



FLORIDA BAPTIST CONVENTION, INC.

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020





REPORT OF INDEPENDENT AUDITOR

The State Board of Missions
Florida Baptist Convention, Inc.
Jacksonville, Florida

Opinion

We have audited the accompanying financial statements of Florida Baptist Convention, Inc. ("the Convention"), which consist of the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Baptist Convention, Inc. as of December 31, 2021 and 2020, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Convention and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Convention'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 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 risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Convention'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Convention's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Schedules A and B for the year ended December 31, 2021, 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, with the exception of information marked "unaudited," 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 (with the exception of the information marked "unaudited") is fairly stated in all material respects in relation to the financial statements as a whole.

Batts Morrison Wales & Lee, P.A.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida
May 23, 2022

FLORIDA BAPTIST CONVENTION, INC.
STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 10,840,117	\$ 8,840,100
Investments - general	13,068,594	10,688,960
Current portion of ministry program loans receivable, net	1,393,978	1,190,721
Other current assets	—	7,974
Total current assets	<u>25,302,689</u>	<u>20,727,755</u>
OTHER ASSETS		
Ministry program loans receivable, net	9,097,288	10,480,183
Other properties	1,114,200	1,114,200
Beneficial interest in perpetual trusts	4,896,418	4,703,967
Investments - restricted for long-term purposes	4,568,320	4,065,291
Total other assets	<u>19,676,226</u>	<u>20,363,641</u>
PROPERTY AND EQUIPMENT, net	<u>9,271,671</u>	<u>9,212,594</u>
Total assets	<u>\$ 54,250,586</u>	<u>\$ 50,303,990</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 2,919,538	\$ 2,755,044
Current portion of note payable	69,752	65,429
Vacation and sick pay liability	836,146	882,995
Current portion of accrued postretirement benefit obligation	545,000	609,000
Total current liabilities	<u>4,370,436</u>	<u>4,312,468</u>
NOTE PAYABLE (noncurrent portion)	<u>106,248</u>	<u>212,571</u>
ACCRUED POSTRETIREMENT BENEFIT OBLIGATION (noncurrent portion)	<u>8,188,431</u>	<u>10,210,641</u>
Total liabilities	<u>12,665,115</u>	<u>14,735,680</u>
NET ASSETS		
Without donor restrictions	24,490,689	19,668,650
With donor restrictions	17,094,782	15,899,660
Total net assets	<u>41,585,471</u>	<u>35,568,310</u>
Total liabilities and net assets	<u>\$ 54,250,586</u>	<u>\$ 50,303,990</u>

The Accompanying Notes are an Integral
Part of These Financial Statements

FLORIDA BAPTIST CONVENTION, INC.
STATEMENTS OF ACTIVITIES

	For The Years Ended December 31,	
	2021	2020
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Public support and revenue		
Cooperative Program	\$ 30,775,374	\$ 28,022,527
Ministry events	1,420,554	879,528
Interest and dividend income	1,329,689	606,625
Maguire State Missions offerings	637,128	557,972
Other income	187,659	153,031
Grant revenue	—	650,000
Net investment (loss) gain	(210,522)	481,738
Total public support and revenue	34,139,882	31,351,421
Net assets released from restrictions	324,721	543,343
Total public support and revenue and net assets released from restrictions	34,464,603	31,894,764
Expenses		
Program expenses		
Southern Baptist Convention Cooperative Program	15,695,436	14,228,920
State missions, church planting assistance, and other program activities	7,939,572	7,581,013
Grants to Cooperating Ministries in Florida	2,567,000	2,492,004
Ministry events	1,219,129	561,948
Total program expenses	27,421,137	24,863,885
Supporting expenses		
General and administrative	3,896,305	3,481,547
Fund development	93,803	65,748
Total supporting expenses	3,990,108	3,547,295
Total expenses	31,411,245	28,411,180
Change in net assets without donor restrictions before actuarial gain on postretirement benefit plans	3,053,358	3,483,584
Actuarial gain on postretirement benefit plans	1,768,681	564,748
Change in net assets without donor restrictions	4,822,039	4,048,332
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS		
Contributions	1,185,082	363,562
Change in beneficial interest in perpetual trusts	192,451	170,828
Net investment income and other changes	142,310	117,252
Net assets released from restrictions	(324,721)	(543,343)
Change in net assets with donor restrictions	1,195,122	108,299
CHANGE IN NET ASSETS	6,017,161	4,156,631
NET ASSETS - Beginning of year	35,568,310	31,411,679
NET ASSETS - End of year	\$ 41,585,471	\$ 35,568,310

The Accompanying Notes are an Integral
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FLORIDA BAPTIST CONVENTION, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2021	2020
OPERATING CASH FLOWS		
Cash received from donors	\$ 32,597,584	\$ 28,944,061
Cash received from events, facilities fees, and other sources	1,608,213	1,032,559
Investment income received	1,329,689	606,625
Cash paid for operating activities and costs	<u>(30,753,888)</u>	<u>(27,427,071)</u>
Net operating cash flows	<u>4,781,598</u>	<u>3,156,174</u>
INVESTING CASH FLOWS		
Net purchases of investments	(2,447,846)	(281,528)
Collections of ministry program loans	2,436,289	1,682,373
Ministry program loans made	(1,443,923)	(2,700,200)
Net investment in assets restricted for long-term purposes	(503,029)	(89,909)
Purchases of and improvements to property and equipment	<u>(721,072)</u>	<u>(380,537)</u>
Net investing cash flows	<u>(2,679,581)</u>	<u>(1,769,801)</u>
FINANCING CASH FLOWS		
Borrowings	—	650,000
Principal reductions on note payable	<u>(102,000)</u>	<u>(107,000)</u>
Net financing cash flows	<u>(102,000)</u>	<u>543,000</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	2,000,017	1,929,373
CASH AND CASH EQUIVALENTS - Beginning of year	<u>8,840,100</u>	<u>6,910,727</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 10,840,117</u>	<u>\$ 8,840,100</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET		
OPERATING CASH FLOWS		
Change in net assets	\$ 6,017,161	\$ 4,156,631
Adjustments to reconcile change in net assets to net operating cash flows		
Ministry program loans forgiven	187,272	463,025
Conversion of note payable to grant revenue (see Note J)	—	(650,000)
Depreciation	661,995	602,565
Net loss (gain) on investments	68,212	(598,990)
Change in other current assets	7,974	35,037
Change in beneficial interest in perpetual trusts	(192,451)	(170,828)
Change in accounts payable and accrued expenses	164,494	251,887
Change in vacation and sick pay liability	(46,849)	(44,045)
Change in accrued postretirement benefit obligation	<u>(2,086,210)</u>	<u>(889,108)</u>
Net operating cash flows	<u>\$ 4,781,598</u>	<u>\$ 3,156,174</u>

SUPPLEMENTAL DISCLOSURE

During 2020, \$650,000 of principal reductions of a certain note payable are included in "grant revenue" in the accompanying statement of activities. See Note J.

FLORIDA BAPTIST CONVENTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2021

	Program expenses					Supporting expenses			
	Southern Baptist Convention Cooperative Program	State missions, church planting assistance, and other program activities	Grants to Cooperating Ministries in Florida	Ministry events	Total program expenses	General and administrative	Fund development	Total supporting expenses	Total expenses
Cash grants to others	\$ 15,695,436	\$ —	\$ 2,567,000	\$ —	\$ 18,262,436	\$ —	\$ —	\$ —	\$ 18,262,436
Salaries and wages	—	2,095,831	—	—	2,095,831	1,353,323	—	1,353,323	3,449,154
Church planting and revitalization	—	2,254,557	—	—	2,254,557	—	—	—	2,254,557
Ministry events	—	—	—	1,219,129	1,219,129	—	—	—	1,219,129
Employee benefits	—	671,419	—	—	671,419	405,997	—	405,997	1,077,416
Office and operations	—	—	—	—	—	881,450	—	881,450	881,450
Missions and ministry	—	798,786	—	—	798,786	—	—	—	798,786
Depreciation	—	496,496	—	—	496,496	165,499	—	165,499	661,995
Regional ministries	—	633,302	—	—	633,302	—	—	—	633,302
Maintenance	—	—	—	—	—	379,327	—	379,327	379,327
Travel	—	—	—	—	—	325,670	—	325,670	325,670
Next generation ministries	—	315,597	—	—	315,597	—	—	—	315,597
Insurance	—	—	—	—	—	236,756	—	236,756	236,756
Non-cash grants to others	—	187,272	—	—	187,272	—	—	—	187,272
Meetings	—	109,070	—	—	109,070	72,714	—	72,714	181,784
Communications	—	62,536	—	—	62,536	—	93,803	93,803	156,339
Disaster relief grants	—	126,583	—	—	126,583	—	—	—	126,583
Ministry investment	—	119,998	—	—	119,998	—	—	—	119,998
Retiree benefits	—	—	—	—	—	75,569	—	75,569	75,569
Other properties	—	50,370	—	—	50,370	—	—	—	50,370
Investment distributions	—	17,755	—	—	17,755	—	—	—	17,755
Total	\$ 15,695,436	\$ 7,939,572	\$ 2,567,000	\$ 1,219,129	\$ 27,421,137	\$ 3,896,305	\$ 93,803	\$ 3,990,108	\$ 31,411,245

The Accompanying Notes are an Integral
Part of These Financial Statements

FLORIDA BAPTIST CONVENTION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended December 31, 2020

	Program expenses					Supporting expenses			
	Southern Baptist Convention Cooperative Program	State missions, church planting assistance, and other program activities	Grants to Cooperating Ministries in Florida	Ministry events	Total program expenses	General and administrative	Fund development	Total supporting expenses	Total expenses
Cash grants to others	\$ 14,228,920	\$ —	\$ 2,492,004	\$ —	\$ 16,720,924	\$ —	\$ —	\$ —	\$ 16,720,924
Salaries and wages	—	2,142,859	—	—	2,142,859	1,369,251	—	1,369,251	3,512,110
Church planting and revitalization	—	1,318,649	—	—	1,318,649	—	—	—	1,318,649
Employee benefits	—	654,953	—	—	654,953	410,775	—	410,775	1,065,728
Disaster relief grants	—	1,006,935	—	—	1,006,935	—	—	—	1,006,935
Office and operations	—	—	—	—	—	847,517	—	847,517	847,517
Missions and ministry	—	671,621	—	—	671,621	—	—	—	671,621
Depreciation	—	451,924	—	—	451,924	150,641	—	150,641	602,565
Ministry events	—	—	—	561,948	561,948	—	—	—	561,948
Non-cash grants to others	—	463,025	—	—	463,025	—	—	—	463,025
Regional ministries	—	424,128	—	—	424,128	—	—	—	424,128
Maintenance	—	—	—	—	—	235,696	—	235,696	235,696
Insurance	—	—	—	—	—	199,392	—	199,392	199,392
Next generation ministries	—	174,084	—	—	174,084	—	—	—	174,084
Travel	—	—	—	—	—	155,204	—	155,204	155,204
Ministry investment	—	147,790	—	—	147,790	—	—	—	147,790
Communications	—	43,832	—	—	43,832	—	65,748	65,748	109,580
Retiree benefits	—	—	—	—	—	107,906	—	107,906	107,906
Other properties	—	53,149	—	—	53,149	—	—	—	53,149
Investment distributions	—	20,317	—	—	20,317	—	—	—	20,317
Meetings	—	7,747	—	—	7,747	5,165	—	5,165	12,912
Total	\$ 14,228,920	\$ 7,581,013	\$ 2,492,004	\$ 561,948	\$ 24,863,885	\$ 3,481,547	\$ 65,748	\$ 3,547,295	\$ 28,411,180

The Accompanying Notes are an Integral
Part of These Financial Statements

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A – NATURE OF ACTIVITIES

Florida Baptist Convention, Inc. ("the Convention") is a Florida-based not-for-profit organization which provides support to Southern Baptist churches and which promotes the Cooperative Program – a joint ministry endeavor of the various state conventions and the Southern Baptist Convention through which the churches and various cooperating ministries and institutions carry out their worldwide denominational programs.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The Convention recognizes cash contributions as revenue when the contributions are received by the Convention. Contributions received are recorded as without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as "net assets released from restrictions."

Revenue classifications

The Convention's primary revenue sources included in the accompanying statements of activities are further described as follows:

Cooperative Program

Gifts made by Florida Baptist churches to the Convention's Cooperative Program.

Ministry events

Various ministry-related activities conducted by the Convention in Florida and elsewhere. Such activities include conferences, camps, seminars, lectures, retreats, missions, concerts, and other educational activities.

Maguire State Missions offerings

Gifts made by churches and others to the Convention's Maguire State Missions program, a program which provides grants to new churches, provides pastoral aid, and funds other evangelistic activities.

Cash and cash equivalents

The Convention considers all investment instruments purchased or donated with original maturities of three months or less to be cash equivalents.

Investments

Investments are carried at estimated fair value.

Allowance for doubtful accounts

Ministry program loans receivable are stated net of an allowance for doubtful accounts. The Convention estimates the allowance for doubtful accounts based on an analysis of specific program loans, taking into consideration collection history, the age of any past due amounts, and assessment of the debtor's ability to pay. Ministry program loans are considered past due when payments are not made in accordance with specified terms. Ministry program loans are written off upon management's determination that the amounts are uncollectible.

Other properties

Other properties are stated at cost, if purchased, or at estimated fair value on the date of donation, if donated. Other properties are held primarily for rental to churches in Florida.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Beneficial interest in perpetual trusts

Florida Baptist Foundation (“the Foundation”) is a Florida not-for-profit organization whose purposes and activities are to solicit and administer various types of gifts held for the benefit of the Convention and other organizations. The Convention records its beneficial interest in endowments held in trust and administered by the Foundation at estimated fair value. In order to reflect the Convention’s interest in the net assets of the Foundation in the most fair and appropriate manner, the Convention records changes in the underlying estimated fair value of the related investments as changes in net assets with donor restrictions in the accompanying statements of activities.

Investments – restricted for long-term purposes

Investments – restricted for long-term purposes include funds held by the Foundation, primarily in mutual funds in a diversified portfolio carried at estimated fair value. These assets are primarily restricted to the trust or endowment agreements to which they relate.

Property and equipment

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

Net assets

Net assets without donor restrictions are available for use at the discretion of the State Board of Missions and/or management for general operating purposes. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

Postretirement benefit plans

The Convention provides postretirement healthcare, life insurance, and retirement gift benefits for retired employees. The Convention accounts for the plans following guidance prescribed under accounting principles generally accepted in the United States of America (“GAAP”).

Functional allocation of expenses

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the functional areas based primarily on employee time and space utilization.

Income taxes

The Convention is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Florida law. The Convention is further classified as a public charity and not a private foundation for federal tax purposes. The Convention has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

Use of estimates

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these financial statements include those related to the estimated fair value of investments, the collectability of ministry program loans receivable, the estimated fair value of beneficial interest in perpetual trusts, the useful lives of property and equipment, and the calculation of the accrued postretirement benefit obligation. Actual results could differ from the estimates.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Economic uncertainty

In January 2020, the World Health Organization (“WHO”) announced a global health emergency related to the outbreak of a virus originating in China. In March 2020, WHO elevated the classification of the outbreak to a pandemic (“the pandemic”). Management is closely monitoring the potential impact of the pandemic on the Convention’s financial condition and has taken actions to mitigate its impact. Such actions include availing the Convention of relief measures available under federal law and reducing the overall scope and cost of operations. Because of the unknown impact on global commerce, management is not able to estimate the effects of the pandemic on its operating results, financial condition, or liquidity.

Subsequent events

The Convention has evaluated for possible financial reporting and disclosure subsequent events through May 23, 2022, the date as of which the financial statements were available to be issued.

NOTE C – LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure within one year of the date of the statements of financial position are as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 10,840,117	\$ 8,840,100
Investments	17,636,914	14,754,251
Current portion of ministry program loans receivable, net	<u>1,393,978</u>	<u>1,190,721</u>
 Total financial assets available	 29,871,009	 24,785,072
 Less:		
Amounts unavailable for general expenditure within one year due to:		
Perpetual endowments	(4,568,320)	(4,065,291)
Donor-imposed restrictions	<u>(1,130,044)</u>	<u>(630,402)</u>
 Net financial assets available within one year	 <u>\$ 24,172,645</u>	 <u>\$ 20,089,379</u>

The Convention is primarily supported by contributions from churches and other donors. As part of the Convention’s liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Convention must maintain sufficient resources to meet its responsibilities to donors. Thus, those financial assets may not be available for general expenditure within one year of December 31, 2021 and 2020. Management of the Convention believes the Convention has sufficient resources available for general operations that may be drawn upon in the event of unanticipated financial distress or an immediate liquidity need.

NOTE D – CONCENTRATIONS

The Convention maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Convention has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E – INVESTMENTS

Investments consisted of the following:

<u>Category</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Assets administered by Florida Baptist Foundation	\$ 9,165,316	\$ 6,755,376
Equity securities (including equity mutual funds)	4,252,930	3,898,580
Debt securities (including fixed income mutual funds)	3,133,148	2,803,754
Church Growth Investment Fund (“CGIF”)		
certificates of participation, net	618,711	837,457
CGIF certificates of deposit	<u>466,809</u>	<u>459,084</u>
 Total investments	 <u>\$ 17,636,914</u>	 <u>\$ 14,754,251</u>

The above amounts are reported in the accompanying statements of financial position as follows:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Investments – general	\$ 13,068,594	\$ 10,688,960
Investments – restricted for long-term purposes	<u>4,568,320</u>	<u>4,065,291</u>
 Total investments	 <u>\$ 17,636,914</u>	 <u>\$ 14,754,251</u>

Substantially all investments held by the Foundation are pooled with funds transferred to the Foundation by other parties. Such funds are invested by the Foundation primarily in mutual funds in a diversified portfolio which is managed by a third party pursuant to the Foundation’s investment policies. Investments held by the Foundation include approximately \$4,568,000 and \$4,065,000 of investments restricted to endowments as of December 31, 2021 and 2020, respectively.

The investments in securities of Church Growth Investment Fund, Inc. (“CGIF”) consist primarily of certificates of participation for church loans which are made to Baptist churches in Florida. The interest rate on the Convention’s invested funds varies depending upon market conditions. The loan portfolio is serviced by the Foundation. Approximately \$2,839,000 and \$2,858,000 of the Convention’s gross participation interest at December 31, 2021 and 2020, respectively, is for two loans (the net participation interest in both loans after reducing the loans for an impairment allowance is approximately \$619,000 and \$837,000 as of December 31, 2021 and 2020, respectively). Additionally, the Convention issued a guaranty in the amount of \$1,000,000 related to one of the loans.

NOTE F – FAIR VALUE MEASUREMENTS

GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, GAAP recognizes a hierarchy of “inputs” an organization may use in determining or estimating fair value. The inputs are categorized into “levels” that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE F – FAIR VALUE MEASUREMENTS (Continued)

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical assets

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of assets administered by the Foundation and assets administered by CGIF determined using Level 2 inputs is based on amounts provided by the Foundation and CGIF, or in the case of the Level 3 investments, the Convention's ownership interest in the underlying loans. The estimated fair value of the beneficial interest in perpetual trusts using Level 3 inputs is calculated based on the Convention's interest in trusts held in perpetuity by the Foundation for which the Convention is a named beneficiary. Such calculations utilize the Foundation's estimates of fair value of the underlying investments. The change in the components of financial instruments measured using Level 3 inputs in each of the years 2021 and 2020 was immaterial.

Estimated fair value of certain assets measured on a recurring basis at December 31, 2021, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets administered by the Foundation	\$ 9,165,316	\$ —	\$ 9,165,316	\$ —
Beneficial interest in perpetual trusts	4,896,418	—	—	4,896,418
Equity securities (including equity mutual funds)	4,252,930	4,252,930	—	—
Debt securities (including fixed income mutual funds)	3,133,148	3,133,148	—	—
Assets administered by CGIF	<u>1,085,520</u>	<u>—</u>	<u>466,809</u>	<u>618,711</u>
Total	<u>\$ 22,533,332</u>	<u>\$ 7,386,078</u>	<u>\$ 9,632,125</u>	<u>\$ 5,515,129</u>

Estimated fair value of certain assets measured on a recurring basis at December 31, 2020, are as follows:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets administered by the Foundation	\$ 6,755,376	\$ —	\$ 6,755,376	\$ —
Beneficial interest in perpetual trusts	4,703,967	—	—	4,703,967
Equity securities (including equity mutual funds)	3,898,580	3,898,580	—	—
Debt securities (including fixed income mutual funds)	2,803,754	2,803,754	—	—
Assets administered by CGIF	<u>1,296,541</u>	<u>—</u>	<u>459,084</u>	<u>837,457</u>
Total	<u>\$ 19,458,218</u>	<u>\$ 6,702,334</u>	<u>\$ 7,214,460</u>	<u>\$ 5,541,424</u>

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE G – MINISTRY PROGRAM LOANS RECEIVABLE

Ministry program loans receivable consisted of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Notes administered by the Convention's Support Services office and held in the Convention's Church Loan Fund, those issued prior to 2016 are secured by real property, with interest rates up to 8% per annum, maturing through 2036	\$ 6,456,328	\$ 7,083,609
Notes administered by the Convention's Support Services office and held in the Convention's New Work Fund, secured by real property, with interest rates up to 8% per annum, maturing through 2037	2,599,188	2,848,952
Interest-free loans made for the purpose of disaster relief, unsecured, maturing through 2031	1,153,418	1,068,894
Interest-free loans to assist churches in Florida during the global pandemic emergency, unsecured, maturing through 2030	488,204	751,096
Interest-free loans made for the purpose of establishing new church sites, secured by real property, maturing through 2023	178,960	293,186
Other ministry program loans receivable	<u>29,168</u>	<u>39,167</u>
Total ministry program loans receivable	10,905,266	12,084,904
Less: Allowance for uncollectible loans	<u>(414,000)</u>	<u>(414,000)</u>
Net ministry program loans receivable	10,491,266	11,670,904
Less: Current maturities	<u>(1,393,978)</u>	<u>(1,190,721)</u>
Net noncurrent portion	<u>\$ 9,097,288</u>	<u>\$ 10,480,183</u>

Substantially all loans receivable consisted of loans made to Baptist churches in the state of Florida. Interest income from the interest-bearing loans is recognized in the accompanying statements of activities as revenue when received. The results of this recognition method do not materially differ from those that would be reported under the accrual method. The Convention forgave \$187,272 and \$463,025 of ministry program loans to assist churches in Florida during the global pandemic emergency during 2021 and 2020, respectively.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>Category</u>	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Land and buildings	\$ 10,949,393	\$ 10,913,812
Furniture and fixtures	3,082,104	2,632,086
Automobiles	<u>1,045,150</u>	<u>965,462</u>
Total property and equipment	15,076,647	14,511,360
Less: Accumulated depreciation	<u>(5,804,976)</u>	<u>(5,298,766)</u>
Net property and equipment	<u>\$ 9,271,671</u>	<u>\$ 9,212,594</u>

Depreciation expense was \$661,995 and \$602,565 for the years ended December 31, 2021 and 2020, respectively.

NOTE I – POSTRETIREMENT BENEFIT PLANS

The Convention provides postretirement healthcare, life insurance, and retirement gift benefits for retired employees (“the Plans”). The benefits provided from the healthcare and retirement gift plans are made available to any person who was age 50 as of December 31, 2012 or who completed 12 years of service as of December 31, 2012. The life insurance plan is made available for a closed group of retirees. The Convention funds the Plans as claims are made.

During 2021, changes in the discount rate and revisions of other estimates and assumptions resulted in a reduction in the total accrued postretirement benefit liability of \$2,086,210. During 2020, changes in the discount rate and revisions of other estimates and assumptions resulted in a reduction in the total accrued postretirement benefit liability of \$889,108.

The total accrued postretirement benefit liability of the Convention’s postretirement benefit plans as of December 31, 2021 and 2020 amounted to \$8,733,431 and \$10,819,641, respectively.

There are no plan assets for the Convention’s postretirement benefit plans, as postretirement benefits are funded by the Convention when claims are made.

Net benefits paid under each plan during 2021 and 2020 were as follows:

	<u>Healthcare Plan</u>	<u>Life Plan</u>	<u>Retirement Gift Plan</u>	<u>Total</u>
Benefits paid – 2021	<u>\$ 490,229</u>	<u>\$ 61,662</u>	<u>\$ 5,179</u>	<u>\$ 557,070</u>
Benefits paid – 2020	<u>\$ 587,302</u>	<u>\$ 57,819</u>	<u>\$ 29,717</u>	<u>\$ 674,838</u>

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I – POSTRETIREMENT BENEFIT PLANS (Continued)

The weighted-average assumptions used in developing the postretirement benefit obligations were as follows:

	<u>Healthcare Plan</u>	<u>Life Plan</u>	<u>Retirement Gift Plan</u>
Discount rate, December 31, 2021	<u>2.83%</u>	<u>2.83%</u>	<u>2.83%</u>
Discount rate, December 31, 2020	<u>2.50%</u>	<u>2.50%</u>	<u>2.50%</u>

The assumed healthcare cost trend rate for 2021 used to measure the December 31, 2021 liability was 6.80%. The ultimate trend rate of 5.00% is expected to be achieved in 2024.

A one percentage point increase in the assumed healthcare cost trend rates for each future year would increase the accumulated postretirement benefit obligation at December 31, 2021 by approximately \$1,004,000. A one percentage point decrease in the assumed healthcare cost trend rates for each future year would decrease the accumulated postretirement benefit obligation at December 31, 2021 by approximately \$857,000.

The estimated total benefits expected to be paid under all three plans during each of the next five years and in aggregate for the five years thereafter are as follows:

<u>Year Ending December 31,</u>	
2022	\$ 545,000
2023	525,000
2024	638,000
2025	642,000
2026	645,000
Next five years	<u>2,719,000</u>
Total	<u>\$ 5,714,000</u>

Because the Plans are funded as claims are made, the expected employer contribution for 2021 is \$545,000.

The amount of net periodic postretirement benefit cost recognized for 2021 and 2020 is as follows:

	<u>Healthcare Plan</u>	<u>Life Plan</u>	<u>Retirement Gift Plan</u>	<u>Total</u>
Net cost – 2021	\$ (636,601)	\$ 15,433	\$ 88,307	\$ (532,861)
Net cost – 2020	<u>\$ (305,705)</u>	<u>\$ 18,394</u>	<u>\$ 87,655</u>	<u>\$ (199,656)</u>

There were no significant non-routine events, such as combinations, divestitures, or settlements affecting the Plans during 2021 or 2020.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I – POSTRETIREMENT BENEFIT PLANS (Continued)

Following is a reconciliation of the accumulated postretirement benefit obligation (APBO):

	Healthcare Plan	Life Plan	Retirement Gift Plan	Total
APBO, January 1, 2020	\$ 10,926,293	\$ 549,635	\$ 232,821	\$ 11,708,749
Service cost	24,706	—	1,390	26,096
Interest cost	299,064	18,394	6,924	324,382
Actuarial (gain) loss	(629,431)	47,418	17,265	(564,748)
Benefits paid	<u>(587,302)</u>	<u>(57,819)</u>	<u>(29,717)</u>	<u>(674,838)</u>
APBO, December 31, 2020	10,033,330	557,628	228,683	10,819,641
Service cost	9,639	—	505	10,144
Interest cost	209,185	14,302	5,910	229,397
Actuarial (gain) loss	(1,785,202)	5,129	11,392	(1,768,681)
Benefits paid	<u>(490,229)</u>	<u>(61,662)</u>	<u>(5,179)</u>	<u>(557,070)</u>
APBO, December 31, 2021	<u>\$ 7,976,723</u>	<u>\$ 515,397</u>	<u>\$ 241,311</u>	<u>\$ 8,733,431</u>

The actuarial gain reported in the accompanying 2021 and 2020 statements of activities of \$1,768,681 and \$564,748, respectively, represents the portion of the actuarial adjustment not included in the 2021 and 2020 net periodic postretirement benefit cost.

Following are changes in amounts not yet recognized in net periodic postretirement benefit cost:

	Healthcare Plan	Life Plan	Retirement Gift Plan	Total
Prior service cost (credit), January 1, 2020	\$ (600,445)	\$ —	\$ —	\$ (600,445)
Amount recognized during 2020	<u>222,073</u>	<u>—</u>	<u>—</u>	<u>222,073</u>
Prior service cost (credit), December 31, 2020	(378,372)	—	—	(378,372)
Amount recognized during 2021	<u>189,186</u>	<u>—</u>	<u>—</u>	<u>189,186</u>
Prior service cost (credit), December 31, 2021	<u>\$ (189,186)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (189,186)</u>

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE I – POSTRETIREMENT BENEFIT PLANS (Continued)

	<u>Healthcare Plan</u>	<u>Life Plan</u>	<u>Retirement Gift Plan</u>	<u>Total</u>
Actuarial (gain) loss, January 1, 2020	\$ (621,044)	\$ 8,912	\$ 273,720	\$ (338,412)
Amount added during 2020	(629,431)	47,418	17,265	(564,748)
Amount recognized during 2020	<u>407,402</u>	<u>—</u>	<u>(79,341)</u>	<u>328,061</u>
Actuarial (gain) loss, December 31, 2020	(843,073)	56,330	211,644	(575,099)
Amount added during 2021	(1,785,202)	5,129	11,392	(1,768,681)
Amount recognized during 2021	<u>666,239</u>	<u>(1,131)</u>	<u>(81,892)</u>	<u>583,216</u>
Actuarial (gain) loss, December 31, 2021	<u>\$ (1,962,036)</u>	<u>\$ 60,328</u>	<u>\$ 141,144</u>	<u>\$ (1,760,564)</u>
Estimated amounts to be amortized during 2022:				
Prior service cost (credit)	\$ (189,186)	\$ —	\$ —	\$ (189,186)
Actuarial (gain) loss	<u>(463,890)</u>	<u>732</u>	<u>48,959</u>	<u>(414,199)</u>
Total	<u>\$ (653,076)</u>	<u>\$ 732</u>	<u>\$ 48,959</u>	<u>\$ (603,385)</u>

NOTE J – NOTES PAYABLE

The Convention has entered into a note payable agreement with a certain foundation. The proceeds are used to make loans primarily to Baptist churches located in the state of Florida for the purpose of either disaster relief or church site development. The note is unsecured, interest-free, and is payable at a repayment rate no greater than the repayment terms offered by the Convention for loans made by the Convention with the related proceeds. Subsequent to December 31, 2021, the Convention paid the note payable in full.

Paycheck Protection Program note

During 2020, the Convention obtained a Paycheck Protection Program note payable (“PPP loan”) in the amount of \$650,000. Pursuant to federal law, the PPP loan was forgiven entirely by the Small Business Administration during 2021 based on the nature of the Convention’s expenditures during an applicable period. Accordingly, the Convention recognized grant revenue of \$650,000 in the accompanying statement of activities for the year ended December 31, 2020.

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K – RESTRICTIONS ON NET ASSETS

Activity for net assets with time and/or purpose restrictions during 2021 was as follows:

	<u>Balance January 1</u>	<u>Contributions and investment income</u>	<u>Releases</u>	<u>Balance December 31</u>
Disaster relief efforts	\$ 294,784	\$ 572,085	\$ (228,681)	\$ 638,188
Other ministry activities	<u>335,618</u>	<u>252,278</u>	<u>(96,040)</u>	<u>491,856</u>
Total	<u>\$ 630,402</u>	<u>\$ 824,363</u>	<u>\$ (324,721)</u>	<u>\$ 1,130,044</u>

Activity for net assets with time and/or purpose restrictions during 2020 was as follows:

	<u>Balance January 1</u>	<u>Contributions and investment income</u>	<u>Releases</u>	<u>Balance December 31</u>
Disaster relief efforts	\$ 609,451	\$ 201,175	\$ (515,842)	\$ 294,784
Other ministry activities	<u>173,389</u>	<u>189,730</u>	<u>(27,501)</u>	<u>335,618</u>
Total	<u>\$ 782,840</u>	<u>\$ 390,905</u>	<u>\$ (543,343)</u>	<u>\$ 630,402</u>

Net assets with donor restrictions held in perpetuity consists of the following:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Southeast Regional Center (see below)	\$ 6,500,000	\$ 6,500,000
Interest in net assets of Foundation	4,896,418	4,703,967
Endowment funds held by the Foundation and others	<u>4,568,320</u>	<u>4,065,291</u>
Total net assets with donor restrictions held in perpetuity	<u>\$ 15,964,738</u>	<u>\$ 15,269,258</u>

Substantially all distributions from net assets with donor restrictions held in perpetuity are available for general operating purposes.

The following reconciles the above amounts (as of the end of each year) with the accompanying statements of financial position:

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
Net assets with time and/or purpose restrictions	\$ 1,130,044	\$ 630,402
Net assets with donor restrictions held in perpetuity	<u>15,964,738</u>	<u>15,269,258</u>
Total net assets with donor restrictions	<u>\$ 17,094,782</u>	<u>\$ 15,899,660</u>

FLORIDA BAPTIST CONVENTION, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE K – RESTRICTIONS ON NET ASSETS (Continued)

The Convention preserves the fair value of all original endowment gifts, which management deems is in compliance with state law. Accordingly, the Convention classifies as net assets with donor restrictions held in perpetuity (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment. The Convention has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The Convention seeks the advice of investment counsel, as well as management and the Board when determining amounts to be spent on supported programs.

During a prior year, a church located in south Florida executed a quit-claim deed transferring ownership of certain land and buildings to the Convention. The recorded value of the property was \$6,500,000, which was based on an independent appraisal and is included in the accompanying financial statements under the captions “property and equipment, net” and “net assets with donor restrictions.” Pursuant to the terms of the quit-claim deed, if the Convention sells the property at any time in the future, the proceeds from the sale are required to be deposited into the Convention’s Cooperative Program Endowment Fund, which is administered by the Foundation. The Convention uses this property as its Southeast Regional Center, a ministry outreach targeted at the south Florida population.

NOTE L – RETIREMENT PLAN

The Convention participates in a defined contribution retirement plan (“the Plan”) which is administered by GuideStone Financial Resources of the Southern Baptist Convention. Eligible employees include all full-time employees with at least two years of experience in a Southern Baptist church, state Baptist Convention, denominational agency, and/or related Southern Baptist agency. The Convention contributes a discretionary percentage of each employee’s salary to the Plan as determined by management and the State Board of Missions annually. During 2021 and 2020, contributions to the Plan amounted to approximately \$319,000 and \$310,000, respectively.

NOTE M – TRANSACTIONS WITH COOPERATING MINISTRIES

During 2021 and 2020, the Convention paid approximately \$987,000 and \$912,000, respectively, to Florida Baptist Children’s Homes, Inc., \$1,395,000 and \$1,320,000, respectively, to The Baptist College of Florida, Inc., and \$185,000 and \$260,000, respectively, to Lake Yale Baptist Conference Center, Inc. All such payments were made in furtherance of the Convention’s exempt purpose. These entities cooperate in ministry with the Convention. Such amounts are included in the accompanying statements of activities under the caption “Grants to Cooperating Ministries in Florida” expense.

SUPPLEMENTARY INFORMATION

FLORIDA BAPTIST CONVENTION, INC.
COOPERATIVE PROGRAM FUND
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
For The Year Ended December 31, 2021

SCHEDULE A

	<u>Budget (unaudited)</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Percent</u>	<u>Amount</u>	<u>Amount</u>	<u>Budget</u>
				<u>(unaudited)</u>
Cash receipts – gifts from churches				
Cooperative Program		<u>\$ 28,500,000</u>	<u>\$ 30,775,364</u>	<u>\$ 2,275,364</u>
Total cash receipts		<u><u>\$ 28,500,000</u></u>	<u><u>\$ 30,775,364</u></u>	<u><u>\$ 2,275,364</u></u>
Cash disbursements				
Grants to other entities				
Southern Baptist Convention	51.00%	\$ 14,535,000	\$ 15,695,436	
The Baptist College of Florida, Inc.	4.63%	1,320,000	1,320,000	
Florida Baptist Children's Homes, Inc.	3.20%	912,000	912,000	
Lake Yale Baptist Conference Center, Inc.	<u>0.56%</u>	<u>160,000</u>	<u>160,000</u>	
Total cash disbursements	59.39%	16,927,000	18,087,436	
Remaining Cooperative Program cash receipts allocated to support Convention operations				
Florida Baptist Convention State Missions	<u>40.61%</u>	<u>11,573,000</u>	<u>12,687,928</u>	
Total	<u>100.00%</u>	<u><u>\$ 28,500,000</u></u>	<u><u>\$ 30,775,364</u></u>	

FLORIDA BAPTIST CONVENTION, INC.
 AGENCY FUND
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 For The Year Ended December 31, 2021
 (Unaudited)

SCHEDULE B

<u>Gift Designations</u>	<u>Receipts</u>	<u>Disbursements</u>
North American Missions		
Annie Armstrong	\$ 2,560,177	\$ 2,560,177
Hunger	1,861	1,861
Others	156,517	156,517
International Missions		
Lottie Moon	5,395,236	5,395,236
Hunger	7,445	7,445
Others	379,414	379,414
Florida		
The Baptist College of Florida, Inc.	30,176	30,176
Florida Baptist Children's Homes, Inc.	436,013	436,013
Florida Baptist Children's Homes – Mother's Day Offering	10,357	10,357
Florida Ethics and Religious Liberty Commission	307,065	307,065
Other Florida	22,400	22,400
Other Funds	<u>46,731</u>	<u>46,731</u>
Total	<u><u>\$ 9,353,392</u></u>	<u><u>\$ 9,353,392</u></u>