BAPTIST CHILDREN’S HOME AND FAMILY SERVICES

FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

INDEX

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Baptist Children's Home and Family Services (a nonprofit organization)(the Organization), which comprise the statements of financial position as of December 31, 2023 and, 2022 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.

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.

We believe 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 Organization as of December 31, 2023 and 2022, 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
April 26, 2024

BAPTIST CHILDREN'S HOME AND FAMILY SERVICES
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022

ASSETS

	2023	2022
Cash and cash equivalents	$ 507,756	$ 494,773
Contributions receivable, net	1,420	-
Accounts receivable, net	37,247	19,045
Other assets	225	224
Contributions receivable - Bequests, net	15,000	1,232,191
Prepaid expenses	41,313	54,176
Investments - Without designation, at fair value	7,956,070	4,598,811
Land, buildings and equipment, net	1,624,800	1,664,419
Charitable gift annuity assets	13,310	12,718
Contributions receivable - Charitable gift annuity, net	11,535	8,659
Investments - Designated, at fair value	35,065	34,728
Perpetual trust assets	1,520,262	1,436,617
Total Assets	$ 11,764,003	$ 9,556,361

LIABILITIES AND NET ASSETS

	2023	2022
Accounts payable	$ 57,675	$ 56,831
Accrued liabilities	9,535	18,595
Estimated liability for future group medical insurance claims	40,000	25,000
Charitable gift annuity liability	48,612	50,766
Postretirement benefit obligation	909,623	962,566
Total Liabilities	1,065,445	1,113,758
Net Assets:		
Net assets without donor restrictions:		
Undesignated	975,854	925,608
Board designated	445,350	447,345
Quasi-endowment - Board Designated	7,528,570	5,447,201
Total Net Assets without Donor Restrictions	8,949,774	6,820,154
Net Assets with donor restrictions	1,748,784	1,622,449
Total Net Assets	10,698,558	8,442,603
Total Liabilities and Net Assets	$ 11,764,003	$ 9,556,361

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, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains, and Other Support:						
Gifts and special offerings	$ 2,284,921	$ 141,560	$ 2,426,481	$ 2,290,265	$ 47,971	$ 2,338,236
Direct support	19,080	-	19,080	17,974	-	17,974
Bequests	1,789,616	-	1,789,616	1,308,953	-	1,308,953
Change in value of split interest agreements	5,622	-	5,622	(4,007)	-	(4,007)
Adoption fees	92,769	-	92,769	44,700	-	44,700
Counseling fees	424,557	-	424,557	334,447	-	334,447
Farm income	55,510	-	55,510	55,510	-	55,510
Grant revenue	-	-	-	9,258	-	9,258
Other income	7,818	-	7,818	84,257	-	84,257
Investment income (net of expenses)	198,445	4,782	203,227	52,366	3,826	56,192
Royalty income	33,926	-	33,926	44,295	-	44,295
Net unrealized and realized gains (losses) on investments	673,541	7,085	680,626	(851,439)	(21,038)	(872,477)
Unrealized gains (losses) on perpetual trusts	-	83,645	83,645	-	(210,144)	(210,144)
Net assets released from restrictions:						
Satisfaction of program and supporting service restrictions	110,737	(110,737)	-	34,652	(34,652)	-
Total Revenue, Gains, and Other Support	5,696,542	126,335	5,822,877	3,421,231	(214,037)	3,207,194
Expenses:						
Program Services:						
Residential Care	944,115	-	944,115	937,893	-	937,893
Maternity Center	705,242	-	705,242	551,847	-	551,847
Crisis Pregnancy Center	240,558	-	240,558	209,590	-	209,590
Metro-East Counseling Offices	86,348	-	86,348	67,283	-	67,283
Southeastern Illinois Counseling Offices	254,885	-	254,885	204,199	-	204,199
Central Illinois Counseling Offices	203,679	-	203,679	192,107	-	192,107
Total Program Services	2,434,827	-	2,434,827	2,162,919	-	2,162,919
Supporting Services:						
General expenses	194,960	-	194,960	200,807	-	200,807
Administration	504,700	-	504,700	577,888	-	577,888
Fund raising	338,661	-	338,661	326,337	-	326,337
Total Supporting Services	1,038,321	-	1,038,321	1,105,032	-	1,105,032
Total Expenses	3,473,148	-	3,473,148	3,267,951	-	3,267,951
Change in net assets before postretirement related change: other than net periodic postretirement benefit cost	2,223,394	126,335	2,349,729	153,280	(214,037)	(60,757)
Postretirement related changes other than net periodic postretirement benefit income	(93,774)	-	(93,774)	113,534	-	113,534
Change in net assets	2,129,620	126,335	2,255,955	266,814	(214,037)	52,777
Net assets, beginning of year	6,820,154	1,622,449	8,442,603	6,553,340	1,836,486	8,389,826
Net assets, end of year	$ 8,949,774	$ 1,748,784	$ 10,698,558	$ 6,820,154	$ 1,622,449	$ 8,442,603

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, 2023

	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	$ 457,388	$ 336,865	$ 109,925	$ 65,437	$ 149,720	$ 177,604	$ 1,296,939	$ -	$ 353,246	$ 144,533	$ 497,779	$ 1,794,718
Payroll taxes	49,793	36,060	11,145	1,493	8,402	5,511	112,404	-	32,000	16,128	48,128	160,532
Employee retirement and insurance	147,313	173,630	72,996	8,193	79,029	6,167	487,328	-	53,203	36,454	89,657	576,985
Promotion	1,351	9,358	3,765	316	849	262	15,901	-	75	94,136	94,211	110,112
Travel	1,279	8,610	3,417	147	1,462	252	15,167	-	6,218	13,970	20,188	35,355
Operating expenses	85,851	39,826	2,459	1,242	-	-	129,378	-	449	340	789	130,167
Activites program	1,543	-	-	-	-	-	1,543	-	-	-	-	1,543
Property tax and insurance	-	-	-	-	-	-	-	107,525	-	-	107,525	107,525
Other insurance	18,195	10,966	3,247	959	1,561	1,460	36,388	57,547	4,945	5,756	68,248	104,636
Professional services	-	-	-	-	-	-	-	21,000	-	-	21,000	21,000
Training	-	46	2,251	-	-	345	2,642	1,417	-	-	1,417	4,059
Professional development	1,402	1,770	2,448	-	198	-	5,818	-	8,286	1,180	9,466	15,284
Office expenses	1,357	9,252	2,851	85	2,267	2,092	17,904	7,371	8,593	14,531	30,495	48,399
Repairs and maintenance	35,084	4,846	7,982	-	-	-	47,912	-	2,661	-	2,661	50,573
License and fees	508	265	655	31	184	218	1,861	-	17,124	444	17,568	19,429
Utilities	8,601	6,983	6,726	2,430	3,296	2,040	30,076	-	6,728	777	7,505	37,581
Depreciation	87,903	27,971	24,552	-	-	-	140,426	100	5,267	7,536	12,903	153,329
Other	73,947	28,975	35,000	2,000	2,000	2,000	143,922	-	-	-	-	143,922
Computer expenses	14,001	9,819	6,676	4,015	5,917	5,728	46,156	-	5,905	2,876	8,781	54,937
Postretirement employee benefits	(41,401)	-	(55,537)	-	-	-	(96,938)	-	-	-	-	(96,938)
Total	$ 944,115	$ 705,242	$ 240,558	$ 86,348	$ 254,885	$ 203,679	$ 2,434,827	$ 194,960	$ 504,700	$ 338,661	$ 1,038,321	$ 3,473,148

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
Activities 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	58,321
Postretirement employee benefits	(22,702)	-	(29,695)	-	-	-	(52,397)	-	-	(10,210)	(10,210)	(62,606)
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
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash received from contributors	$ 5,290,308	$ 2,496,482
Cash received from services	518,204	427,616
Cash received from farm rental	55,510	55,510
Cash received from miscellaneous receipts	(2,580,023)	427,431
Interest and royalties received	242,775	100,487
Cash paid for program services	(2,283,393)	(2,084,872)
Cash paid for supporting services	(1,021,936)	(1,106,719)
Net Cash Provided by Operating Activities	221,445	315,935
Cash Flows From Investing Activities:		
Proceeds from the sale of investments		4,932
Purchase of investments	(94,754)	(51,577)
Purchase of land, building, and equipment	(113,708)	(33,565)
Net Cash Used by Investing Activities	(208,462)	(80,210)
Net increase in cash and cash equivalents	12,983	235,725
Cash and cash equivalents at the beginning of year	494,773	259,048
Cash and cash equivalents at end of year	$ 507,756	$ 494,773
Reconciliation of Change in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Change in net assets	$ 2,255,955	$ 52,777
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	153,329	180,669
Net unrealized and realized gains on investments	(641,754)	941,462
Net unrealized and realized losses on split-interest agreements	-	4,007
Net unrealized and realized gains on perpetual trusts	(2,710,358)	493,180
(Increase) Decrease in accounts receivable	(18,202)	30,495
Increase in prepaid expenses	12,863	14,733
(Increase) Decrease in contributions receivable	(1,420)	1,485
(Increase) Decrease in contributions receivable - bequests	1,217,191	(1,152,191)
Increase (Decrease) in accounts payable	844	(5,530)
Increase (Decrease) in accrued liabilities	(9,060)	(1,843)
Increase in postretirement benefit liability	(52,943)	(245,078)
Increase (Decrease) in estimated liability for future group medical insurance claims	15,000	1,770
Net Cash Provided by Operating Activities	$ 221,445	$ 315,935

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

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, 2023 and 2022, the Organization's beneficial interest in perpetual trust assets was $1,520,262 and $1,436,617, 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, 2023 and 2022, the liability for unused vacation was $2,641 and $2,019, 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 $30,000 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 $40,000 and $25,000 as of December 31, 2023 and 2022, 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.

3. 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:

	2023	2022
Current Assets:		
Cash	$ 507,756	$ 494,773
Contributions receivable, net	1,420	-
Accounts receivable, net	37,246	19,045
Other Assets	225	224
Contributions receivable - Bequests, net	15,000	1,232,191
Prepaid expenses	41,313	54,176
Investments, at fair value	738,500	455,000
Charitable gift annuity assets	13,310	2,273
Total Current Assets	$ 1,354,770	$ 2,257,682
Current Liabilites:		
Accounts payable	$ 57,675	$ 56,831
Accrued liabilites	9,535	18,595
Estimated liability for future group medical insurance claims	40,000	25,000
Charitable gift annuity liability	13,310	2,273
Postretirement benefit obligation	74,665	71,599
Total Current Liabilites	$ 195,185	$ 174,298
Excess of Current Assets over Liabilites	$ 1,159,585	$ 2,083,384

4. 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	$ 507,756
Contributions receivable, net	1,420
Accounts receivable, net	37,246
Contributions receivable - Bequests, net	15,000
Investments, at fair value	738,500
Charitable gift annuity assets	13,310
	$ 1,313,232

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, 2023 and 2022 the Organization has quasi-endowment funds of $7,528,570 and $5,447,201, 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.

5. INVESTMENTS

Investments consist of the following at December 31:

	2023	2022
Baptist Foundation of Illinois		
Equities	$ 313,187	$ 240,511
ETPs, Mutual, Closed-end, and Interval Funds	110,250	237,517
Corporate bonds	17,562	12,974
Municipal bonds	477,097	477,030
Cash & Cash Equivalent	57,550	29,939
	$ 975,646	$ 997,971
Southern Baptist Foundation		
Money market accounts	$ 1,984,986	$ -
Balanced fund	51,195	-
Equity fund	3,463,171	2,781,900
Flexible income fund	34,536	-
Income fund	1,481,601	732,626
	$ 7,015,489	$ 3,514,526
Total Investments	$ 7,991,135	$ 4,512,497

Investments are held for the following purposes at December 31:

	2023			
	Cost	Market Value	Gross Unrealized Gain	Gross Unrealized Loss
Investments:				
Quasi-Endowment Fund	$ 5,597,385	$6,866,087	$ 1,268,702	$ -
Quasi-Endowment Fund invested through Baptist Foundation of Illinois	1,037,021	975,659	-	61,362
Donor Restricted Fund	120,750	114,166	-	6,584
Operations Reserve	158	158	-	-
Total Investments - Without Designation	6,755,314	7,956,070	1,268,702	67,946
Investments - Designated:				
Williams Scholarship Fund	35,987	28,690	-	7,297
Heaton Education Fund	7,996	6,375	-	1,621
Total Investments - Designated	43,983	35,065	-	8,918
Total Investments	$ 6,799,297	$7,991,135	$ 1,268,702	$ 76,864

	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
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
Total Investments	$ 4,092,502	$4,633,380	$ -	$ 965,357

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest income	$ 198,445	$ 4,782	$ 203,227
Net realized and unrealized gains	673,541	7,085	680,626
Royalty income	33,926	-	33,926
Total investment return	$ 905,912	$ 11,867	$ 917,779

	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)

6 LAND, BUILDINGS AND EQUIPMENT

Land, buildings, equipment and accumulated depreciation are summarized as follows at December 31:

	2023	2022
Land	$ 77,545	$ 77,545
Buildings and improvements	4,169,771	4,090,544
Equipment and furniture	1,212,468	1,199,884
Total	5,459,784	5,367,973
Accumulated depreciation	3,834,984	3,703,554
Land, Buildings and Equipment - Net	$ 1,624,800	$ 1,664,419

Depreciation expense for the years ended December 31, 2023 and 2022 were $174,209 and $180,672 respectively.

7. LEASE OBLIGATION

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

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

2024	$ 312
Total minimum future rental payments	$ 312

Lease expense totaled $624 and $624 for the years ending December 31, 2023 and 2022 respectively.

8. 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, 2023 and 2022, the leased property was carried at a cost of $86,277, with accumulated depreciation of $77,207 and $77,107, 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:

2024	$ 55,510
2025	55,510
Total minimum future rental income	$ 111,020

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at December 31, 2023 and 2022 are restricted to:

	2023	2022
Maternity Center operations	$ 69,073	$ 49,353
Scholarships	71,852	71,620
Various donor restrictions	52,532	30,131
Investments held in perpetuity, the income from which is expendable to grant scholarships	35,065	34,728
Investments held in perpetual trusts, the income from which is expendable for general operations	1,520,262	1,436,617
Total	$ 1,748,784	$ 1,622,449

10. 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:

	2023	2022
Residential care	$ 75,739	$ 2,279
Maternity center operations	3,017	16,645
Crisis Pregnancy Center	21,963	2,011
Faith Adoption	1,898	-
Counseling	4,120	10,717
Scholarships	4,000	3,000
Satisfaction of program and supporting service restrictions	$ 110,737	$ 34,652

11. 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, 2023 and 2022 were $81,103 and $77,262, respectively.

12. CONTRIBUTIONS RECEIVABLE

Contributions receivable includes 2023 and 2022 contributions received in January, 2024 and 2023, respectively. The total contributions receivable at December 31, 2023 and 2022 was $1,420 and $0, respectively.

13. 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, 2023 and December 31, 2022 reconciliations are as follows:

	2023	2022
Accumulated postretirement obligation	$ 909,623	$ 962,566
Plan assets at fair value	-	-
Funded status	909,623	962,566
Unrecognized prior service cost	-	-
Unrecognized net gain or (loss)	513,626	607,400
Accrued/(prepaid) postretirement benefit/cost	1,423,249	1,569,966
Other comprehensive income recognized	(513,626)	(607,400)
Net recognized cost	$ 909,623	$ 962,566
Current liability	$ 74,665	$ 71,599
Noncurrent liability	834,958	890,967

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, 2023:

Change in Accumulated Postretirement Benefit Obligation for 2023:		
December 31, 2022 Accumulated Postretirement Benefit Obligation	$	962,566
+ Service cost for 2023		4,926
+ Interest cost for 2023		48,472
- Benefits paid for 2023		(49,779)
- Change in discount rate assumption		19,113
+ Change in other economic assumptions		(1,660)
- Actuarial loss		(74,015)
December 31, 2023 Accumulated Postretirement Benefit Obligation	$	909,623

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 $19,000 was the result of the rate increasing from 5.20% to 4.98% The other economic assumption gain of almost $2,000 was due to updating the health care cost trend rates to the 2023-2024 basis. Finally, the remaining actuarial gain of slightly more than $74,000 was due to other plan experience; this included the less than expected growth in health care premiums and the notable change in life premiums (somewhat increased through age 69, but now capped 20 years earlier at age 65), offset by miscellaneous net unfavorable census changes that differed from anticipated movement (no retiree exits and more active entries than exits), along with the impact of actual versus expected benefits paid (including interest timing adjustments.

Change in Plan Assets for 2023:	
December 31, 2022 plan assets at fair value	$ -
+ Contributions for 2023	49,779
- Benefits paid for 2023	(49,779)
+ Actual return on assets for 2023	-
December 31, 2023 plan assets at fair value	$ -

Change in Accrued Postretirement Benefit Cost for 2023:	
December 31, 2022 (Accrued) benefit cost	$ (1,569,966)
+ Net Benefit Income for 2023	96,938
+ Contributions for 2023	49,779
December 31, 2023 (Accrued) benefit cost	$ (1,423,249)

Change in Accumulated Other Comprehensive Income for 2023:	
December 31, 2022 Accumulated Other Comprehensive Income	$ 607,400
+ Gain Recognized by Net Benefit Cost for 2023	(150,336)
+ New Unrecognized Gain for 2023	56,562
December 31, 2023 Accumulated Other Comprehensive Income	$ 513,626

Change in Net Recognized Cost for 2023:	
December 31, 2022 Net recognized cost	$ (962,566)
+ Net Benefit Income for 2023	96,938
+ Contributions for 2023	49,779
+ Other Comprehensive Income Recognized During 2023	(93,774)
December 31, 2023 Net recognized cost	$ (909,623)

The net periodic postretirement benefit costs are broken into six separate components. The 2023 and projected 2024 net periodic postretirement benefit cost and the assumptions utilized in making the calculations are shown below:

	2023	Projected 2024
Service cost	$ 4,926	$ 6,019
Interest cost	48,472	43,762
(Gain) or loss to the extent recognized	(150,336)	(162,563)
Total Net Periodic Postretirement Benefit Cost	$ (96,938)	$ (112,782)

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:	2023	2022
Discount rate	4.98%	5.20%
Salary scale	3.00%	3.00%
Expected long-term health care costs increase		
Initial rate		
- Pre-65 (Medical/Rx)	6.80%/9.90%	7.40%/9.80%
- Post-65 (Medical/Rx)	4.40%/6.60%	4.30%/7.50%
Ultimate rate		
- Pre-65 (Medical/Rx)	4.37%/4.87%	4.37%/4.87%
- Post-65 (Medical/Rx)	4.40%/4.87%	4.30%/4.87%
Time to ulitmate rate	8 years	8 years
Weighted average remaining service - active participants	2.6 years	3.4 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	$ 663,737
Accumulated postretirement benefit obligation for active fully eligible participants	212,028
Accumulated postretirement benefit obligation for active participants other than active fully eligible participants	33,858
Accumultaed Postretirement Benefit Obligation	$ 909,623

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
2024	$ 74,665
2025	62,294
2026	61,405
2027	65,058
2028	65,361
2029 - 2033	347,671
	$ 676,454

14. 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:

<u>Level 1</u> – Quoted prices (unadjusted) in active markets for identical assets that the Organization can access at the measurement date.
<u>Level 2</u> – 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.
<u>Level 3</u> – 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, 2023 and 2022:

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 $7,990,997 and $4,633,539 as of December 31, 2023 and, 2022 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, 2023 and 2022.

15. CONTRIBUTED FACILITIES

During the year ended December 31, 2023 and 2022, 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, 2023 and 2022, respectively.

16. 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 2023:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor restricted funds	$ -	$ 35,065	$ 35,065
Board designated funds	7,528,570	-	7,528,570
Total funds	$ 7,528,570	$ 35,065	$ 7,563,635

Change in endowment net assets for the year ended December 31, 2023:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	$ 5,447,201	$ 34,728	$ 5,481,929
Investment return:			
Investment income	198,445	4,782	203,227
Net losses (realized and unrealized)	673,541	7,085	680,626
Total investment return	871,986	11,867	883,853
Contributions	1,661,627	99,207	1,760,834
Amounts appropriated for expenditure	$ (452,244)	(110,737)	(562,981)
	2,081,369	337	2,081,706
Endowment net assets, end of year	$ 7,528,570	$ 35,065	$ 7,563,635

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

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, 2023 and 2022.

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.

17. SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential disclosure through April 26, 2024, 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, 2023, that would require disclosure.