BAPTIST CHILDREN'S HOME AND FAMILY SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

I N D E X

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)(the Organization), which comprise the statement of financial position as of December 31, 2022 and, 2021 and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, 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.

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.

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

Auditor's Responsibility

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

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

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

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

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

ATLAS CPAs & Advisors PLLC

Marion, Illinois
June 30, 2023

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Cash	$ 494,773	$ 259,048
Contributions receivable, net	-	1,485
Accounts receivable, net	19,045	49,540
Other assets	224	950
Contributions receivable - Bequests, net	1,232,191	80,000
Prepaid expenses	54,176	68,910
Investments - Without designation, at fair value	4,598,811	5,770,686
Land, buildings and equipment, less accumulated depreciation	1,664,419	1,811,523
Charitable gift annuity assets	12,718	18,143
Contributions receivable - Charitable gift annuity, net	8,659	9,514
Investments - Designated, at fair value	34,728	39,981
Perpetual trust assets	1,436,617	1,646,760
Total Assets	$ 9,556,361	$ 9,756,540

LIABILITIES AND NET ASSETS

	2022	2021
Accounts payable	$ 56,831	$ 62,361
Accrued liabilities	18,595	20,440
Estimated liability for future group medical insurance claims	25,000	23,230
Charitable gift annuity liability	50,766	53,039
Postretirement benefit obligation	962,566	1,207,644
Total Liabilities	1,113,758	1,366,714
Net Assets:		
Net assets without donor restrictions:		
Undesignated	925,608	812,134
Board designated	447,345	220,425
Quasi-endowment - Board Designated	5,447,201	5,520,781
Total Net Assets without Donor Restrictions	6,820,154	6,553,340
Net Assets with donor restrictions	1,622,449	1,836,486
Total Net Assets	8,442,603	8,389,826
Total Liabilities and Net Assets	$ 9,556,361	$ 9,756,540

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, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Gifts and special offerings	$ 2,290,265	$ 47,971	$ 2,338,236	$ 2,309,283	$ 54,810	$ 2,364,093
Direct support	17,974	-	17,974	32,089	-	32,089
Bequests	1,308,953	-	1,308,953	36,790	-	36,790
Change in value of split interest agreements	(4,007)	-	(4,007)	4,353	-	4,353
Adoption fees	44,700	-	44,700	72,496	-	72,496
Counseling fees	334,447	-	334,447	283,868	-	283,868
Farm income	55,510	-	55,510	55,510	-	55,510
Grant revenue	9,258	-	9,258	45,512	-	45,512
Other income	84,257	-	84,257	18,952	-	18,952
PPP Loan Forgiveness	-	-	-	344,124	-	344,124
Investment income (net of expenses)	52,366	3,826	56,192	110,360	3,902	114,262
Royalty income	44,295	-	44,295	65,908	-	65,908
Net unrealized and realized gains (losses) on investments	(851,439)	(21,038)	(872,477)	646,034	(4,348)	641,686
Unrealized gains (losses) on perpetual trusts	-	(210,144)	(210,144)	-	632,331	632,331
Net assets released from restrictions:						
Satisfaction of program and supporting service restrictions	34,652	(34,652)	-	67,298	(67,298)	-
Total Revenue, Gains, and Other Support	3,421,231	(214,037)	3,207,194	4,092,576	619,396	4,711,972
Expenses:						
Program Services:						
Residential Care	937,893	-	937,893	1,204,256	-	1,204,256
Maternity Center	551,847	-	551,847	609,699	-	609,699
Crisis Pregnancy Center	209,590	-	209,590	272,102	-	272,102
Metro-East Counseling Offices	67,283	-	67,283	94,328	-	94,328
Southeastern Illinois Counseling Offices	204,199	-	204,199	163,070	-	163,070
Central Illinois Counseling Offices	192,107	-	192,107	172,674	-	172,674
Total Program Services	2,162,919	-	2,162,919	2,516,129	-	2,516,129
Supporting Services:						
General expenses	200,807	-	200,807	207,396	-	207,396
Administration	577,888	-	577,888	493,249	-	493,249
Fund raising	326,337	-	326,337	348,039	-	348,039
Total Supporting Services	1,105,032	-	1,105,032	1,048,684	-	1,048,684
Total Expenses	3,267,951	-	3,267,951	3,564,813	-	3,564,813
Change in net assets before postretirement related change: other than net periodic postretirement benefit cost	153,280	(214,037)	(60,757)	527,763	619,396	1,147,159
Postretirement related changes other than net periodic postretirement benefit cost	113,534	-	113,534	367,817	-	367,817
Change in net assets	266,814	(214,037)	52,777	895,580	619,396	1,514,976
Net assets, beginning of year	6,553,340	1,836,486	8,389,826	5,657,760	1,217,090	6,874,850
Net assets, end of year	$ 6,820,154	$ 1,622,449	$ 8,442,603	$ 6,553,340	$ 1,836,486	$ 8,389,826

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022

	Program Services							Support Services				
	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	Total
Salaries, contractors, and consultants	$ 449,408	$ 298,982	$ 115,767	$ 30,807	$ 150,533	$ 169,442	$ 1,214,939	$ -	$ 328,398	$ 149,853	$ 478,251	$ 1,693,190
Payroll taxes	47,983	36,040	11,546	2,352	8,814	6,418	113,153	-	30,505	17,256	47,761	160,914
Employee retirement and insurance	197,873	67,894	38,405	8,059	30,272	5,606	348,109	-	90,296	20,681	110,977	459,086
Promotion	586	1,493	8,447	89	348	92	11,055	-	47	91,506	91,553	102,608
Travel	1,226	2,856	5,190	256	1,237	330	11,095	2,229	4,558	11,373	18,160	29,255
Operating expenses	76,506	38,902	4,482	1,073	100	-	121,063	-	300	8,197	8,497	129,560
Activites program	2,338	-	-	-	-	-	2,338	-	-	-	-	2,338
Property tax and insurance	-	-	-	-	-	-	-	92,178	-	-	92,178	92,178
Other insurance	23,780	11,132	3,062	1,477	1,477	1,477	42,405	61,698	4,391	6,247	72,336	114,741
Professional services	1,290	-	-	15,072	-	-	16,362	21,135	-	-	21,135	37,497
Training	-	549	611	-	-	214	1,374	1,274	-	-	1,274	2,648
Professional development	7,819	4,431	1,955	-	723	-	14,928	-	6,767	1,998	8,765	23,693
Office expenses	1,573	9,289	3,915	578	2,917	1,707	19,979	22,193	9,405	16,330	47,928	67,907
Repairs and maintenance	23,414	16,283	6,428	-	-	-	46,125	-	3,418	-	3,418	49,543
License and fees	314	338	1,062	-	65	65	1,844	-	642	402	1,044	2,888
Utilities	9,606	7,510	6,920	2,434	3,312	2,076	31,858	-	6,829	613	7,442	39,300
Depreciation	97,733	45,623	24,410	-	-	-	167,766	100	5,267	7,536	12,903	180,669
Other	2,719	487	-	-	-	-	3,206	-	81,017	-	81,017	84,223
Computer expenses	16,427	10,038	7,085	5,086	4,401	4,680	47,717	-	6,048	4,555	10,603	58,320
Postretirement employee benefits	(22,702)	-	(29,695)	-	-	-	(52,397)	-	-	(10,210)	(10,210)	(62,607)
Total	$ 937,893	$ 551,847	$ 209,590	$ 67,283	$ 204,199	$ 192,107	$ 2,162,919	$ 200,807	$ 577,888	$ 326,337	$ 1,105,032	$ 3,267,951

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, 2021

	Program Services							Support Services				
	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	Total
Salaries, contractors, and consultants	$ 587,702	$ 320,016	$ 102,757	$ 58,974	$ 126,389	$ 147,227	$ 1,343,065	$ -	$ 313,812	$ 161,668	$ 475,480	$ 1,818,545
Payroll taxes	61,559	34,586	12,701	6,932	5,850	6,643	128,271	-	28,714	19,499	48,213	176,484
Employee retirement and insurance	193,284	84,941	64,945	1,819	19,398	912	365,299	60,403	70,139	28,792	159,334	524,633
Promotion	2,377	1,984	13,709	112	429	101	18,712	-	-	77,335	77,335	96,047
Travel	3,969	4,325	3,244	442	1,018	1,617	14,615	799	10,462	10,889	22,150	36,765
Operating expenses	105,042	42,314	6,326	-	-	-	153,682	-	-	-	-	153,682
Activites program	14,089	-	-	-	-	-	14,089	-	-	-	-	14,089
Property tax and insurance	-	-	-	-	-	-	-	79,305	-	-	79,305	79,305
Other insurance	24,580	12,084	2,083	1,785	595	1,190	42,317	10,017	4,878	4,170	19,065	61,382
Professional services	-	-	-	-	-	-	-	20,250	-	-	20,250	20,250
Training	-	352	1,890	-	-	-	2,242	-	-	-	-	2,242
Professional development	11,830	6,929	9,862	345	49	369	29,384	-	12,844	1,745	14,589	43,973
Office expenses	4,656	7,177	6,446	66	890	561	19,796	-	10,301	10,436	20,737	40,533
Rent expenses	-	-	-	12,000	-	4,800	16,800	-	-	-	-	16,800
Repairs and maintenance	45,149	14,154	11,140	-	-	-	70,443	-	5,181	-	5,181	75,624
License and fees	3,429	1,809	645	-	50	123	6,056	-	22,300	378	22,678	28,734
Utilities	8,607	6,818	6,245	2,485	2,962	2,125	29,242	-	6,735	719	7,454	36,696
Depreciation	108,829	42,028	23,850	-	-	-	174,707	100	3,072	5,377	8,549	183,256
Scholarships	-	-	-	-	-	-	-	376	-	-	376	376
Other	928	290	-	1,168	1,018	1,306	4,710	36,146	-	11,513	47,659	52,369
Computer expenses	14,379	7,072	6,259	8,200	4,422	5,700	46,032	-	4,811	2,100	6,911	52,944
Postretirement employee benefits	13,847	22,820	-	-	-	-	36,667	-	-	13,418	13,418	50,086
Total	$ 1,204,256	$ 609,699	$ 272,102	$ 94,328	$ 163,070	$ 172,674	$ 2,516,129	$ 207,396	$ 493,249	$ 348,039	$ 1,048,684	$ 3,564,813

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, 2022 AND 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash received from contributors	$ 2,496,482	$ 2,506,186
Cash received from services	427,616	379,931
Cash received from farm rental	55,510	55,510
Cash received from miscellaneous receipts	427,431	408,423
Interest and royalties received	100,487	180,170
Cash paid for program services	(2,084,872)	(2,371,770)
Cash paid for supporting services	(1,106,719)	(1,055,401)
Net Cash Provided by Operating Activities	315,935	103,049
Cash Flows From Investing Activities:		
Proceeds from the sale of investments	4,932	1,186,677
Purchase of investments	(51,577)	(916,813)
Purchase of land, building, and equipment	(33,565)	(146,735)
Net Cash Provided (Used) by Investing Activities	(80,210)	123,129
Cash Flows From Financing Activities:		
PPP Loan Forgiveness	-	(339,043)
Net Cash Used by Financing Activities	-	(339,043)
Net increase (decrease) in cash and cash equivalents	235,725	(112,865)
Cash and cash equivalents at the beginning of year	259,048	371,913
Cash and cash equivalents at end of year	$ 494,773	$ 259,048
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	$ 52,777	$ 1,514,976
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	180,669	183,256
Net unrealized and realized gains on investments	941,462	(638,627)
Net unrealized and realized losses on split-interest agreements	4,007	(4,353)
Net unrealized and realized gains on perpetual trusts	493,180	(635,555)
Donated assets	-	(599)
(Increase) Decrease in accounts receivable	30,495	(8,522)
Increase in prepaid expenses	14,733	(1,407)
(Increase) Decrease in contributions receivable	1,485	1,905
(Increase) Decrease in contributions receivable - bequests	(1,152,191)	104,000
Increase (Decrease) in accounts payable	(5,530)	7,242
Increase (Decrease) in accrued liabilities	(1,843)	(13,890)
Increase in postretirement benefit liability	(245,078)	(398,257)
Increase (Decrease) in estimated liability for future group medical insurance claims	1,770	(7,120)
Net Cash Provided by Operating Activities	$ 315,935	$ 103,049

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

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

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 1,500 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; support and information about pregnancy, sexual health and life are provided by GraveHaven, 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, Maryville, Wood River, Carlinville, Litchfield, Vandalia, Salem, Harrisburg, Chatham, Effingham, Benton, 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.

Coronavirus Disease (COVID-19). On January 3, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 11, 2020, declared it to be a pandemic. On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. The Organization may be adversely affected through governmental and business closures resulting in a reduction of labor demand or supplies shortages. The Organization will continue to monitor the situation surrounding COVID-19 and evaluate the impact it will have on future operations.

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.

Land, building, equipment, 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. The Organization 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, at fair value, under which income is received for unrestricted use. As of December 31, 2022 and 2021, the Organization's beneficial interest in perpetual trust assets was $1,436,617 and $1,646,760, 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 workload prohibits the taking of vacation, it may be carried over with manager approval. As of December 31, 2022 and 2021, the liability for unused vacation was $2,019 and $2,889, respectively.

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 $25,000 and $23,230 as of December 31, 2022 and 2021, 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.

Leases. In February 2016 the FASB issued ASU No. 2016 02, Leases (Topic 842). This new standard is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their statement of financial position the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined by the ASU) of twelve months or less are not required to be reflected on an entity's statement of financial position.

The Company determines if a contract is, or contains, a lease at inception or modification of the agreement. A contract is, or contains, a lease if there are identified assets and the right to control the use of an identified asset is conveyed for a period of time in exchange for consideration. Control over the use of the identified asset means that the lessee has both the right to obtain substantially all of the economic benefits from the use of the asset and the right to direct the use of the asset.

For leases with terms greater than a year, the Company records right-of-use (“ROU”) assets and lease liabilities on the consolidated balance sheet, as measured on a discounted basis. For finance leases, the Company recognize interest expense associated with the lease liability and depreciation expense associated with the ROU asset; for operating leases, the Company recognizes straight-line lease expense.

The Company will not recognize ROU assets or lease liabilities for leases with a term of 12 months or less. However, costs related to short-term leases with terms greater than one month, which the Company deems material, will be disclosed as a component of lease expenses when applicable.

Finance and operating lease ROU assets and liabilities are recognized based on the present value of future minimum lease payments over the expected lease term at commencement. As the implicit rate is not determinable in most of the Company’s leases, management uses the Company’s incremental borrowing rate in determining the present value of future payments. The expected lease terms include options to extend or terminate the lease when it is reasonably certain that the Company will exercise such option. Lease expense for minimum lease payments is recognized on a straight-line basis over the expected lease term. The implementation of ASC 842 had no impact on the Organization’s current year financial statements.

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:

	2022	2021
Current Assets:		
Cash	$ 494,773	$ 259,048
Contributions receivable, net	-	1,485
Accounts receivable, net	19,045	49,540
Other Assets	224	950
Contributions receivable - Bequests, net	1,232,191	80,000
Prepaid expenses	54,176	68,910
Investments, at fair value	455,000	390,000
Charitable gift annuity assets	2,273	9,039
Total Current Assets	$2,257,682	$ 858,972
Current Liabilites:		
Accounts payable	$ 56,831	$ 62,361
Accrued liabilites	18,595	20,440
Estimated liability for future group medical insurance claims	25,000	23,230
Charitable gift annuity liability	2,273	9,039
Postretirement benefit obligation	71,599	68,921
Total Current Liabilites	$ 174,298	$ 183,991
Excess of Current Assets over Liabilites	$2,083,384	$ 674,981

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	$ 494,773
Contributions receivable, net	4,084
Accounts receivable, net	54,176
Contributions receivable - Bequests, net	1,232,191
Investments, at fair value	455,000
Charitable gift annuity assets	2,273
	$2,242,497

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, 2022 and 2021 the Organization has quasi-endowment funds of $5,447,201 and $5,520,781, 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:

	2022	2021
Baptist Foundation of Illinois		
Equities	$ 240,511	$ 112,327
ETPs, Mutual, Closed-end, and Interval Funds	237,517	210,943
Corporate bonds	12,974	30,455
Municipal bonds	477,030	614,606
Cash & Cash Equivalent	29,939	950
	$ 997,971	$ 969,281
Southern Baptist Foundation		
Money market accounts	$ -	$ 128,160
Balanced fund	-	37,044
Equity fund	2,781,900	3,778,871
Flexible income fund	-	41,119
Income fund	732,626	856,192
	$ 3,514,526	$ 4,841,386
Total Investments	$ 4,512,497	$ 5,810,667

Investments are held for the following purposes at December 31:

	2022			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	$ 2,901,194	$3,514,526	$ -	$ 822,792
Quasi-Endowment Fund invested through Baptist Foundation of Illinois	1,027,690	977,971	-	121,309
Donor Restricted Fund	119,483	105,997	-	16,087
Operations Reserve	158	158	-	-
Total Investments - Without Designation	$ 4,048,525	$4,598,652	$ -	$ 960,188

	2022			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments - Designated:				
Williams Scholarship Fund	$ 35,982	$ 28,415	$ -	4,229
Heaton Education Fund	7,995	6,313	-	940
Total Investments - Designated	$ 43,977	$ 34,728	$ -	$ 5,169

	2021			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	$ 3,104,178	$ 4,527,382	$ 1,423,204	$ -
Quasi-Endowment Fund invested through Baptist Foundation of Illinois	1,050,409	1,122,000	71,591	-
Donor Restricted Fund	118,876	121,146	2,270	-
Operations Reserve	158	158	0	-
Total Investments - Without Designation	$ 4,273,621	$ 5,770,686	$ 1,497,066	$ -

	2021			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments - Designated:				
Williams Scholarship Fund	$ 36,213	$ 32,713	$ -	$ 3,500
Heaton Education Fund	8,046	7,268	-	778
Total Investments - Designated	$ 44,259	$ 39,981	$ -	$ 4,278

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

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 52,366	$ 3,826	$ 56,192
Net realized and unrealized gains (losses)	(851,439)	(21,038)	(872,477)
Royalty income	44,295	-	44,295
Total investment return	$ (754,778)	$ (17,212)	$ (771,990)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 110,360	$ 3,902	$ 114,262
Net realized and unrealized gains (losses)	646,034	(4,348)	641,686
Royalty income	65,908	-	65,908
Total Investment Return	$ 822,302	$ (446)	$ 821,856

5. LAND, BUILDINGS AND EQUIPMENT

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

	2022	2021
Land	$ 77,545	$ 77,545
Buildings and improvements	4,090,544	4,062,715
Equipment and furniture	1,199,884	1,264,837
Total	5,367,973	5,405,097
Accumulated depreciation	3,703,554	3,593,574
Land, Buildings and Equipment - Net	$ 1,664,419	$ 1,811,523

Depreciation expense for the years ended December 31, 2022 and 2021 were $180,669 and $183,256 respectively.

6. LEASE OBLIGATION

The Organization is the lessee of office equipment and software under operating leases expiring in in 2023.

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

2023	$ 624
Total minimum future rental payments	$ 624

Lease expense totaled $624 and $624 for the years ending December 31, 2022 and 2021 respectively.

7. LEASED PROPERTY

The Organization leases 432 acres of farmland and agricultural buildings to a tenant under a lease which expires in 2025. At December 31, 2022 and 2021, the leased property was carried at a cost of $86,277, with accumulated depreciation of $77,107 and $77,007, 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:

2023	$ 55,510
2024	55,510
2025	55,510
Total minimum future rental income	$ 166,530

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2022 and 2021 are restricted to:

	2022	2021
Maternity Center operations	$ 49,353	$ 58,571
Scholarships	71,620	78,431
Various donor restrictions	30,131	12,742
Investments held in perpetuity, the income from which is expendable to grant scholarships	34,728	39,981
Investments held in perpetual trusts, the income from which is expendable for general operations	1,436,617	1,646,761
Total	$ 1,622,449	$ 1,836,486

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. Net assets released from restrictions for the year ended December 31:

	2022	2021
Residential care	$ 2,279	$ 33,124
Maternity center operations	16,645	29,482
Crisis Pregnancy Center	2,011	1,540
Fundraising	-	376
Counseling	10,717	2,776
Scholarships	3,000	-
Satisfaction of program and supporting service restrictions	$ 34,652	$ 67,298

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, 2022 and 2021 were $77,262 and $86,060, respectively.

11. CONTRIBUTIONS RECEIVABLE

Contributions receivable includes 2022 and 2021 contributions received in January, 2022 and 2021, respectively. The total contributions receivable at December 31, 2022 and 2021 were $0 and $1,485, 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, 2022 and December 31, 2021 reconciliations are as follows:

	2022	2021
Accumulated postretirement obligation	$ 962,566	$ 1,207,644
Plan assets at fair value	-	-
Funded status	962,566	1,207,644
Unrecognized prior service cost	-	-
Unrecognized net gain or (loss)	607,400	493,866
Accrued/(prepaid) postretirement benefit/cost	1,569,966	1,701,510
Other comprehensive income recognized	(607,400)	(493,866)
Net recognized cost	$ 962,566	$ 1,207,644
Current liability	$ 71,599	$ 68,921
Noncurrent liability	890,967	1,138,723

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, 2022:

Change in Accumulated Postretirement Benefit Obligation for 2022:	
December 31, 2021 Accumulated Postretirement Benefit Obligation	$ 1,207,644
+ Service cost for 2022	8,874
+ Interest cost for 2022	32,158
- Benefits paid for 2022	(68,937)
- Change in discount rate assumption	(299,890)
+ Change in other economic assumptions	54,559
- Change in demographic assumptions	75
- Actuarial loss	28,083
December 31, 2022 Accumulated Postretirement Benefit Obligation	$ 962,566

ASU 2018-14 will explicitly require an explanation of the reasons for significant gains and losses related to changes in the benefit obligation for the period. As such, note that the large discount rate gain of about $300,000 was the result of the rate increasing from 2.72% to 5.20% The other economic assumption loss of a little under $55,000 was due to updating the health care cost trend rates to the 2022-2023 basis, while the demographic assumption loss of less than $100 was the result of revising the disability table to the 2022 OASDI basis (see the *Methods and Assumptions* section for the details regarding these new parameters). Finally, the remaining actuarial loss of around $28,000 was due to other plan experience; this included the miscellaneous net unfavorable census changes that differed from anticipated movement (not as many plan exits as expected for retiree health care, offset somewhat by excess exits in life and gift coverages), significantly reduced by the notably less than expected growth in health care premiums and the negligible impact of actual versus expected benefits paid (including interest timing adjustments).

Change in Plan Assets for 2022:	
December 31, 2021 plan assets at fair value	$ -
+ Contributions for 2022	68,937
- Benefits paid for 2022	(68,937)
+ Actual return on assets for 2022	-
December 31, 2022 plan assets at fair value	$ -

Change in Accrued Postretirement Benefit Cost for 2022:	
December 31, 2021 (Accrued) benefit cost	$ (1,701,510)
+ Net Benefit Income for 2022	62,607
+ Contributions for 2022	68,937
December 31, 2022 (Accrued) benefit cost	$ (1,569,966)

Change in Accumulated Other Comprehensive Income for 2022:	
December 31, 2021 Accumulated Other Comprehensive Income	$ 493,866
+ Gain Recognized by Net Benefit Cost for 2022	(103,639)
+ New Unrecognized Gain for 2022	217,173
December 31, 2022 Accumulated Other Comprehensive Income	$ 607,400

Change in Net Recognized Cost for 2022:	
December 31, 2021 Net recognized cost	$ (1,207,644)
+ Net Benefit Income for 2022	62,607
+ Contributions for 2022	68,937
+ Other Comprehensive Income Recognized During 2022	113,534
December 31, 2022 Net recognized cost	$ (962,566)

The net periodic postretirement benefit costs are broken into six separate components. The 2022 and projected 2023 net periodic postretirement benefit cost and the assumptions utilized in making the calculations are shown below:

	2022	Projected 2023
Service cost	$ 8,874	$ 4,926
Interest cost	32,158	48,472
Expected return on plan assets	-	-
Amortization of unrecognized prior service cost	-	-
(Gain) or loss to the extent recognized	(103,639)	(150,336)
Amortization of unrecognized transition obligation or (asset) at the date of initial application	-	-
Total Net Periodic Postretirement Benefit Cost	$ (62,607)	$ (96,938)

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:	2022	2021
Discount rate	5.20%	2.72%
Salary scale	3.00%	3.00%
Expected long-term health care costs increase		
Initial rate		
- Pre-65 (Medical/Rx)	7.40%/9.80%	7.3%/8.4%
- Post-65 (Medical/Rx)	4.30%/7.50%	3.80%/6.50%
Ultimate rate		
- Pre-65 (Medical/Rx)	4.37%/4.87%	4.40%/4.90%
- Post-65 (Medical/Rx)	4.30%/4.87%	3.80%/4.90%
Time to ulitmate rate	8 years	8 years
Weighted average remaining service - active participants	3.4 years	3.6 years
Mortality basis	Pri-2012 Total Dataset (generational projection using MP-2021-GFR)	Pri-2012 Total Dataset (generational projection using MP-2021-GFR)

Information About Employer's Obligation as of December 31, 2022:	
Accumulated postretirement benefit obligation for inactive participants	$ 725,521
Accumulated postretirement benefit obligation for active fully eligible participants	210,709
Accumulated postretirement benefit obligation for active participants other than active fully eligible participants	26,336
Plan assets at fair value	-
Accumultaed Postretirement Benefit Obligation	$ 962,566

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:

Fiscal Year	Expected Benefit Payments
2023	$ 71,599
2024	68,681
2025	64,433
2026	65,079
2027	69,224
2028 - 2032	366,964
	$ 705,980

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, 2022 and 2021:

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 $4,633,539 and $5,810,666 as of December 31, 2022 and, 2021 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, 2022 and 2021.

14. CONTRIBUTED FACILITIES

During the year ended December 31, 2022 and 2021, 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, 2022 and 2021, 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 2022:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 34,728	$ 34,728
Board designated funds	5,447,201	-	5,447,201
Total funds	$5,447,201	$ 34,728	$ 5,481,929

Change in endowment net assets for the year ended December 31, 2022:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$5,520,781	$ 39,981	$ 5,560,762
Investment return:			
Investment income	52,366	3,826	56,192
Net losses (realized and unrealized)	(851,439)	(21,038)	(872,477)
Total investment return	(799,073)	(17,212)	(816,285)
Contributions	838,656	17,212	855,868
Amounts appropriated for expenditure	$ (113,163)	(5,253)	(118,416)
	(73,580)	(5,253)	(78,833)
Endowment net assets, end of year	$5,447,201	$ 34,728	$ 5,481,929

Endowment net asset composition by type of funds as of December 31, 2021:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 39,981	$ 39,981
Board designated funds	5,520,781	-	5,520,781
Total funds	$ 5,520,781	$ 39,981	$ 5,560,762

Change in endowment net assets for the year ended December 31, 2021:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 4,999,760	$ 41,887	$ 5,041,647
Investment return:			
Investment income	114,706	1,216	115,922
Net losses (realized and unrealized)	642,976	(1,906)	641,070
Total investment return	757,682	(690)	756,992
Contributions	130,614	-	130,614
Amounts appropriated for expenditure	(367,275)	(1,216)	(368,491)
	521,021	(1,906)	519,115
Endowment net assets, end of year	$ 5,520,781	$ 39,981	$ 5,560,762

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, 2022 and 2021.

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

In preparing the financial statements, the Organization has evaluated events and transactions for potential disclosure through June 30, 2023, the date the financial statements were available to be issued. Management has determined that there are no events that have occurred subsequent to December 31, 2022 that would require disclosure.