BAPTIST CHILDREN'S HOME AND FAMILY SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

ATLAS CPAs & Advisors LLC

INDEX

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Baptist Children's Home and Family Services
Carmi, Illinois

We have audited the accompanying financial statements of the Baptist Children's Home and Family Services (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Baptist Children's Home and Family Services as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

ATLAS CPAs & Advisors LLC

Marion, Illinois
April 10, 2019

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2018 AND 2017

ASSETS

	2018	2017
Cash	$ 326,623	$ 132,509
Contributions receivable	94,204	64,793
Accounts receivable	50,917	44,271
Other assets	280	3,632
Contributions receivable - Bequests	565,979	-
Prepaid expenses	15,871	15,778
Investments	4,640,398	5,382,565
Land, buildings and equipment, less accumulated depreciation	1,391,897	1,458,873
Charitable gift annuity assets	27,053	35,424
Contributions receivable - Charitable gift annuity	5,036	9,864
Investments - Restricted	39,004	40,211
Perpetual trust assets	717,853	622,779
Total Assets	$ 7,875,115	$ 7,810,699

LIABILITIES AND NET ASSETS

	2018	2017
Accounts payable	$ 46,360	$ 45,969
Accrued liabilities	16,039	19,598
Estimated liability for future group medical insurance claims	27,000	31,522
Charitable gift annuity liability	59,522	61,718
Postretirement benefit obligation	1,341,766	1,692,874
Total Liabilities	1,490,687	1,851,681
Net Assets:		
Net assets without donor restrictions:		
Undesginated	245,660	(126,391)
Board designated	87,956	145,979
Quasi-endowment	5,114,067	5,124,333
Total Net Assets without Donor Restrictions	5,447,683	5,143,921
Net assets with donor restrictions	936,745	815,097
Total Net Assets	6,384,428	5,959,018
Total Liabilities and Net Assets	$ 7,875,115	$ 7,810,699

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Gifts and special offerings	$ 2,120,036	$ 138,627	$ 2,258,663	$ 2,034,324	$ 104,789	$ 2,139,113
Direct support	52,076	-	52,076	47,847	-	47,847
Bequests	680,954	-	680,954	46,770	-	46,770
Change in value of split interest agreements	(11,004)	-	(11,004)	(1,496)	-	(1,496)
Adoption fees	31,151	-	31,151	53,215	-	53,215
Counseling fees	307,740	-	307,740	230,348	-	230,348
Farm income	55,510	-	55,510	55,510	-	55,510
Grant revenue	33,902	-	33,902	39,532	-	39,532
School lunch reimbursement	24	-	24	10,273	-	10,273
Other income	5,510	-	5,510	108,640	-	108,640
Investment income (net of expenses)	151,939	3,783	155,722	164,172	3,704	167,876
Royalty income	9,322	-	9,322	6,995	-	6,995
Net unrealized and realized gains (losses) on investments	(303,992)	(4,280)	(308,272)	319,438	1,158	320,596
Unrealized gains (losses) on perpetual trusts	-	95,073	95,073	-	70,845	70,845
Gain (loss) on sale of other assets	-	-	-	2,501	-	2,501
Net assets released from restrictions:						
Satisfaction of program and supporting service restrictions	111,555	(111,555)	-	135,373	(135,373)	-
Total Revenue, Gains, and Other Support	3,244,723	121,648	3,366,371	3,253,442	45,123	3,298,565
Expenses:						
Program Services:						
Residential Care	1,261,570	-	1,261,570	1,207,628	-	1,207,628
Maternity Center	635,280	-	635,280	672,507	-	672,507
Safe Families	-	-	-	29,929	-	29,929
Latreia International	-	-	-	11,517	-	11,517
Metro-East Counseling Offices	160,013	-	160,013	160,519	-	160,519
Southeastern Illinois Counseling Offices	126,528	-	126,528	139,815	-	139,815
Central Illinois Counseling Offices	143,841	-	143,841	94,452	-	94,452
Total Program Services	2,327,232	-	2,327,232	2,316,367	-	2,316,367
Supporting Services:						
General expenses	136,466	-	136,466	139,629	-	139,629
Administration	339,656	-	339,656	348,036	-	348,036
Fund raising	451,585	-	451,585	460,528	-	460,528
Total Supporting Services	927,707	-	927,707	948,193	-	948,193
Total Expenses	3,254,939	-	3,254,939	3,264,560	-	3,264,560
Change in net assets before postretirement related change: other than net periodic postretirement benefit cost	(10,216)	121,648	111,432	(11,118)	45,123	34,005
Postretirement related changes other than net periodic postretirement benefit cost	313,978	-	313,978	141,799	-	141,799
Change in net assets	303,762	121,648	425,410	130,681	45,123	175,804
Net assets, beginning of year	5,143,921	815,097	5,959,018	5,013,240	769,974	5,783,214
Net assets, end of year	$ 5,447,683	$ 936,745	$ 6,384,428	$ 5,143,921	$ 815,097	$ 5,959,018

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services						Support Services				
	Residential Care	Maternity Adoption, and Foster Care	Metro East Counseling Center	Southeastern Illinois Counseling Center	Central Illinois Counseling Center	Subtotal	General Expenses	Administration Expenses	Fund Raising	Subtotal	Total
Salaries, contractors, and consultants	$ 581,121	$ 312,390	$ 117,018	$ 102,332	$ 112,466	$ 1,225,327	$ -	$ 216,642	$ 200,779	$ 417,421	$ 1,642,748
Payroll taxes	56,409	30,716	8,264	6,662	5,560	107,611	-	3,105	18,710	21,815	129,426
Employee retirement and insurance	257,637	123,641	7,226	7,957	10,240	406,701	51,947	78,902	76,037	206,886	613,587
Promotion	3,637	2,979	97	127	690	7,530	-	-	107,976	107,976	115,506
Travel	5,170	7,965	1,386	894	1,660	17,075	-	7,152	17,191	24,343	41,418
Operating expenses	125,918	44,906	-	-	-	170,824	-	-	-	-	170,824
Activities program	36,334	954	-	-	-	37,288	-	-	-	-	37,288
Property tax and insurance	-	-	-	-	-	-	48,516	-	-	48,516	48,516
Other insurance	25,843	14,336	6,761	3,606	3,583	54,129	8,102	4,445	5,625	18,172	72,301
Professional services	-	-	-	-	-	-	18,284	-	-	18,284	18,284
Training	-	268	-	-	-	268	-	-	-	-	268
Professional development	3,060	970	145	352	165	4,692	-	250	771	1,021	5,713
Office expenses	4,000	7,114	624	552	702	12,992	-	10,644	4,571	15,215	28,207
Rent expenses	-	-	12,000	-	4,800	16,800	-	-	-	-	16,800
Repairs and maintenance	32,773	11,579	-	-	-	44,352	-	1,821	-	1,821	46,173
License and fees	761	4,486	70	-	100	5,417	-	4,668	449	5,117	10,534
Utilities	9,621	6,730	2,400	1,332	1,845	21,928	-	5,859	1,265	7,124	29,052
Depreciation	101,163	46,815	-	-	-	147,978	100	3,719	4,362	8,181	156,159
Scholarships	-	-	-	-	-	-	3,500	-	-	3,500	3,500
Other	2,462	58	379	508	495	3,902	6,017	-	2,893	8,910	12,812
Computer expenses	13,314	8,667	3,643	2,206	1,535	29,365	-	2,449	8,681	11,130	40,495
Postretirement employee benefits	2,347	10,706	-	-	-	13,053	-	-	2,275	2,275	15,328
Total	$ 1,261,570	$ 635,280	$ 160,013	$ 126,528	$ 143,841	$ 2,327,232	$ 136,466	$ 339,656	$ 451,585	$ 927,707	$ 3,254,939

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2017

	Program Services								Support Services				
	Residential Care	Maternity Adoption, and Foster Care	Safe Families	Latreia International	Metro East Counseling Center	Southeastern Illinois Counseling Center	Central Illinois Counseling Center	Subtotal	General Expenses	Administration Expenses	Fund Raising	Subtotal	Total
Salaries, contractors, and consultants	$ 599,488	$ 299,783	$ 18,889	$ -	$ 117,005	$ 98,000	$ 68,948	$1,202,113	$ -	$ 252,379	$220,390	$472,769	$ 1,674,882
Payroll taxes	56,531	28,983	1,754	-	9,230	9,363	4,587	110,448	-	2,943	22,818	25,761	136,209
Employee retirement and insurance	207,918	129,902	6,941	-	10,003	21,621	7,700	384,085	51,154	52,512	52,199	155,865	539,950
Promotion	2,034	3,336	1,023	-	100	181	155	6,829	-	-	103,101	103,101	109,930
Travel	5,982	3,089	830	-	917	1,796	1,307	13,921	-	7,554	16,074	23,628	37,549
Operating expenses	110,350	53,310	-	-	-	-	-	163,660	-	-	-	-	163,660
Activities program	27,382	-	-	-	-	-	-	27,382	-	-	-	-	27,382
Property tax and insurance	-	-	-	-	-	-	-	-	47,581	-	-	47,581	47,581
Other insurance	22,307	10,760	113	-	4,258	4,258	2,712	44,408	8,142	3,608	7,206	18,956	63,364
Professional services	-	-	-	-	-	-	-	-	18,005	-	-	18,005	18,005
Latreia International Orphanage Support	-	-	-	11,517	-	-	-	11,517	-	-	-	-	11,517
Training	-	770	-	-	-	-	-	770	-	-	-	-	770
Professional development	3,196	525	-	-	220	213	285	4,439	-	3,134	1,038	4,172	8,611
Office expenses	4,664	7,579	118	-	948	1,237	989	15,535	-	12,029	4,315	16,344	31,879
Rent expenses	-	-	-	-	12,000	-	4,800	16,800	-	-	-	-	16,800
Repairs and maintenance	30,212	17,575	-	-	-	-	-	47,787	-	1,352	-	1,352	49,139
License and fees	2,817	9,895	-	-	473	123	233	13,541	-	594	560	1,154	14,695
Utilities	10,931	6,182	261	-	2,429	1,398	1,161	22,362	-	6,654	1,524	8,178	30,540
Depreciation	102,779	42,140	-	-	-	-	-	144,919	100	3,687	7,087	10,874	155,793
Scholarships	-	-	-	-	-	-	-	-	3,000	-	-	3,000	3,000
Other	2,598	565	-	-	185	353	810	4,511	11,647	-	3,293	14,940	19,451
Computer expenses	6,471	3,737	-	-	2,751	1,272	765	14,996	-	1,590	9,383	10,973	25,969
Postretirement employee benefits	11,968	54,376	-	-	-	-	-	66,344	-	-	11,540	11,540	77,884
Total	$1,207,628	$ 672,507	$ 29,929	$ 11,517	$ 160,519	$ 139,815	$ 94,452	$2,316,367	$139,629	$ 348,036	$460,528	$948,193	$ 3,264,560

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash Flows from Operating Activities:		
Cash received from contributors	$ 2,142,526	$ 2,061,520
Cash received from services	499,293	334,336
Cash received from cost recovery	87,096	102,974
Cash received from farm rental	55,510	55,510
Cash received from school lunch reimbursement	24	10,273
Cash received from miscellaneous receipts	39,412	148,172
Interest and royalties received	165,044	174,872
Cash paid for program services	(2,206,745)	(2,186,984)
Cash paid for supporting services	(936,946)	(957,155)
Net Cash Provided (Used) by Operating Activities	$ (154,786)	$ (256,482)
Cash Flows from Investing Activities:		
Proceeds from the sale of investments	$ 2,111,471	$ 944,843
Purchase of investments	(1,673,387)	(630,145)
Proceeds from the sale of assets	-	2,501
Purchase of equipment and capital improvements	(89,184)	(105,467)
Net Cash Provided (Used) by Investing Activities	$ 348,900	$ 211,732
Net increase (decrease) in cash and cash equivalents	$ 194,114	$ (44,750)
Cash and cash equivalents at beginning of year	132,509	177,259
Cash and cash equivalents at end of year	$ 326,623	$ 132,509
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	$ 425,410	$ 175,804
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	156,160	155,793
Net unrealized and realized (gains) losses on investments	308,272	(320,596)
Net unrealized and realized (gains) losses on split-interest agreements	11,003	1,497
Net unrealized and realized (gains) losses on perpetual trusts	(95,074)	(70,844)
(Gains) losses on sale of assets	-	(2,501)
Donated assets	370	(3,382)
(Increase) decrease in accounts receivable	(6,647)	3,117
(Increase) decrease in prepaid expenses	(93)	(10,877)
(Increase) decrease in contributions receivable	(29,411)	(18,009)
(Increase) decrease in contributions receivable - bequests	(565,979)	-
Increase (decrease) in accounts payable	392	(3,245)
Increase (decrease) in accrued liabilities	(3,559)	(6,841)
Increase (decrease) in deferred revenue	-	(191)
Increase (decrease) in postretirement benefit liability	(351,108)	(151,599)
Increase (decrease) in estimated liability for future group medical insurance claims	(4,522)	(4,608)
Net Cash Provided (Used) by Operating Activities	$ (154,786)	$ (256,482)

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

1. NATURE AND PURPOSE OF OPERATIONS

Nature and purpose of operations. Baptist Children's Home and Family Services, a ministry affiliated with the Illinois Baptist State Association since 1918, provides Christ-centered services that protect, heal and restore children and families in crisis.

The Organization provides care to over 1,900 children and adults annually across Illinois. Abused, neglected and troubled teenagers are served at Baptist Children's Home in Carmi, Illinois; women experiencing a crisis pregnancy are cared for at Angel's Cove in Mount Vernon, Illinois; infants and older children are cared for in adoptive homes and foster homes across Illinois; and children and adults receive outpatient counseling services through Pathways Counseling offices in Swansea, Edwardsville, Wood River, Carlinville, Litchfield, Vandalia, Salem, Harrisburg, Chatham, Effingham, Benton, Pana and Carmi, Illinois.

The Organization's primary funding sources are contributions from churches, individuals, and estate gifts. The services are marketed throughout the state.

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (Code), and is not a private foundation under Section 509(a) of the Code.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of presentation. These financial statements are intended to present the financial position, results of operations and cash flows of the Organization in conformity with accounting principles generally accepted in the United States of America.

b. Use of estimates. The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

c. Cash and cash equivalents. Cash and cash equivalents include cash on hand and deposits in banks. Cash equivalents also include, when applicable, short-term highly liquid securities that are both readily convertible to cash and have an original maturity of three months or less. The Organization maintains cash and cash equivalents in financial institutions which may, at times, exceed federally insured limits. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

d. Investments. Investments consist of funds placed with the Baptist Foundation of Illinois and the Southern Baptist Foundation (Pooled Funds) and are stated at fair value. Funds deposited in the Pooled Funds are invested in money market funds, equities, government bonds, and corporate bonds. The Pooled Funds allocate all interest and dividend income and unrealized gain or loss to the participant's deposit in the pool. Interest and dividend income and the realized and unrealized gain or loss on investments are reported in the statement of activities as unrestricted investment income unless a donor or law restricts its use temporarily or permanently. Donated investments are recorded at fair value on the date of donation and thereafter carried in accordance with the above provisions.

e. Fixed assets and depreciation. The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. Purchased fixed assets of $2,000 or greater with a life expectancy of three or more years are carried at cost. Depreciation is computed using the straight-line method over the assets' estimated useful lives.

f. Split-Interest agreements. Baptist Children's Home and Family Services is the beneficiary of charitable gift annuities under which the assets funding the agreements were transferred to the Organization. Under these agreements, the Organization is to pay fixed amounts for specified periods of time to the donors. The assets received are recorded at fair market value in the financial statements. The annuity liabilities are recorded at the present value of expected future cash flows to be paid to the annuity beneficiaries. Discount rates used in calculating the present values of the annuity liabilities range from 3.2% to 6.8%, as established by the IRS. Present value calculations on some annuities are based upon single life expectancy, while others are based upon double life expectancy.

   The Organization is the beneficiary of charitable gift annuities under which a third party maintains control of the donated assets. Under these agreements, the Organization will receive their portion of the donated assets upon the donor's death. A receivable has been recorded, at the present value of the estimated future distributions, in the financial statements. The discount rates used in calculating the present value range from 1.4% to 2.0%, as established by the IRS. The present value calculation is based upon double life expectancy.

g. Beneficial interest in perpetual trusts. The Organization is the beneficiary of perpetual trusts held by third parties under which income is received for unrestricted use. As of December 31, 2018 and 2017, the Organization's beneficial interest in perpetual trust assets was $717,853 and $622,779, respectively.

h. Sick and vacation pay. The Organization's policy is to recognize the cost of compensated absences when the employees are actually paid. Employees of the Baptist Children's Home and Family Services are entitled to paid sick days, which may accumulate up to 90 days. There is no vesting in accumulated sick pay. Employees are also entitled to paid vacation, depending on length of service. Employees are encouraged to take vacations within the calendar year. However, when work load prohibits the taking of vacation, it may be carried over with manager approval. An employee may not be paid for unused vacation time.

i. Health care contingency. The Organization maintains a self-insurance program for its employees' health care costs. The Organization is liable for annual losses on claims up to $25,000 per individual. The Organization has third-party insurance coverage for any annual losses in excess of such amounts. Self-insurance costs are accrued based on claims reported as of the statement of financial position date as well as an estimated liability for claims incurred but not reported. The total accrued liability for self-insurance costs were $27,000 and $31,522 as of December 31, 2018 and 2017, respectively.

j. Classes of net assets. The Board of Trustees reports information regarding its financial position and activities according to the following classes of net assets:

   Net assets without donor restrictions are currently available at the discretion of the Organization's Board for use in operations, those designated for specific purposes based on the actions of the Organization's Board, including funds held for quasi-endowment.

   Net assets with donor restrictions are those contributed with donor stipulations for specific operating purposes or programs, or those with time restrictions and those which represent permanent endowments and perpetual trusts where it is stipulated by donors that the principal remain in perpetuity and only the income is available as unrestricted or temporarily restricted, as per endowment agreements.

k. Revenues and expenses. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. Gifts and special offerings are considered to be available for unrestricted use unless specifically restricted by the donor. When a donor restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

   Volunteers have donated significant amounts of time in specific programs and solicitations. However, no amounts for these donated services have been reflected in the financial statements because these donations do not meet the criteria for recognition under accounting principles generally accepted in the United States of America.

   Unconditional promises to give are recognized as revenue or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

   All other revenue is recorded when earned.

   Expenses are recorded when incurred. The costs of providing various program and supporting services have been presented on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.

2. CURRENT ASSETS AND CURRENT LIABILITIES

The following is a summary of those assets and liabilities expected to be available for operations or to mature within one year of December 31:

	2018	2017
Current Assets:		
Cash	$ 326,623	$ 132,509
Accounts receivable	50,917	44,271
Contributions receivable	94,204	64,793
Contributions receivable - bequests	565,979	-
Investments	442,400	474,000
Charitable gift annuity assets	9,039	9,039
Prepaid expenses	15,871	15,778
Other assets	280	3,632
Total Current Assets	$ 1,505,313	$ 744,022
Current Liabilities		
Accounts payable	$ 46,360	$ 45,969
Accrued liabilities	16,039	19,598
Estimated liability for future group medical insurance clairr	27,000	31,522
Charitable gift annuity liability	9,039	9,039
Deferred revenue	-	-
Postretirement benefit obligation	75,323	92,807
Total Current Liabilities	$ 173,761	$ 198,935
Excess of Current Assets over Current Liabilities	$ 1,331,552	$ 545,087

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, are made up of the following:

Cash	$ 326,623
Accounts receivable	50,917
Contributions receivable	94,204
Contributions receivable - bequests	565,979
Investments	442,400
Charitable gift annuity assets	9,039
Total	$ 1,489,162

The Organization's endowment funds consist of donor-restricted endowments and a quasi-endowment. Income from donor-restricted endowments is restricted for specific purpose and, therefore, is not available for general expenditures. The Organization has a quasi-endowment fund of $5,114,067. Although the Organization does not intend to spend from its quasi-endowment fund other than amounts appropriated for general expenditures as part of its annual budget approval and appropriation process, amounts from its quasi-endowment could be made available if necessary.

4. INVESTMENTS

Investments consist of the following at December 31:

	2018	2017
Baptist Foundation of Illinois		
Money market accounts	$ 23,370	$ 51,504
Equities	17,464	39,995
Corporate bonds	31,627	44,711
Municipal bonds	1,186,781	1,188,751
	$ 1,259,242	$ 1,324,961
Southern Baptist Foundation		
Money market accounts	$ 168,024	$ 32,825
Balanced fund	27,879	28,613
Equity fund	1,849,713	1,366,553
Flexible income fund	803,428	1,737,819
Income fund	571,116	932,005
	$ 3,420,160	$ 4,097,815
Total	$ 4,679,402	$ 5,422,776

Investments are held for the following purposes at December 31:

	2018			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	$ 3,184,306	$ 3,237,503	$ 53,197	$ -
Quasi-Endowment Fund invested through Baptist Foundation of Illinois	1,240,477	1,259,242	18,765	-
Donor Restricted Fund	99,874	93,495	-	6,379
Operations Reserve	50,158	50,158	-	-
Total Investments	$ 4,574,815	$ 4,640,398	$ 71,962	$ 6,379

	2018			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments - Restricted:				
Williams Scholarship Fund	$ 36,213	$ 31,913	$ -	$ 4,300
Heaton Education Fund	8,046	7,091	-	955
Total Investments - Restricted	$ 44,259	$ 39,004	$ -	$ 5,255

	2017			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	$ 3,703,863	$ 3,937,089	$ 233,226	$ -
Quasi-Endowment Fund invested through Baptist Foundation of Illinois	1,252,696	1,324,961	72,265	-
Donor Restricted Fund	98,662	95,357	-	3,305
Operations Reserve	25,158	25,158	-	-
Total Investments	$ 5,080,379	$ 5,382,565	$ 305,491	$ 3,305

	2017			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments - Restricted:				
Williams Scholarship Fund	$ 36,213	$ 32,901	$ -	$ 3,312
Heaton Education Fund	8,046	7,310	-	736
Total Investments - Restricted	$ 44,259	$ 40,211	$ -	$ 4,048

The following schedule summarizes the investment return and its classification in the statement of activities for the year ended December 31:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 151,939	$ 3,783	$ 155,722
Net realized and unrealized gains (losses)	(303,992)	(4,280)	(308,272)
Royalty income	9,322	-	9,322
Total Investment Return	$ (142,731)	$ (497)	$ (143,228)

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 164,172	$ 3,704	$ 167,876
Net realized and unrealized gains (losses)	319,438	1,158	320,596
Royalty income	6,995	-	6,995
Total Investment Return	$ 490,605	$ 4,862	$ 495,467

5. LAND, BUILDINGS AND EQUIPMENT

Fixed assets and accumulated depreciation are summarized as follows at December 31:

	2018	2017
Land	$ 55,465	$ 55,465
Buildings and improvements	3,475,750	3,475,750
Equipment and furniture	1,078,364	989,179
Total	$ 4,609,579	$ 4,520,394
Accumulated depreciation	3,217,682	3,061,521
Land, Buildings and Equipment - Net	$ 1,391,897	$ 1,458,873

Depreciation expense for the year ended December 31, 2018 and 2017 was $ and $, respectively.

6. LEASE OBLIGATION

The Organization is the lessee of office equipment and software under operating leases expiring in years through 2019.

Minimum future rental payments under the non-cancelable operating lease are:

2019	$ 828
Total minimum future rental payments	$ 828

Lease expense totaled $3,336 for each of the years ending December 31, 2018 and 2017.

7. LEASED PROPERTY

The Organization leases 432 acres of farmland and agricultural buildings to a tenant under a lease which expires in 2020. At December 31, 2018 and 2017, the leased property was carried at a cost of $86,277, with accumulated depreciation of $76,707 and $76,607, respectively. Rent is recorded as income over the term of the lease. The following is the minimum future rental of the agricultural land and buildings under non-cancellable leases for the year ending December 31:

2019	$ 55,510
2020	55,510

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2018 and 2017 are restricted to:

	2018	2017
Maternity Center operations	$ 48,411	$ 31,858
Scholarships	70,831	72,886
Various donor restrictions	60,646	47,363
Investments held in perpetuity, the income from which is expendable to grant scholarships	39,004	40,212
Investments held in perpetual trusts, the income from which is expendable for general operations	717,853	622,779
Total	$ 936,745	$ 815,098

9. RELEASE OF NET ASSETS WITH DONOR RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	2018	2017
Residential care	$ 38,892	$ 24,742
Maternity Center operations	69,163	94,097
Pathways	-	1,417
Scholarships	3,500	3,000
Latreia program	-	11,517
Fundraising	-	600
Satisfaction of program and supporting service restrictions	$ 111,555	$ 135,373

10. RETIREMENT PROGRAM

The Organization maintains a retirement program with GuideStone Financial Resources of the Southern Baptist Convention. The plan covers all employees who are regularly scheduled to work at least 1,500 hours annually. Contributions to the plan are based upon years of service to the Organization. The contributions for the years ended December 31, 2018 and 2017 were $105,296 and $118,529, respectively.

11. CONTRIBUTIONS RECEIVABLE

Contributions receivable includes December 31, 2018 and 2017 contributions received in January, 2019 and 2018, respectively.

12. POSTRETIREMENT BENEFITS

The Organization has a policy regarding postretirement health care benefits, postretirement life insurance, and postretirement gifts at the expense of the Organization. FASB ASC 715-60 requires a reconciliation of the funded status of the plan. The December 31, 2018 and December 31, 2017 reconciliations are as follows:

	2018	2017
Accumulated postretirement benefit obligation	$ 1,341,766	$ 1,692,874
Plan assets at fair value	-	-
Funded status	$ 1,341,766	$ 1,692,874
Unrecognized prior service cost	-	-
Unrecognized net gain or (loss)	647,374	333,396
Unrecognized transition (obligation) or asset at date of initial application	-	-
Accrued/(prepaid) postretirement benefit/cost	$ 1,989,140	$ 2,026,270
Other comprehensive income recognized	(647,374)	(333,396)
Net recognized cost	$ 1,341,766	$ 1,692,874

The accumulated postretirement benefit obligation (APBO) is the actuarial present value of all benefits attributed to service rendered prior to the valuation date, using a linear proration based on service rendered to date compared to service rendered to decrement, capped at full eligibility. It is calculated based on the projected unit cost method.

The fair value of the plan assets represents the market value of assets.

Prior service cost is the cost of retroactive benefits granted in a plan amendment. The unrecognized prior service cost is the portion of prior service cost that has not been recognized as a part of net periodic postretirement benefit cost. Amortization of the unrecognized prior service cost is required and shall be the unrecognized prior service cost divided by the average remaining service to full eligibility of the active participants who have not reached full eligibility and are expected to receive benefits under the plan.

Gains and losses are changes in the amount of either the APBO or plan assets resulting from experiences different from that assumed and from changes in assumptions. The unrecognized net gain or loss is the cumulative net gain or loss that has not been recognized as a part of net periodic postretirement benefit cost. Amortization of an unrecognized net gain or loss is included as a component of net periodic postretirement benefit cost for a year if, as of the beginning of the year, that unrecognized net gain or loss exceeds 10 percent of the greater of the APBO or the plan assets at fair value. If amortization is required, the amortization shall be that excess divided by the average remaining service period of active participants expected to receive benefits under the plan.

The unrecognized transition obligation is that portion of the transition obligation or asset that has not been recognized either immediately or an a delayed basis as a part of net periodic postretirement cost, as an offset to certain gains, or as a part of accounting for the effects of a settlement or curtailment.

The transition obligation or asset at the date of initial application of SFAS No. 106 was calculated as the APBO minus the fair value of plan assets minus any accrued or prepaid postretirement benefit cost as of that time.

Since there are no plan assets currently being set aside exclusively for postretirement benefits other than pensions, benefits actually paid on behalf of retired participants can be considered the only contributions, which are paid on a pay-as-you-go basis.

The current liability is used principally to designate obligations whose liquidation is reasonably expected to require the use of existing resources properly classifiable as current assets, or the creation of other current liabilities. This classification is intended to include debts which arise from operations directly related to the operating cycle, such as accruals for wages, etc. The current liability classification is also intended to include obligations for items that are generally due on demand or will be due within one year from the balance sheet date (or during the operating cycle, if longer), even though liquidation may not be expected within that period. For purposes of postretirement benefit obligations, this usually consists of those benefits that are expected to be paid during the operating cycle.

The change in the post-retirement benefit obligation consists of the following at December 31, 2018:

December 31, 2017 accumulated postretirement benefit obligation	$ 1,692,874
+ Service cost for 2018	11,869
+ Interest cost for 2018	56,397
- Benefits paid for 2018	(52,458)
- Change in discount rate assumption	(130,615)
- Change in other economic assumptions	(29,356)
- Change in demographic assumptions	(15,820)
- Actuarial gain	(191,125)
December 31, 2018 Accumulated Postretirement Benefit Obligation	$ 1,341,766

Note that the discount rate gain of not quite $131,000 was the result of the rate increasing from 3.40% to 4.05%, along with the change in the discount rate curve that raised it further to 4.17%. The other economic assumption gain of a little over $29,000 was due to updating the health care cost trend rates, while the demographic assumption gain of just under $16,000 was due to the change in the mortality improvement projection basis to a modified MP-2018-GFR scale and the extension of the retirement rates table. Also, the actuarial gain of about $191,000 (just under 11.3%) was due to updated premium applications (including a more precise refinement for Medicare Supplement premiums), and significant favorable demographic experience (including two retiree deaths).

Change in Plan Assets for 2018:	
December 31, 2017 plan assets at fair value	$ -
+ Contributions for 2018	52,458
- Benefits paid for 2018	(52,458)
+ Actual return on assets for 2018	-
December 31, 2018 Plan Assets at Fair Value	$ -

Change in Accrued Postretirement Benefit Cost for 2018:	
December 31, 2017 (accrued)/prepaid postirement benefit cost	$ (2,026,270)
- Net periodic postretirement benefit cost for 2018	(15,328)
+ Benefits paid/contributions for 2018	52,458
December 31, 2018 (Accrued)/Prepaid Postirement Benefit Cost	$ (1,989,140)

Change in Accumulated Other Comprehensive Income for 2018:	
December 31, 2017 accumulated other comprehensive income	$ 333,396
- Gain recognized by 2018 NPPBC	(52,938)
+ New unrecognized gain	366,916
December 31, 2018 Accumulated Other Compreshensive Income	$ 647,374

Change in Net Recognized Cost for 2018:	
December 31, 2017 net recognized cost	$ (1,692,874)
- Net periodic postretirement benefit cost for 2018	(15,328)
+ Benefits paid/contributions for 2018	52,458
+ Other comprehensive income recognized during 2018	313,978
December 31, 2018 Net Recognized Cost	$ (1,341,766)

The net periodic postretirement benefit costs are broken into six separate components. The 2018 and 2017 net periodic postretirement benefit cost and the assumptions utilized in making the calculations are shown below:

	2018	Projected 2019
Service cost	$ 11,869	$ 11,767
Interest cost	56,397	54,888
Expected return on plan assets	-	-
Amortization of unrecognized prior service cost	-	-
(Gain) or loss to the extent recognized	(52,938)	(155,514)
Amortization of unrecognized transition obligation or (asset) at the date of initial application	-	-
Total Net Periodic Postretirement Benefit Cost	$ 15,328	$ (88,859)

The service cost is the actuarial present value of the benefits attributed to service during the fiscal year. It is what is customarily referred to as the normal cost, and is calculated according to the projected unit cost method.

The interest cost represents the increase in the APBO due to the passage of time.

The expected return on plan assets is based on the fair value of plan assets and takes into account contributions and benefit payments.

Disclosure Assumptions:	2018	2017
Discount rate	4.17%	3.40%
Salary scale	3.00%	3.00%
Expected long-term health care cost increase		
Initial rate		
- Pre-65 (Medical/Rx)	7.10%/7.50%	7.70%/10.30%
- Post-65 (Medical/Rx)	3.20%/6.90%	3.60%/7.50%
Ultimate rate		
- Pre-65 (Medical/Rx)	4.75%/5.25%	4.75%/5.25%
- Post-65 (Medical/Rx)	3.20%/5.25%	3.60%/5.25%
Time to ultimate rate	8 years	8 years
Weighted average remaining service - active participants	3.3 years	3.1 years
Mortaility basis	RP-2014 Total Dataset (generational projection using MP-2018-GFR)	RP-2014 Total Dataset (generational projection using MP-2017-GFR)

Information About Employer's Obligation as of December 31, 2018:	
Accumulated postretirement benefit obligation for inactive participants	$ 627,454
Accumulated postretirement benefit obligation for active fully eligible participants	539,775
Accumulated postretirement benefit obligation for active participants other than active fully eligible participants	174,537
Plan assets at fair value	-
Accumulated Postretirement Benefit Obligation	$ 1,341,766

Projected benefit payments for each of the next five years and for the five years following December 31, 2022, in the aggregate, are as follows:

Fiscal Year	Expected Benefit Payments
2019	$ 75,323
2020	80,616
2021	80,512
2022	79,867
2023	81,818
2024 - 2028	418,250

13. FAIR VALUE MEASUREMENTS

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable.

Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market- corroborated inputs.
Level 3 – Unobservable inputs for the asset. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk or liquidity profile of the asset. The following list presents assets measured at fair value on a recurring basis at December 31, 2018 and 2017:

Cash and Cash Equivalents – The estimated fair value of cash and short-term obligations approximates carrying value because of the short maturity of those instruments.

Accounts Receivable – The carrying amount of accounts receivable in the balance sheet approximates fair value.

Investments – The Organization uses Net Asset Value (NAV) to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value, and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. The Organization's investments consist of two pooled funds that calculate NAV per share (or its equivalent) and use an investment strategy that includes long and short-term strategies. Underlying investments of the pooled funds include money market funds, equities, government bonds, and corporate bonds. These investments are reported at estimated fair value as measured by their net asset value as reported by the fund managers (Baptist Foundation of Illinois and Southern Baptist Foundation). The amount represents the Organization's proportionate interest in the capital of the invested funds. These funds have no lockup restrictions and are normally redeemable upon notice. There are no unfunded commitments and no redemption restrictions in place at year end. The Organization's investment in these funds were $4,679,402 and $5,422,776 as of December 31, 2018 and 2017, respectively. These funds are excluded from the fair value hierarchy because they are measured at NAV.

Perpetual Trust Assets – The fair value of perpetual trust assets is determined by calculating the Organization's portion of the current investment fair value, which is Level 2 of the fair value hierarchy.

There have been no changes in the methodologies used during the years ended December 31, 2018 and 2017.

14. CONTRIBUTED FACILITIES

During the year ended December 31, 2018 and 2017, the Organization maintained counseling offices in various locations throughout the State of Illinois. The use of this office space was donated by various churches or associations. Contribution revenue of $16,800 and rent expense of $16,800 have been recorded in the financial statements as a result of these transactions for each of the years ended December 31, 2018 and 2017, respectively.

15. ENDOWMENT FUNDS

The Organization's endowment consists of two donor funds restricted for scholarships and quasi-endowment funds. Its endowment includes both donor restricted endowment funds and funds designated by the Board of Trustees to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Trustees of the Organization has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making the determination to appropriate or accumulate donor restricted endowment funds:

a. The duration and preservation of the fund
b. The purposes of the Organization and the donor restricted endowment fund
c. General economic conditions
d. The possible effect of inflation and deflation
e. The expected total return from income and the appreciation of investments
f. Other resources of the Organization
g. The investment policies of the Organization

Endowment net asset composition by type of funds as of December 31, 2018:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 39,004	$ 39,004
Board designated funds	5,114,067	$ -	$ 5,114,067
Total funds	$ 5,114,067	$ 39,004	$ 5,153,071

Change in endowment net assets for the year ended December 31, 2018:

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,124,333	$ 40,211	$ 5,164,544
Investment return:			
Investment income	$ 155,087	$ 1,241	$ 156,328
Net losses (realized and unrealized)	(303,625)	(1,207)	(304,832)
Total investment return	$ (148,538)	$ 34	$ (148,504)
Contributions	810,129	-	810,129
Amounts appropriated for expenditure	(671,857)	(1,241)	(673,098)
	$ (10,266)	$ (1,207)	$ (11,473)
Endowment net assets, end of year	$ 5,114,067	$ 39,004	$ 5,153,071

Endowment net asset composition by type of funds as of December 31, 2017:

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 40,211	$ 40,211
Board designated funds	5,124,333	-	5,124,333
Total funds	$ 5,124,333	$ 40,211	$ 5,164,544

Change in endowment net assets for the year ended December 31, 2017:

	2017		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,013,866	$ 40,530	$ 5,054,396
Investment return:			
Investment income	$ 164,074	$ 1,261	$ 165,335
Net losses (realized and unrealized)	319,569	(319)	319,250
Total investment return	$ 483,643	$ 942	$ 484,585
Contributions	46,770	-	46,770
Amounts appropriated for expenditure	(419,946)	(1,261)	(421,207)
	$ 110,467	$ (319)	$ 110,148
Endowment net assets, end of year	$ 5,124,333	$ 40,211	$ 5,164,544

Funds with Deficiencies:
From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or SPMIFA requires the Organization to retain as a fund of perpetual duration. There were no deficiencies as of December 31, 2018 and 2017.

Return Objectives and Risk Parameters:
The Organization 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 Organization must hold in perpetuity as well as the quasi-endowment fund. The Organization expects its endowment funds, over time, to provide an average rate of return between 5% and 9% annually. 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 Organization 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 Organization targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to the Spending Policy:
The Organization has a policy of appropriating the distribution each year the interest income on the donor restricted funds and an annually approved amount for the quasi-endowment fund.

16. SUBSEQUENT EVENTS

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