in support of the stated purposes.
- **Trust** – net assets of \$3,069,462 for which the donors have established irrevocable trusts, charitable gift annuities and other split-interest agreements (see Note 8). The funds will be released from the restrictions once all of the required payments to the donors and beneficiaries (generally for their lifetimes) have been completed.



Notes to Financial Statements

11. Restrictions and Limitations on Net Asset Balances – Continued

Perpetual Restrictions – At December 31, 2022, net assets with donor restrictions included the following items restricted from appropriation or expenditure:

- **General Fund** – net assets of \$119,118 which is a perpetual trust managed by a third party trustee. The Foundation receives an annual income payment from the trust to be used for its general purposes. The Foundation does not have the ability to spend any of the principal from this trust.
- **Endowment** – net assets of \$10,007,754 for which the donors have stipulated that the principal is to be maintained in perpetuity and the income is to be used to support the ministry of the Foundation and other charitable organizations. See Note 14 for additional information about the Foundation’s endowment funds, including further description of how income is appropriated for distribution.
- **Trust** – net assets of \$4,911,818 for which the donors have created irrevocable trusts, charitable gift annuities and other split-interest agreements (see Note 8). The funds will be used to create permanent endowment funds once all of the required payments to the donors and beneficiaries (generally for their lifetimes) have been completed.

12. Net Assets Released from Restrictions

The Foundation incurred expenses totaling \$128,430 in satisfaction of the restricted purposes imposed by donors. These expenses are recorded as reductions in net assets without donor restrictions on the Statement of Activities and Changes in Net Assets as program services or change in value of split-interest agreements. The transfer of funds from net assets with donor restrictions to net assets without donor restrictions to cover the total amount of these expenses is reported as “Other net assets released from restrictions” on that statement.

The Foundation also made distributions totaling \$753,625 to beneficiaries of its various endowments and charitable trusts in satisfaction of the restricted purposes (including termination of small funds) imposed by donors. These distributions are recorded as reductions in net assets without donor restrictions on the Statement of Activities and Changes in Net Assets in program services. The transfer of funds from net assets with donor restrictions to net assets without donor restrictions to cover the total amount of these expenses is reported as “Appropriated from donor restricted endowment” on that statement.

Similarly, the Foundation made distributions totaling \$6,688 from board directed endowment for support of its general operations. These are recorded in net assets without donor restrictions on the Statement of Activities and Changes in Net Assets as “Appropriated from board directed endowment.”



Notes to Financial Statements

13. 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, 2022 the Foundation's reserve fund totaled \$228,816. Each state's required reserves are summarized as follows:

State of Oregon - total reserve	\$ 63,755
State of Washington	
Base amount	\$ 117,560
10% surplus	11,756
Total reserve	\$ 129,316

The Foundation had four annuities issued in the state of Oregon as of December 31, 2022. No annuities were terminated or added in Oregon in 2022. Annual annuity payments of \$7,330 are required for these four annuities.

The Foundation had two annuities issued under Washington state law as of December 31, 2022. No new annuities were issued under Washington state law in 2022. No annuities were terminated in 2022. Annual annuity payments of \$12,700 are required for the two remaining 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	\$ 251,235
New annuities	-
Net investment return	802
Management fees	(3,191)
Distribution to charities at termination of annuity	-
Annuity payments to beneficiaries	(20,030)
Reserve balance, ending	\$ 228,816



Notes to Financial Statements

14. Endowment

The Foundation's endowments consist of 97 individual funds and agency accounts established for a variety of purposes. During 2022 the Foundation terminated, as allowed by relevant state law, several funds that were so small that they became economically inefficient to administer. Some of the terminated funds were distributed to the ministries they supported; others were combined with other similar funds managed by the Foundation.

The Foundation's 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 the 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.

In accordance with the Act, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Foundation, the charitable beneficiaries and the donor-restricted funds
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Foundation and the other charitable beneficiaries
- The investment policies of the Foundation



Notes to Financial Statements

14. Endowment – Continued

Spending Policy

The Foundation has adopted a policy of appropriating for distribution each year an amount ranging from 2%-4% of the average market value of each endowment fund, computed using the most recent 16 calendar quarters ending prior to the distribution year as approved by the board of directors.

Return Objectives and Risk Parameters

The 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. (Some board-designated funds continue to distribute their natural income rather than using a spending policy.) 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 have investment returns that exceed the policy's spending rate plus 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 an emphasis on investments that achieve its long-term return objectives within prudent risk constraints.

Underwater Funds

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, a condition commonly referred to as "underwater." When such deficiencies are the result of temporary market declines that are expected to be short in duration, the Foundation is allowed to continue to appropriate income from the funds for distribution. In other situations, distributions from the funds will be either discontinued or reduced until the deficiency is restored. As of December 31, 2022, the Foundation had 22 underwater funds as summarized in the following table. All of the deficiencies were determined to be temporary declines that were expected to be short in duration, and accordingly, appropriations will continue.

	<u>Agency</u>	<u>Other</u>	<u>Total</u>
Fair value of underwater funds	\$ 970,199	\$ 1,786,519	\$ 2,756,718
Amount required to be maintained	1,041,915	1,831,583	2,873,498
Underwater Amount	\$ 71,716	\$ 45,064	\$ 116,780



Notes to Financial Statements

14. Endowment – Continued

Endowment net assets consist of the following at December 31, 2022:

	Without Restriction	Restricted		Total
		Timing and Purpose	Perpetually	
Unrestricted endowment funds	\$ 19,023	\$ -	\$ -	\$ 19,023
Donor restricted endowment funds	-	976,179	10,007,754	10,983,933
Board designated endowment funds	774,835	-	-	774,835
Total endowment funds	\$ 793,858	\$ 976,179	\$ 10,007,754	\$ 11,777,791

Changes in endowment assets for the year ended December 31, 2022 are summarized as follows:

	Without Restriction	Restricted		Total
		Timing and Purpose	Perpetually	
Endowment net assets, beginning	\$ 601,860	\$ 953,215	\$ 7,086,578	\$ 8,641,653
Investment return:				
Investment income, net of expense	32,067	18,905	207,155	258,127
Realized and unrealized gains (losses)	(13,498)	189	(744,810)	(758,119)
Total investment return	18,569	19,094	(537,655)	(499,992)
Contributions, including transfers	327,802	255,462	3,989,602	4,572,866
Administrative fees and other expenses	(51,618)	(20,149)	(52,085)	(123,852)
Appropriated for expenditure, including transfers	(102,755)	(231,443)	(478,686)	(812,884)
Endowment net assets, ending	\$ 793,858	\$ 976,179	\$ 10,007,754	\$ 11,777,791



Notes to Financial Statements

15. Related Party Transactions

In the past, the Foundation received office space, at subsidized rent, from the NWBC (Note 1). This transaction, when present, is reflected in the Statement of Activities and Changes in Net Assets as part of contributions. In 2022, the Foundation leased temporary office space from an unrelated party while the NWBC completed construction on a new facility. Therefore, no related party transactions concerning leased office space occurred with the NWBC in 2022.

In addition, the Foundation allows staff members to establish revocable trusts in order to invest in church loans originated by the Foundation. At December 31, 2022, staff investments represented \$223,266, or 0.50% of total revocable trusts assets.

16. Value of Unbilled Services

For the year ending December 31, 2022 the Foundation provided an estimated \$148,030 of legal, investment and estate planning services to the NWBC and its member churches, all of which were unbilled and provided at no cost.

17. Expenses

The costs of providing the various programs and support 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. Additionally, the expenses have been summarized by natural classification on the Statement of Functional Expenses.

Many of the expenses benefit multiple programs and supporting services. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, which are allocated on the

basis of estimates of time and effort as well as depreciation, interest, office and occupancy, which are allocated in ratio to the salary and benefits. Other expenses are allocated based on management's estimates of their direct relationship to the various programs or services.

18. Commitments

At December 31, 2022 the Foundation had no loan commitments to be funded in 2023.

19. 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. Similarly, 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 net assets of the appropriate fund according to donor restrictions and reflected as a transfer on the Statement of Activities and Changes in Net Assets.

20. Retirement Plan

The Foundation participates in Guidestone Financial Resource's Retirement 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 law. The Foundation contributes an amount equal to ten percent of each qualified employee's gross income. Contributions by the Foundation to the Plan for 2022 were \$62,161.



Notes to Financial Statements

21. Supplemental Cash Flow Information

Non-cash investing activities include the following for the year ended December 31, 2022:

- Net contributions of non-cash assets in trust and endowments, including revocable trusts of \$9,938,451.
- Net distributions of non-cash assets from trusts and endowments, including revocable trusts of \$4,499,363.

22. Subsequent Events

The Foundation has evaluated all subsequent events through August 2, 2023, the date the financial statements were available to be issued.



Supplementary Financial Information



Schedule of Cash and Cash Equivalents, Investments and Other Assets

December 31, 2022

	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
Cash and cash equivalents	\$ 450,648	\$ 450,648	\$ 1,525,283	\$ 1,525,283	\$ 7,856,881	\$ 7,893,791	\$ 9,832,812	\$ 9,869,722
Investments:								
Common and preferred stocks	326	938	1,039,210	1,052,080	592,917	845,567	1,632,453	1,898,585
Bond/Bond Funds	-	-	10,354	10,285	125,049	109,492	135,403	119,777
Certificates of deposit	-	-	-	-	-	-	-	-
Mutual funds	21,154	22,236	5,979,969	5,687,298	7,897,835	7,146,010	13,898,958	12,855,544
Church bonds	176,532	207,414	765,385	526,399	815,827	670,899	1,757,744	1,404,712
Annuities	-	-	-	-	75,880	83,632	75,880	83,632
Total investments	198,012	230,588	7,794,918	7,276,062	9,507,508	8,855,600	17,500,438	16,362,250
Other assets:								
Accrued interest receivable	3,802	3,802	53,139	53,139	92,642	92,642	149,583	149,583
Notes and contracts receivable	697,399	697,399	4,331,162	4,359,532	23,973,000	23,983,172	29,001,561	29,040,103
Property and equipment	103,110	103,110	-	-	-	-	103,110	103,110
Real estate	1,181	26,434	858,692	1,220,194	6,744,436	15,315,587	7,604,309	16,562,215
Other assets	686,945	686,945	-	-	560,372	421,086	1,247,317	1,108,031
Total other assets	1,492,437	1,517,690	5,242,993	5,632,865	31,370,450	39,812,487	38,105,880	46,963,042
Total cash and cash equivalents, investments and other assets	\$ 2,141,097	\$ 2,198,926	\$ 14,563,194	\$ 14,434,210	\$ 48,734,839	\$ 56,561,878	\$ 65,439,130	\$ 73,195,014

See Auditor's Report



Schedule of Notes and Contracts Receivable

December 31, 2022

	<u>Loan Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Balance 12/31/2022</u>
Parkland First Baptist Church, Tacoma, WA	10/01/22	30,000	7.60%	15	29,820
Reality Church, Olympia, WA	10/01/22	900,000	6.00%	10	897,396
Reliance Fellowship, West Richland, WA	08/21/19	2,043,750	7.00%	10	1,890,713
Revival Baptist Church, Vancouver, WA	06/16/17	906,977	4.50%	15	636,432
Richland Baptist Church, Richland, WA	12/13/17	220,000	4.00%	15	177,315
Riverton Heights Baptist Church, Seatac, WA	12/22/15	66,000	6.25%	15	45,466
Set Free Christian Fellowship, Elma, WA	01/21/20	1,213,500	5.05%	15	411,076
Skagit Baptist Church, Sedro Woolley, WA	07/31/13	192,000	6.75%	15	94,071
Slavic Church of Revival, Federal Way, WA	10/17/16	1,162,500	7.75%	10	1,003,189
Solid Rock of Grants Pass, Grants Pass, OR	03/01/21	200,000	5.40%	15	184,546
Tacoma River of Grace, Tacoma, WA	06/27/18	700,000	5.30%	15	355,197
Trinity Baptist Church, Lakewood, WA	06/15/22	150,000	6.60%	15	81,338
Trinity Baptist Church of White City, Central Point, OR	07/30/14	264,500	6.50%	15	194,147
Valley Christian Fellowship, Longview, WA	01/29/20	322,027	4.80%	15	225,387
Vietnamese Hope Baptist Church, Elk Grove, CA	11/06/13	400,000	6.25%	15	258,761
Total Foundation church loan funds					27,548,334
Other loans:					
Loans to churches from Associations' loan funds	Various	-	Various	Various	706,188
Other loans to churches	Various	-	Various	Various	187,444
Loans to individuals and other miscellaneous loans	Various	-	Various	Various	598,137
Total other loans					1,491,769
Total notes and contracts receivable					\$ 29,040,103



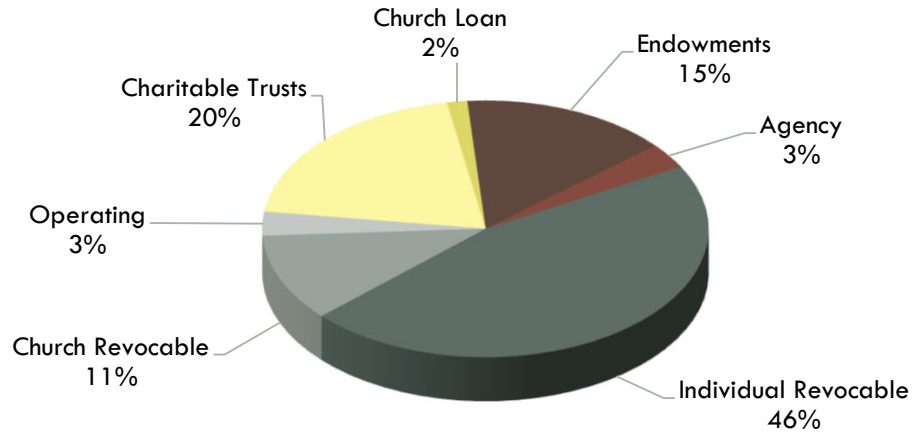
Schedule of Notes and Contracts Receivable

December 31, 2022

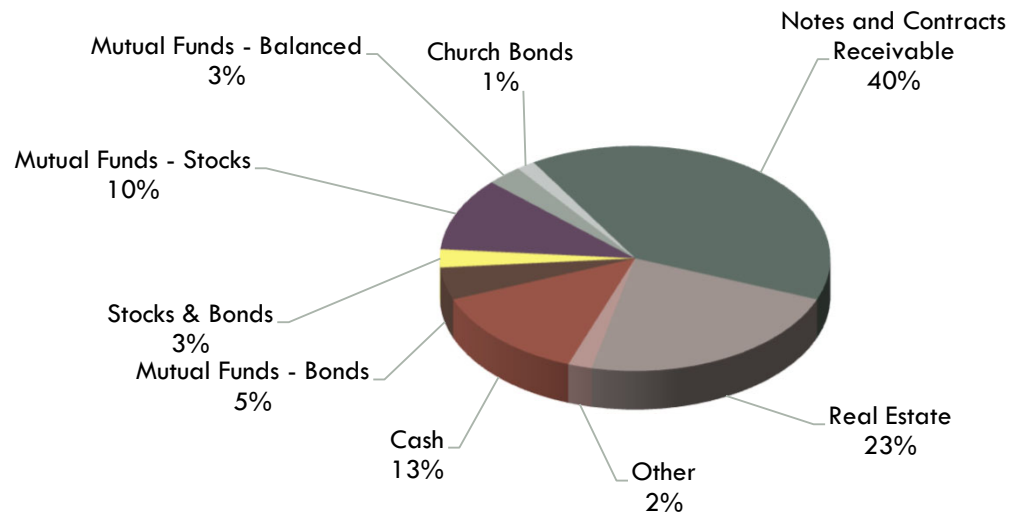
	<u>Loan Date</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Term</u>	<u>Balance 12/31/2022</u>
Foundation ministry loan funds:					
ACA Education Services, Camas, WA	11/01/22	\$ 675,000	7.50%	15	\$ 672,961
Agape Baptist Church, Renton, WA	06/19/13	326,000	6.00%	15	218,244
Amboy Baptist Church, Amboy, WA	08/01/20	450,000	5.20%	10	425,208
Airway Heights Baptist Church, Airway Heights, WA	11/15/22	400,000	7.20%	10	399,522
Chestnut Street Baptist Church, Ellensburg, WA	08/29/18	680,000	4.05%	10	438,134
Church of Transfiguration, Tacoma, WA	07/20/18	600,000	5.10%	15	475,696
Crossview Church, Kennewick, WA	01/09/20	1,150,229	4.95%	10	956,744
East Side Baptist Church, Springfield, OR	01/03/17	1,324,000	5.75%	10	1,154,208
Epic Life Church, Seattle, WA	10/27/20	221,770	4.80%	15	45,358
Felida Baptist Church, Vancouver, WA	08/24/18	239,000	3.70%	15	205,880
Fellowship Baptist Church, Cheney, WA	04/22/19	661,560	4.80%	15	201,483
First Baptist Church of Bothell, WA	07/20/21	1,200,000	6.00%	18 mo	1,100,000
First Baptist Church of Dishman, Spokane Valley, WA	11/07/19	240,000	4.80%	15	177,150
First Baptist Church of Monroe, WA	04/28/22	548,846	4.95%	15	525,923
First Baptist Church of Boardman, OR	08/01/22	220,000	6.60%	15	213,190
Gathering Place, Vancouver, WA	05/18/18	550,000	3.60%	15	458,013
Homestead Country Gathering, LaGrande, OR	11/16/18	500,000	4.00%	15	327,332
Iglesia Bautista el Calvario, Pasco, WA	01/24/19	99,900	6.50%	15	86,197
Iglesia Cristiana Manantial de Vida, Vancouver, WA	03/18/20	250,000	5.10%	15	228,749
Iglesia Bautista Fundamental Independiente, Bellevue, ID	11/19/20	170,000	5.80%	15	160,015
Integrity Life Church, Federal Way, WA	06/06/18	1,700,000	4.10%	10	1,530,715
Jesus' Disciples Family Church, Tacoma, WA	06/18/21	425,000	5.50%	15	408,771
Kenyan Community Internat'l Church, Seattle, WA	12/30/19	5,000,000	8.05%	69 mo	5,000,000
Kessid Church, Vancouver, WA	10/18/20	3,500,000	4.00%	10	3,315,426
LifeChange Christian Fellowship, Tillamook, OR	12/10/20	305,000	4.40%	15	232,288
LifePointe Community Church, Snoqualmie, WA	03/17/17	365,000	5.75%	15	285,878
Lighthouse Community Church, Richland, WA	11/01/21	562,500	5.40%	10	550,619
Living Word Bible Church, Blaine, WA	01/28/21	360,000	4.75%	15	326,955
Lozier Lane Baptist Church, Medford, OR	10/18/19	80,000	4.60%	10	58,607
McKenzie Road Baptist Church, Olympia, WA	02/13/13	160,000	6.00%	15	5,887
Mill Park Baptist Church, Portland, OR	07/15/21	80,000	6.00%	10	51,184
New Creation Fellowship, Spokane, WA	11/10/20	450,000	4.50%	15	157,664
Parkside Fellowship, Beaverton, OR	01/16/20	997,320	4.80%	10	669,479

See Auditor's Report

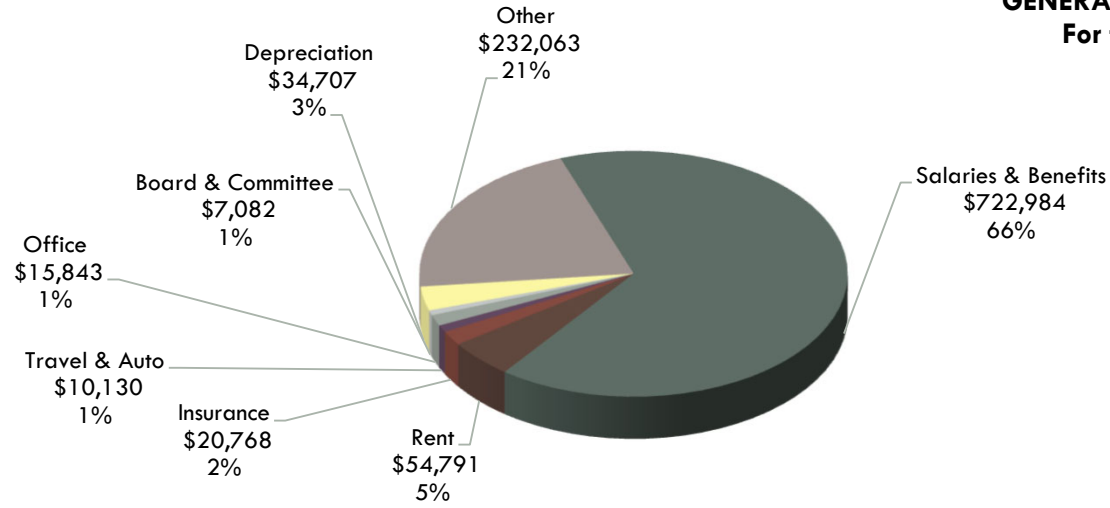
**ASSETS BY FUND
December 31, 2022**



**ASSETS BY TYPE
December 31, 2022**



**GENERAL FUND EXPENSES
For the Year 2022**



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

