

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

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Marion
2602 W DeYoung St
Marion, IL 62959

It's about time.

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, 2019 and 2018 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, 2019 and 2018, 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 PLLC

Marion, Illinois
June 25, 2020



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BAPTIST CHILDREN'S HOME AND FAMILY SERVICES

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash	\$ 125,013	\$ 326,623
Contributions receivable	204,056	94,204
Accounts receivable	54,078	50,917
Other assets	224	280
Contributions receivable - Bequests	166,000	565,979
Prepaid expenses	43,752	15,871
Investments – Without designation	5,560,959	4,640,398
Land, buildings and equipment, less accumulated depreciation	1,399,702	1,391,897
Charitable gift annuity assets	23,656	27,053
Contributions receivable – Charitable gift annuity	6,093	5,036
Investments – Designated	40,056	39,004
Perpetual trust assets	<u>811,977</u>	<u>717,853</u>
Total Assets	<u>\$ 8,435,566</u>	<u>\$ 7,875,115</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 57,672	\$ 46,360
Accrued liabilities	15,210	16,039
Estimated liability for future group medical insurance claims	30,365	27,000
Charitable gift annuity liability	57,324	59,522
Postretirement benefit obligation	<u>1,354,192</u>	<u>1,341,766</u>
Total Liabilities	<u>1,514,763</u>	<u>1,490,688</u>
Net Assets:		
Net assets without donor restrictions:		
Undesignated	131,288	245,660
Board designated	341,638	87,956
Quasi-endowment	<u>5,415,859</u>	<u>5,114,067</u>
Total Net Assets without Donor Restrictions	5,888,785	5,447,683
Net assets with donor restrictions	<u>1,032,018</u>	<u>936,745</u>
Total Net Assets	<u>6,920,803</u>	<u>6,384,428</u>
Total Liabilities and Net Assets	<u>\$ 8,435,566</u>	<u>\$ 7,875,116</u>

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, 2019 AND 2018**

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Gifts and special offerings	\$ 2,219,142	\$ 58,635	\$ 2,277,777	\$ 2,120,036	\$ 138,627	\$ 2,258,663
Direct support	86,331	-	86,331	52,076	-	52,076
Bequests	93,204	-	93,204	680,954	-	680,954
Change in value of split interest agreements	(142)	-	(142)	(11,004)	-	(11,004)
Adoption fees	46,350	-	46,350	31,151	-	31,151
Counseling fees	283,967	-	283,967	307,740	-	307,740
Farm income	55,510	-	55,510	55,510	-	55,510
Grant revenue	38,806	-	38,806	33,902	-	33,902
School lunch reimbursement	-	-	-	24	-	24
Other income	6,501	-	6,501	5,510	-	5,510
Investment income (net of expenses)	149,260	4,029	153,289	151,939	3,783	155,722
Royalty income	29,665	-	29,665	9,322	-	9,322
Net unrealized and realized gains (losses) on investments	654,119	6,676	660,795	(303,992)	(4,280)	(308,272)
Unrealized gains (losses) on perpetual trusts	-	94,124	94,124	-	95,073	95,073
Gain on sale of other assets	11,326	-	11,326	-	-	-
Net assets released from restrictions:						
Satisfaction of program and supporting service restrictions	68,191	(68,191)	-	111,555	(111,555)	-
Total Revenue, Gains, and Other Support	3,742,230	95,273	3,837,504	3,244,723	121,648	3,366,371
Expenses:						
Program Services:						
Residential Care	1,272,069	-	1,272,069	1,261,570	-	1,261,570
Maternity Center	504,132	-	504,132	635,280	-	635,280
Metro-East Counseling Offices	135,809	-	135,809	160,013	-	160,013
Crisis Pregnancy Center	3,397	-	3,397	-	-	-
Southeastern Illinois Counseling Offices	134,732	-	134,732	126,528	-	126,528
Central Illinois Counseling Offices	165,655	-	165,655	143,841	-	143,841
Total Program Services	2,215,794	-	2,215,794	2,327,232	-	2,327,232
Supporting Services:						
General expenses	141,673	-	141,673	136,466	-	136,466
Administration	360,576	-	360,576	339,656	-	339,656
Fund raising	406,373	-	406,373	451,585	-	451,585
Total Supporting Services	908,622	-	908,622	927,707	-	927,707
Total Expenses	3,124,416	-	3,124,416	3,254,939	-	3,254,939
Change in net assets before postretirement related change other than net periodic postretirement benefit cost	617,814	95,273	713,087	(10,216)	121,648	111,432
Postretirement related changes other than net periodic postretirement benefit cost	(176,712)	-	(176,712)	313,978	-	313,978
Change in net assets	441,102	95,273	536,375	303,762	121,648	425,410
Net assets, beginning of year	5,447,683	936,745	6,384,428	5,143,921	815,097	5,959,018
Net assets, end of year	\$ 5,888,785	\$ 1,032,018	\$ 6,920,803	\$ 5,447,683	\$ 936,745	\$ 6,384,428

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, 2019**

	Program Services						Support Services					Total
	Residential Care	Maternity Adoption, and Foster Care	Crisis Pregnancy Center	Metro East Counseling Center	Southeastern Illinois Counseling Center	Central Illinois Counseling Center	Subtotal	General Expenses	Administra- tion Expenses	Fund Raising	Subtotal	
Salaries, contractors, and consultants	\$ 649,908	\$ 308,160	\$ -	\$ 95,428	\$ 101,861	\$ 135,685	\$ 1,291,042	\$ -	\$ 242,624	\$ 212,376	\$ 455,000	\$ 1,746,042
Payroll taxes	60,353	29,711	-	6,704	5,985	5,906	108,659	-	2,743	29,054	31,797	140,456
Employee retirement and insurance	214,075	55,038	-	5,316	15,352	6,507	296,288	53,896	62,942	47,162	164,001	460,289
Promotion	4,276	3,623	-	173	308	560	8,939	-	-	85,474	85,474	94,413
Travel	6,122	5,114	1,713	1,662	1,587	3,753	19,951	-	6,963	17,342	24,305	44,257
Operating expenses	136,874	47,914	-	-	1,607	-	186,395	-	-	-	-	186,395
Activites program	16,972	-	-	-	-	-	16,972	-	-	-	-	16,972
Property tax and insurance	-	-	-	-	-	-	-	50,698	-	-	50,698	50,698
Other insurance	26,542	12,867	-	6,236	3,219	2,766	51,630	8,370	4,562	6,104	19,036	70,666
Professional services	-	-	-	-	-	-	-	18,850	-	-	18,850	18,850
Training	-	517	-	-	-	-	517	-	-	-	-	517
Professional development	6,339	3,307	-	883	-	230	10,759	-	1,534	1,611	3,145	13,904
Office expenses	6,110	15,144	584	627	695	625	23,785	-	15,513	5,357	20,870	44,655
Rent expenses	-	-	-	12,000	-	4,800	16,800	-	-	-	-	16,800
Repairs and maintenance	30,720	9,991	-	-	-	-	40,711	-	1,592	-	1,592	42,303
License and fees	2,014	753	1,101	123	70	188	4,249	-	7,585	4,006	11,591	15,840
Utilities	11,073	7,516	-	2,400	1,287	2,582	24,858	-	6,865	1,139	8,005	32,863
Depreciation	104,379	46,343	-	-	-	-	150,722	100	3,687	4,137	7,924	158,646
Scholarships	-	-	-	-	-	-	-	3,000	-	-	3,000	3,000
Other	1,348	112	-	449	449	450	2,808	6,758	-	3,500	10,258	13,066
Computer expenses	14,823	7,779	-	3,808	2,312	1,603	30,325	-	3,966	8,354	12,320	42,645
Postretirement employee benefits	(19,859)	(49,757)	-	-	-	-	(69,616)	-	-	(19,243)	(19,243)	(88,859)
Total	\$ 1,272,069	\$ 504,132	\$ 3,397	\$ 135,809	\$ 134,732	\$ 165,655	\$ 2,215,794	\$ 141,673	\$ 360,576	\$ 406,373	\$ 908,622	\$ 3,124,416

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				Total	
	Residential Care	Maternity Adoption, and Foster Care	Crisis Pregnancy Center	Metro East Counseling Center	Southeastern Illinois Counseling Center	Central Illinois Counseling Center	Subtotal	General Expenses	Administration Expenses	Fund Raising		Subtotal
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Cash Flows from Operating Activities:		
Cash received from contributors	\$ 2,575,186	\$ 2,142,526
Cash received from services	413,487	499,293
Cash received from cost recovery	85,923	87,096
Cash received from farm rental	55,510	55,510
Cash received from school lunch reimbursement	-	24
Cash received from miscellaneous receipts	45,074	39,412
Interest and royalties received	182,954	165,044
Cash paid for program services	(2,193,356)	(2,206,745)
Cash paid for supporting services	(950,734)	(936,946)
Net Cash Provided (Used) by Operating Activities	<u>214,044</u>	<u>(154,786)</u>
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	1,384,382	2,111,471
Purchase of investments	(1,644,912)	(1,673,387)
Proceeds from the sale of land, building, and equipment	36,219	-
Purchase of land, building, and equipment	(191,343)	(89,184)
Net Cash Provided (Used) by Investing Activities	<u>(415,654)</u>	<u>348,900</u>
Net increase (decrease) in cash and cash equivalents	(201,610)	194,114
Cash and cash equivalents at the beginning of year	<u>326,623</u>	<u>132,509</u>
Cash and cash equivalents at end of year	<u>\$ 125,013</u>	<u>\$ 326,623</u>
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	\$ 536,375	\$ 425,410
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	158,646	156,160
Net unrealized and realized (gains) losses on investments	(661,028)	308,272
Net unrealized and realized losses on split-interest agreements	142	11,003
Net unrealized and realized gains on perpetual trusts	(94,124)	(95,074)
Gains on sale of assets	(11,326)	-
Donated assets	-	370
Increase in accounts receivable	(3,161)	(6,647)
Increase in prepaid expenses	(27,880)	(93)
Increase in contributions receivable	(109,852)	(29,411)
(Increase) decrease in contributions receivable - bequests	399,979	(565,979)
Increase in accounts payable	11,312	392
Decrease in accrued liabilities	(830)	(3,559)
Increase (decrease) in postretirement benefit liability	12,426	(351,108)
Increase (decrease) in estimated liability for future group medical insurance claims	3,365	(4,522)
Net Cash Provided (Used) by Operating Activities	<u>\$ 214,044</u>	<u>\$ (154,786)</u>

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

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

1. NATURE AND PURPOSE OF OPERATIONS

Nature and purpose of operations. Baptist Children's Home and Family Services (Organization), 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 Angels' 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, McLeansboro, Mt. Vernon 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

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.

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.

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.

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.

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.

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.

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, 2019 and 2018, the Organization's beneficial interest in perpetual trust assets was \$811,977 and \$717,853, respectively.

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 Organization 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.

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 \$30,365 and \$27,000 as of December 31, 2019 and 2018 , respectively.

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.

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:

	<u>2019</u>	<u>2018</u>
<u>Current Assets:</u>		
Cash	\$ 125,013	\$ 326,623
Accounts receivable	54,078	50,917
Contributions receivable	204,056	94,204
Contributions receivable - bequests	166,000	565,979
Investments	427,374	442,400
Charitable gift annuity assets	9,039	9,039
Prepaid expenses	43,752	15,871
Other assets	<u>224</u>	<u>280</u>
Total Current Assets	<u>\$ 1,029,536</u>	<u>\$ 1,505,313</u>
<u>Current Liabilities</u>		
Accounts payable	\$ 57,672	\$ 46,360
Accrued liabilities	15,210	16,039
Estimated liability for future group medical insurance claim	30,365	27,000
Charitable gift annuity liability	9,039	9,039
Postretirement benefit obligation	<u>67,847</u>	<u>75,323</u>
Total Current Liabilities	<u>\$ 180,133</u>	<u>\$ 173,761</u>
Excess of Current Assets over Current Liabilities	<u>\$ 849,403</u>	<u>\$ 1,331,552</u>

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	\$ 125,013
Accounts receivable	54,078
Contributions receivable	204,056
Contributions receivable - bequests	166,000
Investments	427,374
Charitable gift annuity assets	<u>9,039</u>
Total	<u>\$ 985,560</u>

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. As of December 31, 2019 and 2018 the Organization has quasi-endowment funds of \$5,415,859 and \$5,114,067, respectively. 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:

	2019	2018
<u>Baptist Foundation of Illinois</u>		
Money market accounts	\$ 14,965	\$ 23,370
Equities	5,788	17,464
ETPs, Mutual, Closed-end, and Interval Funds	73,386	-
Corporate bonds	31,036	31,627
Municipal bonds	1,152,834	1,186,781
	<u>1,278,009</u>	<u>1,259,242</u>
<u>Southern Baptist Foundation</u>		
Money market accounts	148,687	168,024
Balanced fund	39,183	27,879
Equity fund	3,207,739	1,849,713
Flexible income fund	332,645	803,428
Income fund	594,752	571,116
	<u>4,323,006</u>	<u>3,420,160</u>
Total Investments	<u>\$ 5,601,015</u>	<u>\$ 4,679,402</u>

Investments are held for the following purposes at December 31:

	2019			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	\$ 3,447,792	\$ 4,176,649	\$ 728,857	\$ -
Quasi-Endowment Fund invested through				
Baptist Foundation of Illinois	1,240,080	1,278,008	37,928	-
Donor Restricted Fund	106,899	106,144	-	755
Operations Reserve	158	158	-	-
Total Investments - Without Designation	<u>\$ 4,794,929</u>	<u>\$ 5,560,959</u>	<u>\$ 766,785</u>	<u>\$ 755</u>
	2019			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments - Designated:				
Williams Scholarship Fund	\$ 36,213	\$ 32,774	\$ -	\$ 3,439
Heaton Education Fund	8,046	7,282	-	764
Total Investments - Designated	<u>\$ 44,259</u>	<u>\$ 40,056</u>	<u>\$ -</u>	<u>\$ 4,203</u>

	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 - Without Designation	<u>\$ 4,574,815</u>	<u>\$ 4,640,398</u>	<u>\$ 71,962</u>	<u>\$ 6,379</u>

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

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

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	\$ 149,260	\$ 4,029	\$ 153,289
Net realized and unrealized gains (losses)	654,119	6,676	660,795
Royalty income	29,665	-	29,665
Total Investment Return	<u>\$ 833,044</u>	<u>\$ 10,705</u>	<u>\$ 843,749</u>

	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	<u>\$ (142,731)</u>	<u>\$ (497)</u>	<u>\$ (143,228)</u>

5. LAND, BUILDINGS AND EQUIPMENT

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

	2019	2018
Land	\$ 55,465	\$ 55,465
Buildings and improvements	3,496,183	3,475,750
Equipment and furniture	1,106,416	1,078,364
Total	<u>4,658,064</u>	<u>4,609,579</u>
Accumulated depreciation	<u>3,258,362</u>	<u>3,217,682</u>
Land, Buildings and Equipment - Net	<u>\$ 1,399,702</u>	<u>\$ 1,391,897</u>

Depreciation expense for the year ended December 31, 2019 and 2018 was \$158,646 and \$156,159, respectively.

6. LEASE OBLIGATION

The Organization is the lessee of office equipment and software under operating leases expiring in years through 2024.

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

2020	\$ 624
2021	624
2022	624
2023	624
2024	<u>312</u>
Total minimum future rental payments	<u>\$ 2,808</u>

Lease expense totaled \$1,452 and \$3,336 for the years ending December 31, 2019 and 2018 respectively.

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, 2019 and 2018, the leased property was carried at a cost of \$86,277, with accumulated depreciation of \$76,807 and \$76,707, respectively. Rent is recorded as income over the term of the lease. The minimum future rental of the agricultural land and buildings under non-cancellable leases for the year ending December 31, 2020 was \$55,510.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2019 and 2018 are restricted to:

	<u>2019</u>	<u>2018</u>
Maternity Center operations	\$ 45,953	\$ 48,411
Scholarships	72,269	70,831
Various donor restrictions	61,763	60,646
Investments held in perpetuity, the income from which is expendable to grant scholarships	40,056	39,004
Investments held in perpetual trusts, the income from which is expendable for general operations	<u>811,977</u>	<u>717,853</u>
Total	<u>\$ 1,032,018</u>	<u>\$ 936,745</u>

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.

	<u>2019</u>	<u>2018</u>
Residential care	\$ 23,329	\$ 38,892
Maternity Center operations	29,713	69,163
Pathways	12,149	-
Scholarships	<u>3,000</u>	<u>3,500</u>
Satisfaction of program and supporting service restrictions	<u>\$ 68,191</u>	<u>\$ 111,555</u>

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, 2019 and 2018 were \$89,624 and \$103,961, respectively.

11. CONTRIBUTIONS RECEIVABLE

Contributions receivable includes 2019 and 2018 contributions received in January, 2020 and 2019, respectively. The total contributions receivable at December 31, 2019 and 2018 were \$204,056 and \$94,204, 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, 2019 and December 31, 2018 reconciliations are as follows:

	2019	2018
Accumulated postretirement benefit obligation	\$ 1,354,192	\$ 1,341,766
Plan assets at fair value	<u>-</u>	<u>-</u>
Funded status	1,354,192	1,341,766
Unrecognized prior service cost	-	-
Unrecognized net gain or (loss)	470,662	647,374
Unrecognized transition (obligation) or asset at date of initial application	<u>-</u>	<u>-</u>
Accrued/(prepaid) postretirement benefit/cost	1,824,854	1,989,140
Other comprehensive income recognized	<u>(470,662)</u>	<u>(647,374)</u>
Net recognized cost	<u>\$ 1,354,192</u>	<u>\$ 1,341,766</u>

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 on 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, 2019:

December 31, 2018 Accumulated Postretirement Benefit Obligation	\$ 1,341,766
+ Service cost for 2019	11,767
+ Interest cost for 2019	54,888
- Benefits paid for 2019	(75,427)
+ Change in discount rate assumption	153,043
+ Change in other economic assumptions	10,161
- Change in demographic assumptions	(89,791)
- Actuarial gain	(52,215)
December 31, 2019 Accumulated Postretirement Benefit Obligation	<u>\$ 1,354,192</u>

Note that the discount rate loss of just over \$153,000 was the result of the rate dropping from 4.17% to 3.13%. The other economic assumption loss of a little over \$10,000 was due to updating the health care cost trend rates, while the demographic assumption gain of almost \$90,000 was due to the switch to the new Pri-2012 mortality table set with its newly split Retiree and Contingent Survivor tables, the incremental change in the mortality improvement projection basis to our modified MP-2019-GFR scale, and the updating of the disability table to the new 2019 OASDI basis. Finally, the remaining actuarial gain of about \$52,000 (which is about 3.9%) was due to other plan experience; this was primary the result of the less than expected growth in the health care premiums, plus the impact of actual versus expected benefits paid (including interest timing adjustments), offset by minor miscellaneous net unfavorable census changes that differed from anticipated movement, and also the adjustment of the dependent health care percentage (per administrative practice).

Change in Plan Assets for 2019:

December 31, 2018 plan assets at fair value	\$ -
+ Contributions for for 2019	75,427
- Benefits paid for 2019	(75,427)
+ Actual return on assets for 2019	-
December 31, 2019 Plan Assets at Fair Value	<u>\$ -</u>

<u>Change in Accrued Postretirement Benefit Cost for 2019:</u>	
December 31, 2018 (accrued)/prepaid postretirement benefit cost	\$ (1,989,140)
+ Net periodic postretirement benefit cost for 2019	88,859
+ Benefits paid/contributions for 2019	75,427
December 31, 2019 (Accrued)/Prepaid Postretirement Benefit Cost	<u>\$ (1,824,854)</u>

<u>Change in Accumulated Other Comprehensive Income for 2019:</u>	
December 31, 2018 accumulated other comprehensive income	\$ 647,374
- Gain recognized by 2019 NPPBC	(155,514)
- New unrecognized loss	(21,198)
December 31, 2019 Accumulated Other Comprehensive Income	<u>\$ 470,662</u>

<u>Change in Net Recognized Cost for 2019:</u>	
December 31, 2018 net recognized cost	\$ (1,341,766)
+ Net periodic postretirement benefit cost for 2019	88,859
+ Benefits paid/contributions for 2019	75,427
- Other comprehensive income recognized during 2019	(176,712)
December 31, 2019 Net Recognized Cost	<u>\$ (1,354,192)</u>

The net periodic postretirement benefit costs are broken into six separate components. The 2019 and projected 2020 net periodic postretirement benefit cost and the assumptions utilized in making the calculations are shown below:

	2019	Projected 2020
Service cost	\$ 11,767	\$ 12,121
Interest cost	54,888	41,712
Expected return on plan assets	-	-
Amortization of unrecognized prior service cost	-	-
(Gain) or loss to the extent recognized	(155,514)	(90,606)
Amortization of unrecognized transition obligation or (asset) at the date of initial application	-	-
Total Net Periodic Postretirement Benefit Cost	<u>\$ (88,859)</u>	<u>\$ (36,773)</u>

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.

<u>Disclosure Assumptions:</u>	<u>2019</u>	<u>2018</u>
Discount rate	3.13%	4.17%
Salary scale	3.00%	3.00%
Expected long-term health care cost increase		
Initial rate		
- Pre-65 (Medical/Rx)	6.80%/7.10%	7.10%/7.50%
- Post-65 (Medical/Rx)	3.80%/5.90%	3.20%/6.90%
Ultimate rate		
- Pre-65 (Medical/Rx)	4.75%/5.25%	4.75%/5.25%
- Post-65 (Medical/Rx)	3.80%/5.25%	3.20%/5.25%
Time to ultimate rate	8 years	8 years
Weighted average remaining service - active participants	3.7 years	3.3 years
Mortality basis	Pri-2012 Total Dataset (generational projection using MP-2019-GFR)	RP-2014 Total Dataset (generational projection using MP-2018-GFR)

Information About Employer's Obligation as of December 31, 2019:

Accumulated postretirement benefit obligation for inactive participants	\$ 748,199
Accumulated postretirement benefit obligation for active fully eligible participants	420,343
Accumulated postretirement benefit obligation for active participants other than active fully eligible participants	185,650
Plan assets at fair value	<u>-</u>
Accumulated Postretirement Benefit Obligation	<u>\$ 1,354,192</u>

Projected benefit payments for each of the next five years and for the five years following December 31, 2024, in the aggregate, are as follows:

<u>Fiscal Year</u>	<u>Expected Benefit Payments</u>
2020	\$ 67,847
2021	80,179
2022	77,786
2023	77,708
2024	80,484
2025 - 2029	392,323

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, 2019 and 2018:

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 \$5,601,015 and \$4,679,402 as of December 31, 2019 and, 2018 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, 2019 and 2018.

14. CONTRIBUTED FACILITIES

During the year ended December 31, 2019 and 2018, 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, 2019 and 2018, 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 2019 :

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	\$ -	\$ 40,056	\$ 40,056
Board designated funds	5,415,859	-	5,415,859
Total funds	<u>\$ 5,415,859</u>	<u>\$ 40,056</u>	<u>\$ 5,455,915</u>

Change in endowment net assets for the year ended December 31, 2019 :

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 5,114,067</u>	<u>\$ 39,004</u>	<u>\$ 5,153,071</u>
Investment return:			
Investment income	153,031	1,254	154,285
Net losses (realized and unrealized)	<u>654,407</u>	<u>1,052</u>	<u>655,459</u>
Total investment return	807,438	2,306	809,744
Contributions	194,979	-	194,979
Amounts appropriated for expenditure	<u>(700,625)</u>	<u>(1,254)</u>	<u>(701,879)</u>
	<u>301,792</u>	<u>1,052</u>	<u>302,844</u>
Endowment net assets, end of year	<u>\$ 5,415,859</u>	<u>\$ 40,056</u>	<u>\$ 5,455,915</u>

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	<u>\$ 5,114,067</u>	<u>\$ 39,004</u>	<u>\$ 5,153,071</u>

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

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, 2019 and 2018.

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

The Board of Trustees has approved a new program for 2020. GraceHaven, a pregnancy resource clinic, will be in Mt. Vernon, IL and will be a source of information and help to those who find themselves dealing with an unexpected pregnancy. The clinic will offer pregnancy tests, ultrasounds, STD testing, mentoring for expecting mothers and fathers and resources to empower individuals during this complicated time. The Organization's budget for 2020 has allocated \$300,000 to allow for the purchase of a building and the necessary equipment to operate the clinic.

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which are likely to negatively impact net assets of the Organization. Other financial impact could occur though such potential impact is unknown at this time.

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.