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<https://mbfn.org>

## Offering Circular

**\$50,000,000**

*(Missouri Baptist Foundation (“MBF”) may issue up to this amount of its investment obligations (the “Notes”) during the twelve (12)-month period ending February 29, 2024.)*

**THESE SECURITIES MAY EITHER BE REGISTERED OR EXEMPT FROM REGISTRATION IN THE VARIOUS STATES OR JURISDICTIONS IN WHICH THEY ARE OFFERED OR SOLD BY THE ISSUER. THIS OFFERING CIRCULAR HAS BEEN FILED WITH THE SECURITIES ADMINISTRATORS IN SUCH STATES OR JURISDICTIONS THAT REQUIRE IT FOR REGISTRATION OR EXEMPTION.**

**THESE SECURITIES ARE ISSUED PURSUANT TO A CLAIM OF EXEMPTION FROM REGISTRATION UNDER SECTION 3(a)(4) OF THE FEDERAL SECURITIES ACT OF 1933. A REGISTRATION STATEMENT RELATING TO THESE SECURITIES HAS NOT BEEN FILED WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION.**

**THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY, ADEQUACY, TRUTHFULNESS, OR COMPLETENESS OF THIS DOCUMENT AND HAVE NOT PASSED UPON THE MERIT OR VALUE OF THESE SECURITIES, OR APPROVED, DISAPPROVED OR ENDORSED THE OFFERING. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

***THIS OFFER IS SUBJECT TO CERTAIN RISK FACTORS DESCRIBED HEREIN BEGINNING ON PAGE 7.***

**The following Notes are offered by MBF under the terms described in “Description of Notes” beginning on page 12:**

**MBF Cash Fund Investments (“Demand Notes”)** – A Demand Note with an interest rate that may be adjusted on a monthly basis and that permits additions of principal and withdrawals at any time without any penalty or service fee upon request. Minimum investment of Twenty-Five Thousand Dollars (\$25,000).

**Term Investments (“Term Notes”)** – A Term Note with an interest rate that remains fixed throughout its term, with available terms of periods of six (6) months, nine (9) months, one (1) year, two (2) years, three (3) years and five (5) years, as may be offered by MBF from time to time. Minimum investment of Twenty-Five Thousand Dollars (\$25,000).

**For current interest rates, please call MBF at 1.800.776.0747, or visit MBF’s Internet website, <https://mbfn.org>.**

See “Description of Notes” beginning on page 12 for more specific information on Notes offered as of the date of this Offering Circular. Each Note term may not be available at all times, and interest rates may vary from time to time.

***NOTE: Investments offered by the Missouri Baptist Foundation are not bank deposits or obligations and are not insured by the Federal Deposit Insurance Corporation (“FDIC”), the Securities Investor Protection Corporation (“SIPC”) or any other federal or state agency.***

***This Offering Circular is dated March 1, 2023, and is to be used by Investors from March 1, 2023 through February 29, 2024.***

**IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE DISCLOSURES, MERITS AND RISKS INVOLVED.**

The aggregate amount of the Notes being offered may be sold in any one or more of the offered categories.

This offering is not underwritten, and no commission or discounts will be paid or provided by MBF in connection with the sale of Notes. MBF will receive one hundred percent (100%) of the proceeds from the sale of the Notes. MBF will bear all expenses, including securities registration fees, printing, mailing, accounting fees and attorney's fees, incurred in this offering, which is estimated to be approximately \$10,000.

No sinking fund or trust indenture will be used by MBF in conjunction with the issuance of the Notes. Investors must rely solely upon the financial condition of MBF for repayment of the Notes. The Notes are unsecured debts of MBF and are of equal priority with all other current indebtedness of MBF. MBF reserves the right to issue future obligations or obtain a line of credit secured by a first lien on its assets. MBF will not create, incur, or voluntarily permit any material lien upon any of its assets or otherwise incur material indebtedness having a prior claim to its assets or otherwise senior to the Notes. The term "material," as used in this paragraph, shall mean an amount which exceeds ten percent (10%) of the tangible assets (total assets less intangible assets as defined by U.S. GAAP, as hereinafter defined) of MBF. The Notes are non-negotiable and may be assigned only upon MBF's prior written consent.

**THE NOTES ARE NOT SAVINGS OR DEPOSIT ACCOUNTS OR OTHER OBLIGATIONS OF A BANK AND ARE NOT INSURED BY THE FDIC, THE SIPC, ANY STATE BANK OR INSURANCE FUND OR ANY OTHER GOVERNMENTAL AGENCY. THE PAYMENT OF PRINCIPAL AND INTEREST TO AN INVESTOR IN THE NOTES IS DEPENDENT UPON MBF'S FINANCIAL CONDITION. ANY PROSPECTIVE INVESTOR IS ENTITLED TO REVIEW MBF'S FINANCIAL STATEMENTS, WHICH SHALL BE FURNISHED AT ANY TIME DURING BUSINESS HOURS UPON REQUEST. THE NOTES ARE NOT OBLIGATIONS OF, NOR GUARANTEED BY, ANY OTHER PERSON OR ENTITY EXCEPT FOR MBF.**

**THE OFFER AND SALE OF THE NOTES IS LIMITED TO PERSONS (INCLUDING ENTITIES OR ARRANGEMENTS CONTROLLED BY, OWNED BY, OR EXISTING FOR THE BENEFIT OF SUCH PERSONS) WHO, PRIOR TO RECEIPT OF THIS OFFERING CIRCULAR, ARE MEMBERS OF, CONTRIBUTORS TO, OR PARTICIPANTS IN MBF, THE MISSOURI BAPTIST CONVENTION ("MBC"), OR CLOSELY IDENTIFY WITH THE MBC'S CURRENT STATEMENT OF FAITH, THE BAPTIST FAITH, AND MESSAGE 2000, OR IN ANY RELIGIOUS ORGANIZATION THAT HAS A PROGRAMMATIC RELATIONSHIP WITH MBF OR THE MBC ("LIMITED CLASS"), OR SUCH OTHER PERSONS OR ENTITIES HAVING A REASONABLE ASSOCIATION OR AFFILIATION WITH THE LIMITED CLASS, AS FURTHER DEFINED ON PAGE 6. MBF WILL MAKE AFFIRMATIVE REASONABLE EFFORTS TO VERIFY A POTENTIAL INVESTOR'S REPRESENTATION OF MEMBERSHIP AND PARTICIPATION IN THE LIMITED CLASS.**

**NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION IN CONNECTION WITH THIS OFFERING OTHER THAN THOSE CONTAINED IN THIS OFFERING CIRCULAR AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED ON AS HAVING BEEN MADE OR AUTHORIZED BY MBF.**

**THESE SECURITIES ARE SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT WITH MBF'S WRITTEN CONSENT AND AS PERMITTED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND THE APPLICABLE STATE SECURITIES LAWS, PURSUANT TO REGISTRATION OR EXEMPTION THEREFROM.**

**INVESTORS ARE ENCOURAGED TO CONSIDER THE CONCEPT OF INVESTMENT DIVERSIFICATION WHEN DETERMINING THE AMOUNT OF NOTES THAT WOULD BE APPROPRIATE FOR THEM IN RELATION TO THEIR OVERALL INVESTMENT PORTFOLIO AND PERSONAL FINANCIAL NEEDS.**

**STATE SPECIFIC INFORMATION**

**MISSOURI RESIDENTS: THE MISSOURI SECURITIES DIVISION HAS NOT IN ANY WAY PASSED UPON THE MERITS OR QUALIFICATIONS OF THE SECURITIES HEREBY OFFERED OR PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE MISSOURI SECURITIES ACT UNDER THE EXEMPTION PROVIDED BY SECTION 409.2-201(7)(B) OF THE REVISED STATUTES OF MISSOURI. NO APPROVAL HAS BEEN GIVEN TO THE ISSUER, THESE SECURITIES, OR THE OFFER OR SALE THEREOF IN CONNECTION TO ANY MISSOURI RESIDENTS.**

## **FORWARD LOOKING STATEMENTS**

Investment in the securities to be issued by MBF involves certain risks. Prospective Investors are encouraged to review all the materials contained in this Offering Circular and to consult their own attorneys and financial advisors.

This Offering Circular includes “forward-looking statements” within the meaning of the federal and state securities laws. Statements about MBF and its expected financial position, business and financing plans are forward-looking statements. Forward-looking statements can be identified by, among other things, the use of forward-looking terminology such as “believes,” “expects,” “may,” “will,” “should,” “seeks,” “pro forma,” “anticipates,” “intends,” “projects,” or other variations or comparable terminology, or by discussions of strategy or intentions. Forward-looking statements are necessarily dependent upon assumptions, estimates and data that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, prospective Investors should not consider MBF’s forward-looking statements as predictions of future events or circumstances. A number of factors could cause MBF’s actual results, performance, achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by MBF’s forward-looking statements. These factors include, but are not limited to: changes in economic conditions in general and in MBF’s business; changes in prevailing interest rates and the availability of and terms of financing to fund MBF’s business; changes in MBF’s capital expenditure plans; and other factors discussed in this Offering Circular. Given these uncertainties, prospective Investors should not rely on MBF’s forward-looking statements in making an investment decision. MBF disclaims any obligation to update Investors on any factors that may affect the likelihood of realization of MBF’s expectations.

Prospective Investors should not place undue reliance on any forward-looking statements, which speak only as of the date made. Prospective Investors should understand that the factors discussed herein and under “**RISK FACTORS**” could affect MBF’s future results and performance. This could cause those results to differ materially from those expressed in the forward-looking statements.

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## DEFINITIONS

The terms defined below apply to all portions of this Offering Circular except the Financial Statements and the Notes to Financial Statements, which must be read in the context of the terms separately defined therein.

**Note** – Term or demand unsecured debt obligation issued by MBF and offered herein. For a further description of the terms of the Notes, see “Description of Notes.”

**Demand Notes** – See “Description of Notes.”

**Invested Funds** – Funds of MBF invested as further described in the “Financing and Operational Activities” and “Investing Activities” sections.

**Investor (or Purchaser)** – Persons (including entities or arrangements controlled by, owned by, or existing for the benefit of such persons) who, prior to receipt of this Offering Circular, are members of, contributors to, or participants in MBF, the MBC, or closely identify with the MBC’s current statement of faith, the Baptist faith, and Message 2000, or in any religious organization that has a programmatic relationship with MBF or the MBC (“Limited Class”), or such other persons or entities having a reasonable association or affiliation with the Limited Class, as further defined on page 2. MBF will make affirmative reasonable efforts to verify a potential Investor’s representation of membership and participation in the Limited Class.

**MBC** - The Missouri Baptist Convention.

**MBF** – The Missouri Baptist Foundation, a Missouri nonprofit corporation.

**Ministry Activities** – Supporting, expanding and advancing the religious, educational and philanthropic purposes of MBF, including activities such as promoting estate planning gifts to MBF and Missouri Baptist causes and providing support for ministry and mission efforts of Missouri Baptists.

**Offering Circular** – This disclosure document prepared by MBF.

**Purchaser** – See “Investor.”

**U.S. GAAP** – Generally Accepted Accounting Principles in the United States as established by the Financial Accounting Standards Board (“FASB”).

## SUMMARY OF OFFERING

The following is a summary of MBF's offering and contains only selected information. This summary does not contain all of the information that a potential Investor should consider before investing. The information provided in this summary should be read in conjunction with the detailed information contained in this Offering Circular, including MBF's audited financial statements (the "Financial Statements").

1. MBF may issue up to Fifty Million Dollars (\$50,000,000) of its Notes during the twelve (12)-month period ending February 29, 2024. This amount may be issued in any one or more of the types of Notes and may be issued in the state of Missouri to the extent qualified for offer and sale in such jurisdiction.
2. MBF is a Missouri nonprofit corporation and is organized and operated exclusively for religious, educational, benevolent, and charitable purposes. MBF's principal office is located in Jefferson City, Missouri, and MBF is affiliated with the MBC.
3. MBF offers and sells Notes to Investors to make funds available for Ministry Activities. MBF does not offer loans to churches at this time. However, MBF has a relationship with The Baptist Foundation of Oklahoma, an Oklahoma not for profit corporation using the tradename WatersEdge Ministry Services ("WatersEdge") through which MBF works with WatersEdge to assist Missouri Baptist churches with loans.
4. Notes offered pursuant to this Offering Circular bear a fixed or variable rate of interest and have maturities ranging from six (6) months to five (5) years, as may be offered by MBF from time to time (except in the case of Demand Notes, which are demand obligations).
5. Interest payable on Notes is taxable to the Investor in the year in which such interest is paid or credited.
6. At maturity, unless the Investor elects to redeem a Note, such Note will automatically renew for a term equal to the prior term at the then-current interest rate for such Note.
7. MBF will use the proceeds from the sale of its Notes to carry on Ministry Activities. Any Note proceeds not used as described above will be invested pursuant to MBF's investment policies. Any such Invested Funds invested in readily marketable securities are subject to various market risks, which may result in losses if market values of investments decline.

## RISK FACTORS

1. **Unsecured and Uninsured General Obligations.** The Notes are general obligations of the Missouri Baptist Foundation, a Missouri nonprofit corporation formed August 15, 1946. Investors are dependent solely upon the financial condition of MBF for repayment of principal and interest on the Notes. The Notes are unsecured and are not insured. Neither the MBC, or its other entities or affiliates, are parties to this Offering Circular, nor do they have any liability or obligation to Investors regarding the Notes, funds, or interest.

2. **No Sinking Fund or Trust Indenture.** No sinking fund or trust indenture has been or will be established. The absence of a sinking fund and trust indenture may adversely affect MBF's ability to repay principal and interest on the Notes.

3. **Senior Secured Indebtedness.** MBF currently has no outstanding senior or secured debt, except for a \$5,000,000 loan secured by a property known as Windermere Baptist Conference Center in Camden County, MO. See Note 12 to the Financial Statements. Otherwise, the Notes are of equal priority with all other current indebtedness of MBF. However, MBF reserves the right to issue future obligations, or obtain a line of credit, secured by a first lien on its assets in an amount not to exceed ten percent (10%) of the tangible assets of MBF (total assets less intangible assets as defined by U.S. GAAP).

4. **No Public Market for Notes.** No public market exists for the Notes and none will develop. Therefore, Investors should consider the purchase of a Note as an investment for the full term of the Note.

5. **No Guarantee of Future Offerings.** There can be no assurance that MBF will continue to offer and sell Notes in the future. See “Financing and Operational Activities.”

6. **Tax Consequences.** Investors will not receive a charitable deduction upon the purchase of a Note, and interest paid or payable on the Notes will be taxable as ordinary income to an Investor regardless of whether the interest is paid directly to the Investor or retained and compounded. If interest paid is below the Applicable Federal Rate of interest, the Internal Revenue Service may impute income up to the Applicable Federal Rate level. The Internal Revenue Service may exempt loans, including gift loans to charitable organizations, from the imputed interest rules if the amount does not exceed Two Hundred Fifty Thousand Dollars (\$250,000). See “Tax Aspects.”

7. **Investments Subject to Market Risks.** MBF’s Notes are subject to various market risks, which may result in losses if market values of investments decline and could have an adverse impact upon MBF’s liquidity and its ability to repay its Notes.

8. **Future Changes in Federal or State Laws.** Changes in federal laws or the laws of the various states in which MBF offers its Notes may make it more difficult or costly for MBF to offer and sell Notes in the future.

9. **Note Repayment Ability.** MBF uses earnings from Invested Funds to pay interest and principal on Notes (see “Use of Proceeds” on page 10). Future market conditions could affect MBF’s ability to repay Notes.

10. **Other Investment Opportunities.** Other investment opportunities may yield a higher rate of return with less risk than the Notes. This may adversely affect sales of the Notes.

11. **Interest Rate Fluctuation.** Interest rates will fluctuate in the future. Investors should be aware that if interest rates rise or fall, MBF is not obligated to redeem any Note prior to its maturity. Further, if interest rates fall, in order to reduce future interest obligations, MBF may exercise its right to call Notes for redemption (see Risk Factor 17 below).

12. **Minimum Balances Required.** Investors may be required to maintain a minimum investment in each Note. If the amount invested in a Note falls below such minimum amount, the balance of such Note may be fully redeemed without notice to the Investor or, in lieu of such full redemption, the interest rate may be reduced to the then current rate applicable to Demand Notes. See “Description of Notes” beginning on page 12.

13. **Interest Rate on Automatic Rollover or Reinvestment at Maturity.** Upon maturity of a Note, if an Investor does not choose to redeem the Note or to reinvest the amount due thereunder into a new Note, then it will be automatically renewed at the interest rate in effect on the date of maturity for such type and term of Note. An automatically renewed Note may be assigned a new Note investment number. If MBF is then offering a separate interest rate for investments of only new funds, that separate interest rate will not apply to a rollover or reinvestment, and only the rate then applicable to rollovers or reinvestments not involving new funds will apply. If the then current interest rate is less than the interest rate on the Note as in effect prior to maturity, the Investor will receive a lower interest rate return on the renewed Note.

14. **Interest Rate Policy and Payment Change.** MBF reserves the right to change the method by which interest is determined or the frequency with which interest is paid to the Investor or added to the Notes. If MBF exercises its right to change the method by which interest is calculated or the frequency in which interest is paid on existing Notes, the holders of such Notes would receive written notification describing the changes and the method of determining rates of such Notes. If upon receiving the notice, Investors wish to make a complete withdrawal, they may do so (without penalty) within seven (7) days of receiving the notice. For the last payment of interest only, they may also be paid interest at the rates in effect for these Notes during the preceding month, provided they notify MBF within this seven (7) day period.



15. **MBF Solely Liable on Notes.** The debts and liabilities of MBF, including the Notes, are independent of the financial structure of any other person or entity. Therefore, Investors may not rely upon any person or entity other than MBF for payment of the Notes when due.

16. **Early Withdrawal Penalties.** MBF is not required to redeem any Term Note prior to its maturity date. In the event MBF agrees, in its sole discretion, to redeem a Term Note prior to its maturity, early withdrawal penalties may be applied. See “Term Notes” on page 13.

17. **Ability to Call Notes.** MBF has the right to call Notes for redemption at any time upon thirty (30) days’ written notice. In such event, interest will be paid to the date of redemption.

18. **Limitation on Transferability.** The Notes are non-negotiable and may be assigned or transferred only upon MBF’s written consent. In addition, conditions on the transfer of the Notes may be imposed under the securities laws of certain states.

19. **Unclaimed Property.** MBF identifies potential unclaimed property if MBF receives undeliverable mail with no forwarding address pertaining to a Note or if an Investor ceases to communicate with MBF pertaining to a Note. MBF tracks and monitors such a dormant account. However, the Note will continue to accrue interest until it is redeemed or until it is disposed of by MBF pursuant to applicable state unclaimed property laws.

20. **Decrease in Note Renewals.** MBF’s business plan anticipates that a significant number of Notes will be renewed at maturity. If there is a significant decrease in the renewal rate of maturing Notes resulting in a significant increase in redemptions, MBF’s resulting financial condition could adversely affect its ability to repay Notes.

## THE OFFERING

MBF may issue up to Fifty Million Dollars (\$50,000,000) of its Notes during the twelve (12)-month period ending February 29, 2024. This amount may be issued in any one or more of the types of Notes and may be issued in the state of Missouri to the extent qualified for offer and sale in such jurisdiction.

## HISTORY AND OPERATIONS

### History of The Missouri Baptist Foundation

The mission of MBF is to strengthen the mission and ministry efforts of Missouri Baptists. Established in 1946, MBF began with three accounts and assets of about Eighty Thousand Dollars (\$80,000). It has grown to manage \$211 million in assets today, representing over nine hundred (900) accounts. In fiscal year 2022, the Foundation distributed over \$25.5 million in principal and income to Baptist and other causes in Missouri and around the world. MBF is governed by a twelve (12)-member Board of Trustees. It is operated by staff at its offices in Jefferson City. MBF is a member of the Evangelical Council for Financial Accountability.

### The Missouri Baptist Foundation

The name of the issuer is the Missouri Baptist Foundation. Its principal address is 400 East High, Suite 500, P.O. Box 1113, Jefferson City, MO 65102-1113.

MBF was incorporated as a Missouri nonprofit corporation on August 15, 1946. It is organized and operated exclusively for religious, educational, benevolent and charitable purposes. No part of the net earnings of MBF inures to the benefit of any person or individual. MBF, as a nonprofit corporation, does not have any shareholders. MBC is the sole corporate member of MBF.

In October 1946, The Missouri Baptist General Association (“MBGA”, now the MBC) voted to transfer the permanent and trust funds, which were under the authority of a special committee to MBF to supervise, control and manage the investment of the permanent funds of the Executive Board.

The initial amount equaled \$80,201.49. By the next year, the funds had increased by \$36,921.31. In addition, a number of wills had been executed which represented additional funds. The MBGA also approved Three Thousand Dollars (\$3,000) to provide for the first year of its operation. The MBGA elected MBF's first trustees, and MBC as the successor organization to MBGA continues to do so.

The management affairs of MBF are conducted by its Board of Trustees, elected by the MBC, consisting of at least twelve (12) trustees as established from time to time by duly adopted resolution of the Board of Trustees. Of these twelve (12) trustees, only four (4) may be ministers. All members of the Board of Trustees must be members of the Missouri Baptist Convention-affiliated churches. The day-to-day operations of MBF are carried out under supervision of the President of MBF.

An MBF trustee serving a full or partial term is eligible for consideration to be nominated and elected to one consecutive term, but after serving a consecutive term, is ineligible for renomination to the MBF Board of Trustees for one year. Service of a partial term counts as a full term under MBF's bylaws. If a vacancy occurs on the Board of Trustees, the Board Chairman advises the Chairman of the MBC Nominating Committee. This Nominating Committee fills the vacancy temporarily in accord with MBC's governing documents. No person may serve on more than one (1) MBC entity board or commission simultaneously. No MBC or related entity employee, except for the Executive Director, may serve on the board of any entity affiliated with the MBC. When a trustee of any MBC entity board becomes an employee, the trustee position is vacated immediately.

MBF's governing documents provide that the MBC is a member of MBF, and provide that MBF trustees have a fiduciary relationship both to MBF and to the MBC. The documents also provide the MBC, in its sole and absolute discretion, the following: (1) the sole and exclusive right to elect and remove trustees of MBF; (2) the right to notice of all meetings of MBF's Board of Trustees; (3) the right to recommend, approve, or reject, in writing, any addition, deletion, or other amendment to MBF's Articles of Incorporation or Charter, Constitution, and/or Bylaws; (4) the right to approve or reject the sale, mortgage, lease, pledge, or transfer of all, or substantially all, of MBF's assets; (5) the right to approve or reject the creation, amendment, or dissolution of any subsidiary of MBF; (6) the right to be present by an officer at all meetings of MBF's Board of Trustees; (7) the right for the MBC President to serve as an ex officio trustee, without vote, of MBF's board; (8) the right for the MBC Executive Director to serve as a non-voting ex officio trustee of MBF's board and as a non-voting member of any search committee for MBF's President; and (9) the right to approve or reject any material change of the ministry of MBF.

MBF manages assets that have been placed with it by individuals and families, churches, and mission or ministry organizations. MBF also works with individuals, couples, and families to assist with estate and gift planning. MBF provides Trust Administration services to assist individuals and families with estate settlement and professional management of trusts benefiting family and ministries.

In 2019, MBF created a subsidiary corporation, Straightway Holdings, Inc. ("SHI"), for the purposes of holding investments in real estate assets that are compatible with, and are supportive of, the religious and charitable purposes of MBF. MBF's trustees and officers are also the officers and trustees of SHI.

## **USE OF PROCEEDS**

MBF will use the proceeds from the sale of its Notes to carry on Ministry Activities as follows:

1. developing, managing, and distributing financial resources for the support of the mission and ministry efforts of Missouri Baptists (note, however, that MBF does not offer loans to churches as part of its activities, although it does have a relationship with WatersEdge to assist Missouri Baptists with loans to churches);
2. promote Christian estate stewardship and assist with planning and implementation of charitable gift arrangements;
3. promote planned giving among Missouri Baptists by receiving by bequest, devise, gift, purchase, or lease, either absolutely or in trust, any property, real, personal or mixed;

4. administer property and invest and reinvest the same, or the proceeds thereof, in such manner as in the judgment of the Board of Trustees will best promote such object; and

5. any Note proceeds not used as described above will be invested pursuant to MBF's investment policies. See "Financing and Operational Activities."

At this time, MBF does not offer or make loans to churches. However, MBF has a relationship with WatersEdge, an Oklahoma not for profit corporation and church extension fund, that has been making loans since 1953 to Southern Baptist churches and entities. Through MBF's arrangement with WatersEdge, MBF helps Missouri Baptist churches and entities with WatersEdge lending options that provide a ministry-based alternative. It is anticipated that all operating expenses will be charged against MBF's net assets without donor restrictions and not against Note proceeds, although the cash flow from Note proceeds may, in fact, be used for operating expenses to the extent that cash flow from other sources is insufficient. It is anticipated that all interest and principal due on Notes will be charged against MBF's assets exclusive of new Note proceeds, although the cash flow from new Note proceeds may, in fact, be used to repay interest and principal due on Notes to the extent that cash flow from other sources is insufficient.

The amount of proceeds actually used for each of these purposes will vary depending upon a number of factors, including the amount of Notes sold to new Investors, and the amount of Notes redeemed or renewed at any given time by existing Investors. MBF anticipates that its operating expenses will represent less than 0.7% of the aggregate offering amount (based on MBF's 2022 budget) and that new Note proceeds will not be needed (except on a "cash flow" basis) for operating expenses or to repay interest and principal due on Notes. Accordingly, MBF anticipates that new Note proceeds will be used for the purpose of supporting Ministry Activities, with surplus funds being invested in accordance with MBF's investment policies. However, there is no guarantee that the anticipated results will occur.

## **FINANCING AND OPERATIONAL ACTIVITIES**

MBF's means of generating funds for its Ministry Activities is through the sale of Notes, earnings from Invested Funds, lease revenue, administrative fees, and contributions from Missouri Baptists.

At its founding in 1946, MBF was initially funded with \$80,201.49 from the MBC. MBF now occupies approximately six thousand (6,000) square feet on the fifth floor of a building owned by the MBC in Jefferson City, MO.

### **Real Estate Held**

In December 2019, MBF, through its subsidiary SHI, purchased the Windermere Baptist Conference Center in Camden County, MO. In 2022, SHI entered into a new lease agreement with Encounter Ministries, Inc. to lease the Windermere Conference Center for four (4) successive yearly terms with an option to purchase.

## **INVESTING ACTIVITIES**

MBF maintains a significant investment portfolio in relation to its service as trustee and custodian of trusts. MBF holds these investments as restricted investments separately from the Notes. In addition, MBF invests a portion of the proceeds from the sale of Notes in accordance with its policy of maintaining reasonable liquidity and investing funds pending their use for MBF's charitable purposes. These Investments consist primarily of securities from which further income is generated for MBF's operation.

MBF partners with Oak City Consulting ("Oak City") in the fiduciary stewardship of MBF's investments. Oak City was started in 2012 in Wake Forest, North Carolina, for the sole purpose of assisting Christian Institutions, mainly foundations and endowments. Oak City works with foundations like MBF to build sound investment platforms that not only reflect a Biblical worldview but also deliver positive human impact. Oak City is a SEC registered Investment Advisor and acts as a co-fiduciary for the MBF. Oak City is responsible for manager selection, ongoing monitoring, and termination. Oak City or MBF may change any or all investment managers at any time without notice to participants. The Board of Trustees oversees the

investment policy and reviews investment transaction on a quarterly basis. The President has the responsibility of implementing the policy.

Below is a summary of MBF's cash and Invested Funds as of September 30, 2022 (see Note 5 to the Financial Statements):

<u>Type of Investment</u>	<u>09/30/2022</u>	<u>% of Total</u>
Cash and cash equivalents	\$41,858,948	20.6%
Invested Funds		
Equity Securities	\$3,362,006	1.7%
Total Bond Mutual Fund	\$2,472,428	1.2%
Total Stock Mutual Fund	\$12,211,743	6.0%
Other Mutual Funds	\$1,105,748	0.5%
Corporate and Muni Bonds	\$1,728,739	0.9%
Investment Pools		
Money Market Funds and Commercial Paper Mutual Funds	\$28,338,889	14.0%
Investments Held at Net Asset Value or its Equivalent	\$44,831,776	22.0%
	\$67,099,796	33.1%
Total	\$203,010,073	100.0%

For the years ended September 30, 2022 and 2021, respectively, MBF's investment return consisted of interest and dividends of \$569,509 and \$460,437. For the years ended September 30, 2022 and 2021, respectively, MBF recorded net realized and unrealized gain and (loss) on certain Invested Funds of (\$1,207,968) and \$1,193,919. See Note 2 to the Financial Statements.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The senior leadership team of MBF, consisting of MBF's executive officers, reviews MBF's overall financial position monthly. MBF's operating philosophy is to maintain a position of liquidity sufficient to provide for operating cash requirements, a capital position sufficient to support its financial position and operations, and a margin of assets over liabilities. MBF's Board of Trustees may modify existing procedures or implement new procedures to enable MBF to operate under changing economic conditions.

For the years ended September 30, 2022 and 2021, respectively, MBF had total assets of \$211,372,557 and \$203,915,205. Total net assets without donor restrictions totaled \$5,038,483 in 2022 and \$4,927,333 in 2021. Total net assets with donor restrictions totaled \$11,903,589 in 2022 and \$12,427,261 in 2021. MBF experienced a negative change in net assets of (\$412,522) in 2022 but a positive change in net assets of \$11,309,693 in 2021. For the years ended September 30, 2022 and 2021, respectively, Net Cash Provided by Operating Activities was \$16,146,845 and \$1,667,804.

## **DESCRIPTION OF NOTES**

***Investments offered by the Missouri Baptist Foundation are not bank deposits or obligations and are not insured by the FDIC, the SIPC or any other federal or state agency.***

MBF may issue up to Fifty Million Dollars (\$50,000,000) of its Notes during the twelve (12)-month period ending February 29, 2024. This amount may be issued in any one or more of the types of Notes and may be issued in the state of Missouri to the extent qualified for offer and sale in such jurisdiction. Notes will be offered to eligible Investors and must be purchased in minimum face amounts of Twenty-Five Thousand Dollars (\$25,000). The terms of any Notes purchased pursuant to this Offering Circular will remain as described in this Offering Circular. However, no assurance can be given that the terms of any Notes offered in future issues will remain the same as those described herein.

**MBF Cash Fund Investments ("Demand Notes")** – A Demand Note with an interest rate that may be adjusted on a monthly basis and which permits additions of principal and withdrawals at any time

without any penalty or service fee upon request. Minimum investment of Twenty-Five Thousand Dollars (\$25,000).

**Term Investments (“Term Notes”)** – A Term Note with an interest rate that remains fixed throughout its term, with available terms of periods of six (6) months, nine (9) months, one (1) year, two (2) years, three (3) years and five (5) years, as may be offered by MBF from time to time. Minimum investment of Twenty-Five Thousand Dollars (\$25,000).

Interest rates are set effective as of the first day of each month, and interest rates quoted are annualized rates. Interest is paid at maturity for Term Notes.

MBF will accept payment for Notes in the form of personal check, cashier’s check, money order or electronic funds transfer. MBF offers no financing terms. The Notes offered and issued by MBF are issued as uncertificated securities (*i.e.*, in book-entry form), and the right of Investor(s) in such Notes will be reflected upon the books and records of MBF. The terms and conditions of Notes will be construed under and governed by Missouri law. The Investor will receive a periodic statement indicating the balance of a particular investment including any additions, withdrawals and any interest credited, withdrawn or accumulated.

### **Interest**

Notes will bear interest at a rate that is determined from time to time in accordance with the then current policies of MBF. Interest rates are currently established by MBF through a review of current interest rates paid by other institutions, while ensuring MBF maintains a spread to cover its operating costs.

The interest rate on a Term Note does not vary over the term of the Note. The interest rate on a Demand Note may be adjusted monthly. See “Demand Notes” below. MBF will review certain factors, such as investment gap analysis, cash flow needs and the current policy of the Federal Reserve, before establishing each month’s rate of interest. MBF will provide potential and existing Investors with current interest rates on Notes along with this Offering Circular and, at any other time, upon request.

MBF reserves the right to change the method by which interest is determined or the frequency with which interest is paid to the Investor or added to the Notes. If MBF exercises its right to change the method by which interest is calculated or the frequency in which interest is paid on existing Notes, the holders of such Notes will receive written notification describing the changes and the method of determining rates of such Notes. If upon receiving the notice, Investors wish to make a complete withdrawal, they may do so within thirty (30) days of receiving the notice. For the last payment of interest only, they may also be paid interest at the rates in effect for these Notes during the preceding month, provided they notify MBF within this thirty (30)-day period.

MBF will establish interest rates on a monthly basis for Demand Notes and for Term Notes having terms of six (6) months to five (5) years, as may be offered by MBF from time to time. MBF may, from time to time, establish separate interest rates for investments of only new funds that are different from the interest rates applicable to rollovers or reinvestments of existing investments.

### **Term Notes**

Term Notes may be purchased for terms of six (6) months, nine (9) months, one (1) year, two (2) years, three (3) years, and five (5) years. Investors may invest in Term Notes on any business day. Term Notes are automatically renewed at maturity at the then current rate of interest for the same term, unless an investor sends a written demand for redemption within fifteen (15) days of the maturity date. MBF will send an Investor a renewal notice thirty (30) days prior to maturity.

Interest is accrued daily and computed on a 365/actual day schedule. Interest is paid at maturity for Term Notes.

Term Notes may be withdrawn at maturity without penalty. A partial withdrawal shall be considered an early redemption of the Term Note, which may incur a penalty. For a Term Note that is twelve

(12) months or less, the early redemption penalty is three (3) months of interest. For a Term Note that is longer than twelve (12) months, the early redemption penalty is six (6) months of interest.

MBF will distribute funds within seven (7) business days upon written notification from the Investor.

MBF's Notes are not insured by the FDIC, SIPC, or any other governmental agency. MBF's Notes will be unsubordinated debts, and if it liquidates or distributes MBF's assets upon bankruptcy, reorganization or similar proceedings, all unsubordinated Notes will have an equivalent claim to MBF's assets.

### **Demand Notes**

Investors may invest in Demand Notes on any business day. Funds will remain invested in Demand Notes until the investor sends a written notice of withdrawal or reallocation to MBF. Demand Notes have a daily maturity. Distributions shall be made from Demand Notes upon written request to MBF by the Investor, and there is no fee or penalty for distribution of funds. Funds shall be distributed within seven (7) business days upon written notification of the Investor to MBF. Upon termination of the investment, funds shall be distributed within seven (7) business days.

### **MBF's Early Redemption Right**

MBF has the right to call Notes for redemption at any time upon thirty (30) days written notice. In such event, interest will be paid to the date of redemption.

### **Unsecured General Obligation Status of Notes**

The Notes are unsecured and of equal priority with all other current indebtedness of MBF. MBF reserves the right to issue future obligations, or obtain a line of credit, secured by a first lien on its assets in an amount not to exceed ten percent (10%) of the tangible assets of MBF (total assets less intangible assets as defined by U.S. GAAP). To the extent that MBF incurs any senior secured indebtedness, then repayment of such line of credit or indebtedness will have priority in MBF's assets over all other unsecured creditors of MBF, including Investors.

### **Additional Information**

MBF reserves the right at any time to discontinue offering any of the Notes described herein without the need to supplement this Offering Circular. MBF also reserves the right at any time to offer additional Notes having terms different than the terms of the Notes described in this Offering Circular. The Notes are non-negotiable and may be assigned or transferred only upon MBF's written consent.

### **PLAN OF DISTRIBUTION**

The primary means for marketing the Notes will be through promotional brochures and Offering Circulars distributed to churches and individual members of churches in Missouri as well as *The Pathway*, the MBC state Baptist publication. Promotional materials will also be published on MBF's website (<https://mbfn.org>). MBF will also make the Offering Circular and purchase application form available on its website and by e-mail. In addition, promotional materials may be distributed at church conferences, national and regional meetings, retreats and seminars. A representative for MBF may discuss the nature and purpose of MBF's work at national or regional meetings or at church services or gatherings. Each Investor will be provided a copy of the Offering Circular prior to the Investor's purchase of Notes. No offers to purchase will be accepted prior to the time that an Investor has executed a purchase application form acknowledging that he or she received a current Offering Circular. All sales are made by trustees, officers and/or employees of MBF. No underwriting or selling agreements exist, and no direct or indirect remuneration will be paid to any person in connection with the offer and sale of Notes. Notes will be offered and sold only to Investors. (See definition of "Investor" on page 6 of this Offering Circular).

## **TAX ASPECTS**

Investors will not receive a charitable deduction upon the purchase of a Note. The interest payable on the Notes will be taxable as ordinary income to the Investor in the year it is paid or accrued, regardless of whether it is actually paid out to the Investor. If interest is accrued over the life of the Note and paid at the maturity date, the Investor must report such interest as income on their federal and state income tax returns as it accrues. Transferability of the Notes is limited, and it is unlikely that there would be a sale or exchange of a Note. Upon a sale or exchange, the Investor would generally report as either a short-term or long-term gain or loss depending upon the length of time held, the gain or loss being equal to the difference between the amount the Investor paid for the Note and the amount the Investor received upon sale or exchange of the Note, less accrued interest. Investors who hold Notes until their maturity will not be taxed on the return of the principal purchase price or on previously accrued and taxed interest. Any excess will be interest income taxable in the year of maturity.

An individual Investor (or a husband and wife together) who has (have) invested more than Two Hundred Fifty Thousand Dollars (\$250,000) in aggregate with or to MBF may be deemed to receive additional taxable interest under Section 7872 of the Internal Revenue Code of 1986, as amended (the "Code"). Such investors should consult their tax advisors to be informed of the special income tax rules applicable to loans and investments, in the aggregate, greater than Two Hundred Fifty Thousand Dollars (\$250,000).

MBF will notify Investors of interest earned on Notes by sending them IRS Form 1099 by January 31st of each year. Investors who do not provide MBF with their correct social security number or Federal tax identification number will be subject to backup withholding of twenty-four percent (24%) on interest earned as required by law.

## **LITIGATION AND OTHER MATERIAL TRANSACTIONS**

MBF is currently in the process of communicating with the Internal Revenue Service to confirm its tax-exempt status under Section 501(c)(3) of the Code, which MBF expects to be confirmed and favorably resolved in the near future. The Board of Trustees and management of MBF are not aware of any other action, proceeding, inquiry, or investigation at law or in equity, before any court or public agency, board or body pending or, to the knowledge of MBF, threatened against it (i) affecting the existence of MBF, (ii) seeking to prohibit, restrain or enjoin the issuance and sale of Notes, (iii) in any way contesting or affecting the validity or enforceability of the Notes, or (iv) in which an adverse determination would have an adverse material impact on MBF. Furthermore, the Board of Trustees and management of MBF are not aware of any actual or threatened litigation involving any trustee or officer of MBF pertaining to their duties as a trustee or officer of MBF.

## **MATERIAL AFFILIATED/RELATED PARTY TRANSACTIONS**

In January 2020, MBF entered into a lease with MBC for MBF's principal office space in Jefferson City, MO. The lease term is seven years, and MBF paid for leasehold improvements at the inception of the lease in lieu of a regular rent payment that was fully amortized in fiscal year 2019 in the amount of \$104,115. The fair value of the lease is \$186,909, and the difference from the leasehold improvements is \$82,793, which was recorded as in-kind revenue in 2019. The other asset and in-kind lease revenue are being expensed monthly over the term of the lease, with expenses recorded of \$14,784 and \$11,828 in 2022 and 2021, respectively.

During the years ended September 30, 2022, and 2021, MBF made payments of \$343,190 and \$341,003, respectively, to the MBC for trust-related distributions, including both custodial and non-custodial payments. In addition, accounts payable and accrued expenses on September 30, 2022, and 2021 included \$268,348 and \$256,511, respectively, of distribution payables to the MBC. Also, MBF receives funds from the MBC's cooperative program; the amounts received in fiscal years 2022 and 2021 were \$97,772 and \$105,264, respectively.

Except as otherwise disclosed in this Offering Circular, there have been no material transactions between MBF and any trustee or officer of MBF, or any borrower or other entity with which a trustee or

officer of MBF is affiliated, during the three-year period immediately preceding the date of this Offering Circular. Any future transaction between MBF and a trustee or officer of MBF, or any other entity with which a trustee or officer of MBF is affiliated, will be made and entered into on terms no less favorable to MBF than those that MBF could obtain with an unaffiliated third party. With respect to any future affiliated transaction, a majority of MBF's independent, disinterested trustees must approve such affiliated transaction.

## **MANAGEMENT**

### **Organizational Structure**

MBF is a nonprofit corporation, incorporated in the State of Missouri on August 15, 1946. MBF has one (1) corporate member, the MBC. See "History and Operations" on page 9 for a detailed description of the relationship between MBF and MBC, and other organizational details.

### **Trustees and Officers**

As described in "History and Operations" on page 9, the management affairs of MBF are conducted by its Board of Trustees consisting of at least twelve (12) trustees as established from time to time by duly adopted resolution of the Board of Trustees. Of these twelve (12) trustees, only four (4) may be ministers. All members of the Board of Trustees must be members of the MBC-affiliated churches and are elected by the MBC at the MBC's annual meeting. Each trustee is elected to a three (3)-year term and is eligible for election to a second term. Terms are staggered so that no more than one-third (1/3) of the trustees are replaced at any one time. Each MBF officer is elected to serve a one (1)-year term. The day-to-day operations of MBF are carried out under supervision of the President of MBF.

MBF is an entity of the MBC and is governed by the MBC Bylaws. Each entity of the MBC is governed by a Board of Trustees elected by the MBC. Each entity's governing Board of Trustees has a fiduciary relationship both with the Entity and the MBC and holds the assets as stewards in trust for the MBC.

The following persons presently serve as the members of the Board of Trustees, and/or as officers of MBF, as designated:



## **MBF Officers**

### **NEIL FRANKS (President) – age 51**

Ordained minister with doctoral degree  
Certified Estate Planner  
5 years of service to MBF

### **SHELLY VAUGHN (Chief Operating Officer) – age 59**

Certified Trust and Financial Advisor  
Licensed Real Estate Broker  
25 Years of service to MBF

## **MBF Board of Trustees**

### **JENNIFER ROSS (Chairwoman) – age 58**

Vice President – Miller Management  
Public Accounting Firm  
BA, MA

### **ROB HAWKINS (First Vice-Chairman) – age 49**

Partner - Hawkins, Yarber and Chambers Accounting  
CPA

### **MIKE MCCOY (Second Vice-Chairman) – age 67**

Retired Portfolio Manager - Regional Bank  
Retired CFA

### **DAN CASE – age 49**

Alternative Investment Analyst  
Public Corporation  
CPA, CTP

### **MISTY FLAUGHER – age 44**

Paraprofessional  
Former Bank Branch Manager

### **BRANDON KIESLING – age 37**

Minister  
PHD

### **TERRY THOMPSON – age 72**

Retired President of National Financial Support Services Firm  
Retired CPA

### **CHARLIE WASHBURN – age 76**

40 Years of Financial and Management Experience  
Retired CPA

### **BRAD MARKS – age 53**

Consultant (Professional Services Risk Management)  
Major Software Company

### **MIKE COMER – age 67**

Retired from 40-year automotive industry career  
Small Business Owner

### **JASON SPARKS – age 44**

Minister  
Former Financial Advisor – Major Firm

**JIM CARVER – age 57**  
Superintendent of Public School District  
Retired

### **FINANCIAL STATEMENTS**

The audited financial statements included herein are the Consolidated Statements of Financial Position as of September 30, 2022 and 2021, the related Consolidated Statements of Activities and Consolidated Statements of Cash Flows for the years ended September 30, 2022 and 2021, and the related Notes to the Consolidated Financial Statements.

### **INVESTOR REPORTS**

MBF's current audited financial statements will be made available to an Investor electronically with notice by email, unless an Investor requests a paper copy, in which case it will be mailed within one hundred twenty (120) days of the end of MBF's last fiscal year, and will also be made available to Investors upon written request.

### **INDEPENDENT ACCOUNTANTS**

MBF's Consolidated Statements of Financial Position as of September 30, 2022 and 2021 and the related Consolidated Statements of Activities and Consolidated Statements of Cash Flows for the years ended September 30, 2022 and 2021 have been audited by CliftonLarsonAllen LLP, independent accountants, as stated in their report appearing herein.

CliftonLarsonAllen LLP, independent accountants, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. CliftonLarsonAllen LLP also has not performed any procedures related to this offering document.

**MISSOURI BAPTIST FOUNDATION**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEARS ENDED SEPTEMBER 30, 2022 AND 2021**



CPAs | CONSULTANTS | WEALTH ADVISORS

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**MISSOURI BAPTIST FOUNDATION  
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## INDEPENDENT AUDITORS' REPORT

Audit Committee and Board of Trustees  
Missouri Baptist Foundation  
Jefferson City, Missouri

### **Report on the Consolidated Financial Statements**

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Missouri Baptist Foundation, which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Missouri Baptist Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

#### ***Responsibilities of Management for the Consolidated Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 GAAS 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 GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 Missouri Baptist Foundation'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Missouri Baptist Foundation'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.



**CliftonLarsonAllen LLP**

St. Louis, Missouri  
December 9, 2022

**MISSOURI BAPTIST FOUNDATION**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2022 AND 2021**

<b>ASSETS</b>	2022	2021
Cash and Cash Equivalents	\$ 41,858,948	\$ 25,547,483
Prepaid Expenses	82,100	47,588
Term Deposits	2,382,745	4,701,727
Equity Securities	3,362,006	1,077,806
Total Bond Mutual Fund	2,472,428	2,999,309
Total Stock Mutual Fund	12,211,743	15,081,526
Other Mutual Funds	1,105,748	989,748
Corporate and Muni Bonds	1,728,739	1,906,562
Investment Pools	140,270,461	145,333,637
Real Estate	881,570	1,223,170
Property, Net, SHI	4,758,953	4,758,953
Property and Equipment, Net	50,544	67,406
Other Assets	206,572	180,290
Total Assets	\$ 211,372,557	\$ 203,915,205
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Accrued Distributions and Accrued Expenses	\$ 1,772,803	\$ 1,559,818
Annuities Payable	4,733,810	4,386,789
Notes Payable	4,869,920	4,961,364
Trusts Administered for Others	183,053,952	175,652,640
Total Liabilities	194,430,485	186,560,611
<b>NET ASSETS</b>		
Without Donor Restriction:		
Undesignated	3,209,630	3,475,619
Board-Designated	1,828,853	1,451,714
Total Net Assets Without Donor Restrictions	5,038,483	4,927,333
With Donor Restrictions	11,903,589	12,427,261
Total Net Assets	16,942,072	17,354,594
Total Liabilities and Net Assets	\$ 211,372,557	\$ 203,915,205

See accompanying Notes to Consolidated Financial Statements.

**MISSOURI BAPTIST FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Investment Revenues and Gains (Losses):			
Investment Income on Endowments and Trusts	\$ 238,823	\$ 306,322	\$ 545,145
Interest Income	24,364	-	24,364
Net Realized and Unrealized Losses on Investments	(706,892)	(501,076)	(1,207,968)
Total Investment Revenues and Gains (Losses)	(443,705)	(194,754)	(638,459)
Lease Revenue	35,725	-	35,725
Administrative Fees	1,406,357	-	1,406,357
Earnest Income	500,000	-	500,000
Contributions from Baptist Divisions and Constituents	420,504	44,513	465,017
Utility Rebate	18,577	-	18,577
Lease - Encounter Ministries	210,000	-	210,000
Net Assets Released from Restrictions	373,431	(373,431)	-
Total	2,964,594	(328,918)	2,635,676
Total Revenues, Gains (Losses), and Other Support	2,520,889	(523,672)	1,997,217
<b>EXPENSES</b>			
Program Services:			
Money Management for Ministry	369,664	-	369,664
Possibility Planning for People	261,572	-	261,572
Support to Constituent Organizations	838,798	-	838,798
Total Program Services	1,470,034	-	1,470,034
Support Services:			
General and Administrative	676,128	-	676,128
Total Expenses	2,146,162	-	2,146,162
<b>TRANSFER TO TRUSTS ADMINISTERED FOR OTHERS</b>	(263,577)	-	(263,577)
<b>CHANGE IN NET ASSETS</b>	111,150	(523,672)	(412,522)
Net Assets - Beginning of Year	4,927,333	12,427,261	17,354,594
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 5,038,483</u>	<u>\$ 11,903,589</u>	<u>\$ 16,942,072</u>

See accompanying Notes to Consolidated Financial Statements.



**MISSOURI BAPTIST FOUNDATION  
CONSOLIDATED STATEMENT OF ACTIVITIES  
YEAR ENDED SEPTEMBER 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUES, GAINS, AND OTHER SUPPORT</b>			
Investment Revenues and Gains:			
Investment Income on Endowments and Trusts	\$ 227,919	\$ 224,891	\$ 452,810
Interest Income	7,627	-	7,627
Net Realized and Unrealized Gains on Investments	631,490	562,429	1,193,919
Total Investment Revenues and Gains	<u>867,036</u>	<u>787,320</u>	<u>1,654,356</u>
Lease Revenue	20,786	-	20,786
PPP Loan Forgiveness	145,900	-	145,900
Insurance Proceeds	849,089	-	849,089
Administrative Fees	1,454,431	-	1,454,431
Contributions from Baptist Divisions and Constituents	189,030	4,018,746	4,207,776
Net Assets Released from Restrictions	149,110	(149,110)	-
Total	<u>2,808,346</u>	<u>3,869,636</u>	<u>6,677,982</u>
Total Revenues, Gains, and Other Support	3,675,382	4,656,956	8,332,338
<b>EXPENSES</b>			
Program Services:			
Money Management for Ministry	293,974	-	293,974
Possibility Planning for People	208,397	-	208,397
Support to Constituent Organizations	1,124,892	-	1,124,892
Total Program Services	<u>1,627,263</u>	<u>-</u>	<u>1,627,263</u>
Support Services:			
General and Administrative	660,174	-	660,174
Total Expenses	<u>2,287,437</u>	<u>-</u>	<u>2,287,437</u>
<b>CHANGE IN NET ASSETS</b>	1,387,945	4,656,956	6,044,901
Net Assets - Beginning of Year	<u>3,539,388</u>	<u>7,770,305</u>	<u>11,309,693</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,927,333</u>	<u>\$ 12,427,261</u>	<u>\$ 17,354,594</u>

See accompanying Notes to Consolidated Financial Statements.

**MISSOURI BAPTIST FOUNDATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2022**

	Program Services			Support Services		2022 Total
	Money Management for Ministry	Possibility Planning for People	Support to Constituent Organizations	General and Administrative		
Information Technology	\$ 43,008	\$ 30,286	\$ 26,727	\$ 27,355	\$ 127,376	
Client Education and Development	2,784	2,784	2,785	23,952	32,305	
Audit Expense	-	-	-	25,250	25,250	
Rentals and Subscriptions	1,795	1,264	1,140	4,342	8,541	
Depreciation Expense	1,461	1,461	1,461	12,479	16,862	
Insurance and Bonding	-	-	33,916	72,963	106,879	
Lease	-	-	-	26,701	26,701	
Legal	-	-	13,387	23,234	36,621	
Miscellaneous	4,133	2,910	17,635	2,628	27,306	
Salaries and Benefits	312,068	219,757	219,476	199,844	951,145	
Staff Development	1,331	938	827	847	3,943	
Travel Expenses	3,084	2,172	1,916	22,512	29,684	
Grants	-	-	349,886	-	349,886	
Repairs and Utilities	-	-	117,591	-	117,591	
Office Supplies and Software	-	-	2,051	-	2,051	
Encounter Cove Repairs Reimbursement	-	-	50,000	-	50,000	
Interest Expense	-	-	-	234,021	234,021	
Total Expenses	<u>\$ 369,664</u>	<u>\$ 261,572</u>	<u>\$ 838,798</u>	<u>\$ 676,128</u>	<u>\$ 2,146,162</u>	

*See accompanying Notes to Consolidated Financial Statements.*

**MISSOURI BAPTIST FOUNDATION**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2021**

	Program Services			Support Services	
	Money Management for Ministry	Possibility Planning for People	Support to Constituent Organizations	General and Administrative	2021 Total
Information Technology	\$ 38,426	\$ 27,179	\$ 20,491	\$ 25,514	\$ 111,610
Client Education and Development	637	637	658	8,306	10,238
Audit Expense	-	-	-	28,073	28,073
Rentals and Subscriptions	953	674	4,708	3,635	9,970
Depreciation Expense	956	956	956	8,164	11,032
Insurance and Bonding	-	-	167,731	71,801	239,532
Lease	-	-	849	26,701	27,550
Legal	-	-	15,321	72,956	88,277
Miscellaneous	2,553	1,806	50,232	1,695	56,286
Salaries and Benefits	245,131	173,383	169,260	165,906	753,680
Staff Development	664	470	354	441	1,929
Travel Expenses	4,654	3,292	2,535	11,062	21,543
MBF Guarantor	-	-	20,364	-	20,364
Grants	-	-	339,702	-	339,702
Repairs and Utilities	-	-	331,731	-	331,731
Interest Expense	-	-	-	235,920	235,920
Total Expenses	\$ 293,974	\$ 208,397	\$ 1,124,892	\$ 660,174	\$ 2,287,437

*See accompanying Notes to Consolidated Financial Statements.*

**MISSOURI BAPTIST FOUNDATION  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
YEARS ENDED SEPTEMBER 30, 2022 AND 2021**

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (412,522)	\$ 6,044,901
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	16,862	11,032
Net Realized and Unrealized (Gain) Loss on Investments	1,207,968	(1,193,919)
Net Realized and Unrealized (Gain) Loss on Investments Related to Trusts Administered for Others	7,110,644	(38,330,972)
Gain on Disposal of Property and Equipment	-	(20,000)
Gain on PPP Loan Forgiveness	-	(145,900)
Gain on Increase in FMV of Other Investments	341,600	(81,700)
Change in Annuity Obligations	-	7,568
Contributions Restricted for Long-Term Investment	(44,513)	(4,018,746)
Change in Assets and Liabilities:		
Prepaid Expenses	(34,512)	9,653
Accrued Distributions and Accrued Expenses	212,985	(4,275)
Annuities Payable	347,021	(1,056,607)
Trusts Administered for Others	7,401,312	40,446,769
Net Cash Provided by Operating Activities	16,146,845	1,667,804
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sale of Investments	79,280,086	51,169,459
Purchase of Investments	(79,068,536)	(49,930,685)
Purchase of Property and Equipment	-	(28,827)
Net Cash Provided by Investing Activities	211,550	1,209,947
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payment of Principal on Note Payable	(91,443)	(13,466)
Proceeds from Contributions Restricted for Long-Term Investment	44,513	4,018,746
Net Cash Provided (Used) by Financing Activities	(46,930)	4,005,280
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16,311,465	6,883,031
Cash and Cash Equivalents - Beginning of Year	25,547,483	18,664,452
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 41,858,948	\$ 25,547,483

See accompanying Notes to Consolidated Financial Statements.

**MISSOURI BAPTIST FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of the Organization**

The purpose of the Missouri Baptist Foundation (the Foundation) is to strengthen the mission and ministry efforts of Missouri Baptists within the state and around the world by developing, managing, and distributing financial resources for the support of those efforts as the trust services agency of the Missouri Baptist Convention. In furtherance of such end, the Foundation shall promote Christian estate stewardship and assist with planning and implementation of charitable gift arrangements, may receive by bequest, devise, gift, purchase, or lease, either absolutely or in trust, any property, real personal or mixed, and shall administer such property and invest and reinvest the same, or the proceeds thereof, in such manner as in the judgment of the Trustees will best promote such objects.

Straightway Holdings, Inc. (SHI) was certified November 15, 2019 for the purpose of engaging in transactions involving real and personal property which advance, are compatible with, and are supportive of the religious and charitable purposes of the Missouri Baptist Foundation, the Missouri Baptist Convention, and its statement of faith.

**Principles of Consolidation**

The consolidated financial statements include the accounts of the Missouri Baptist Foundation and its subsidiary entity Straightway Holdings, Inc. All significant inter-company accounts and transactions have been eliminated in consolidation.

**Basis of Accounting**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Basis of Presentation**

Under the accounting standards set forth by the Financial Accounting Standards Board, the Foundation is required to report contributions received and net assets as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

Restricted is a term used to describe net assets that have been donated to the Foundation with specific donor restrictions. Donor-imposed restrictions are based on purpose or time.

Net assets with donor restriction in perpetuity must be maintained by the Foundation in perpetuity, the income of which is primarily expendable to support the Foundation or other Baptist organizations the donor has designated. Net assets with donor restrictions are those net assets whose use by the Foundation has been limited by the donor (a) to later periods of time or after a specific date or (b) to specific purposes. Net assets with donor restrictions represent accounts containing funds to be distributed to constituent organizations. Net assets without donor restriction include those net assets whose use is not restricted by the donor, even though their use may be limited in other respects, such as board designation. Net assets without donor restrictions relate to donations received and revenue earned for the general purpose of the Foundation.

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of the consolidated financial statements in conformity with GAAP 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 consolidated financial statements, and the reported amounts of revenues, expenses, gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

**Contributions**

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. All contributions are considered available for use without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions that increases that net asset class. However, if a restriction is fulfilled in the same time period the contribution is received, the Foundation reports the support as without donor restriction. For contributions with donor-imposed conditions, that is, those with a measurable performance or other barrier and a right of return or release, revenues are recognized at the time the conditions are substantially met, regardless of the timing of cash receipt.

The Foundation reports gifts of land, buildings, and equipment as without donor restriction 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 support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Foundation recognizes transfers of nonfinancial assets received from or for transfer to a specified beneficiary together with a corresponding liability in circumstances where the Foundation does not have variance power and is not financially interrelated with the specified beneficiary.

**Fair Value Measurements**

ASC Topic 820, *Fair Value Measurements*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

*Level 1* – Quoted prices in active markets for identical assets or liabilities.

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements (Continued)**

*Level 2* – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market mutual funds, certain mutual funds, and equities. If quoted market prices are not available, then fair values are estimated by using pricing models or quoted prices of securities with similar characteristics. These Level 2 securities include mortgaged and asset-backed securities, corporate and municipal bonds, U.S. government agencies, and certain fixed incomes. Inputs used to value Level 2 securities include interest rates for similar debt securities and treasury obligations with similar maturities.

Any transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs), and Level 3 (significant unobservable inputs) are recognized on the period ending date.

**Fair Value of Financial Instruments**

The carrying amount of cash, cash equivalents, and term deposits approximate fair value. The fair value of notes payable is estimated based on the borrowing rates currently available to the Foundation for bank loans with similar terms and maturities. The fair value of annuities payable and trusts administered for others is based on the present value of the estimated annuity or other payments under such obligations. Discount rates are determined based on applicable agreements.

**Cash Equivalents**

The Foundation considers all liquid investments with original maturities of three months or less to be cash equivalents. At September 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts and term deposits.

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Credit Risk**

The Foundation's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and investments. As of December 2018, the Foundation began utilizing an insured cash sweep program which places the funds at various banks keeping the balances within Federal Deposit Insurance Corporation deposit insurance limits. The Foundation's investments are subject to the inherent risks associated with the securities market. Given the volatility of current economic conditions, the values of assets and liabilities recorded in the consolidated financial statements could change rapidly, resulting in material future adjustments in investment values that could negatively impact the Foundation's ability to maintain sufficient liquidity.

**Investments and Investment Return**

Investments in equity securities have a readily determinable fair value. Investments in debt securities are carried at fair value. The value of investments held in trust related to real estate is based on the original donor cost or most recent appraised or assessed value. Investment return, net of fees, includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the statements of activities as without donor restrictions or with donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

**Property and Equipment**

Property and equipment are stated at cost less accumulated depreciation. Expenditures exceeding \$2,500 for property and equipment are capitalized. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset. Furniture, equipment, software, and automobiles are depreciated over periods ranging from 3 to 10 years. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

**Long-Lived Asset Impairment**

The Foundation evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.



**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Annuities Payable and Trusts Administered for Others**

Annuities payable represents an annuity obligation from two types of planned giving arrangements: charitable trusts and gift annuities.

Charitable trusts provide for payment to individual beneficiaries over lifetime(s) and/or for a defined term. At the end of the term, the remaining assets are distributed to donor-designated charitable beneficiaries. An annuities payable liability is recorded until the end of the trust term, at which time the remaining asset is paid to the designated beneficiary. The present value liability is calculated annually based on actuarial assumptions. Fair value at September 30, 2022 and 2021 is \$5,296,133 and \$6,777,489, respectively, while the recorded liability is \$2,976,327 and \$2,734,302, respectively.

Gift annuities provide for payment to a named annuitant(s) over their lifetime(s). The payment is guaranteed by the Foundation or by the designated charitable beneficiary through an agreement with the Foundation. An annuities payable liability is recorded until the projected termination of the annuity payment obligation based upon the present value of the expected payments over the life expectancy of the annuitant(s). The current annuity values are valued at fair value. The Foundation reviewed investment return assumptions published by the American Council of Gift Annuities along with internal investment return assumptions of assets held by Foundation gift annuities in determining the discount rate to apply for the present value calculation. A discount rate of 3.5% was applied to determine the liability at September 30, 2022 and 2021. Fair value at September 30, 2022 and 2021 is \$2,286,978 and \$2,767,435, while the recorded liability is \$1,757,483 and \$1,652,487, respectively.

The total of the above annuity payables at September 30, 2022 and 2021 is \$4,733,810 and \$4,386,789, respectively, which represents the present value of total future annuity obligations. The Foundation holds and/or has internally designated \$7,583,111 and \$9,544,924 of assets to satisfy these annuities payable at September 30, 2022 and 2021, respectively.

Trusts Administered for Others represents the fair value amount of the planned giving instruments referenced above, less their proportionate recorded liability, along with fund management and trust relationships where the Foundation has a fiduciary responsibility for the safekeeping, investment management and distribution of such fund to donor designated Baptist organizations, individuals, and custodial clients.

**Expense Allocation**

Expenses are charged to program services and supporting activities on the basis of periodic time and expense evaluations predominantly based on employee time estimates. Administrative and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Foundation. These allocations are based on job duties and payroll percentage allocations are utilized. Certain expenses, such as depreciation are directly identified as administrative or general or program based on space and usage.

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 1 NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Program Services**

The Foundation classifies its program service expenses into three primary categories:

*Money Management for Ministry* – Asset management and accounting for institutions and church loans

*Possibility Planning for People* – Trustee services and generosity education

*Support of Baptist Constituents* – Financial strategy design, estate and gift planning and generosity education

**Income Taxes**

The Foundation is exempt from income taxes under Section 501(c)(3) the Internal Revenue Code and a similar provision of state law. However, the Foundation is subject to federal income tax on any unrelated business taxable income. The Foundation files tax returns in the U.S. federal jurisdiction. Based on the evaluation of the Foundation's tax positions, management believes all positions taken would be upheld, thus no provision for the effects of uncertain tax positions have been recorded at September 30, 2022 and 2021.

**Recent Accounting Pronouncements**

**Leases**

The FASB has issued new guidance on the recognition of lease assets and lease liabilities by lessees for those leases previously classified as operating leases. The guidance requires a lessee to recognize in the statement of financial position a liability to make lease payments and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities.

If a lessee makes this election, it should recognize lease expense for such leases generally on a straight-line basis over the lease term. There continues to be a differentiation between finance leases and operating leases. However, the principal difference from previous guidance is that the lease assets and lease liabilities arising from operating leases should be recognized in the statement of financial position. The guidance will be required for the Foundation's September 30, 2023 year-end.

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 2 INVESTMENT RETURN**

Investment return consists of the following for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Interest and Dividends	\$ 569,509	\$ 460,437
Net Realized and Unrealized Gains (Losses)	<u>(1,207,968)</u>	<u>1,193,919</u>
Total	<u>\$ (638,459)</u>	<u>\$ 1,654,356</u>

The Foundation allocates investment return to its donors' accounts according to the terms and types of agreements.

**NOTE 3 INVESTMENT POOLS**

To obtain flexibility, the Foundation pools the investments of various funds. A participating fund changes its ownership in the investment pool through the purchase or redemption of units. The investment pools are operated on the unit value method whereby units are valued monthly based on the relationship of total units outstanding to the market value of net assets. Investment income is distributed to participants at month-end based on percentage of ownership. The total amount distributed is based upon (1) estimated investment income or (2) an established percentage of average unit market value. When a participant redeems capital units, any undistributed pool earnings will be included as part of the redemption proceeds based on ownership. The total amount distributed during the years ended September 30, 2022 and 2021 was \$5,563,186 and \$4,783,242, respectively.

While the Foundation does not invest directly in derivative securities, it may, through investment holdings with a manager or managers of hedge funds or managed funds, indirectly hold these securities. The Foundation has significant investments in marketable securities, which are subject to price fluctuation. This risk is controlled through a diversified portfolio and regular monitoring procedures.

The hedge funds investments were acquired to balance the investment portfolio risks associated with the volatility of fluctuations in the financial market through diversification and as such are subject to varying degrees of market and credit risks.

Investment pools at September 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Money Market Funds and Commercial Paper	\$ 28,338,889	\$ 35,084,367
Mutual Funds	44,831,776	52,492,324
Hedge Funds	-	2,357,115
Private Partnerships and Index Strategy	<u>67,099,796</u>	<u>55,399,831</u>
Total	<u>\$ 140,270,461</u>	<u>\$ 145,333,637</u>

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at September 30:

	2022	2021
Office Furniture and Fixtures	\$ 40,233	\$ 40,233
Computer Equipment and Software	43,667	43,667
Automobiles	48,827	48,827
Windermere Camp	4,758,953	4,758,953
Subtotal	4,891,680	4,891,680
Less: Accumulated Depreciation	82,183	65,321
Total	\$ 4,809,497	\$ 4,826,359

During the year ended, September 30, 2020, the Foundation purchased a conference center for \$4,758,953 which was considered held for sale during 2020 and 2021. As the property is no longer expected to be sold within a year, the property is considered a usable fixed asset which should be depreciated. Of this amount, \$3,600,000 is estimated to be land. Depreciation on the remaining balance since inception was not deemed material.

**NOTE 5 FAIR VALUE MEASUREMENTS**

The Foundation uses net asset value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, as a practical expedient to estimate the fair values of certain hedge funds, private equity funds, funds of funds, and limited partnerships, which do not have readily determinable fair values. Investments that are measured at fair value using NAV per share as a practical expedient are not classified in the fair value hierarchy at September 30:

	2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Equity Securities	\$ 3,362,006	\$ -	\$ -	\$ 3,362,006
Total Bond Mutual Fund	2,472,428	-	-	2,472,428
Total Stock Mutual Fund	12,211,743	-	-	12,211,743
Other Mutual Funds	1,105,748	-	-	1,105,748
Corporate and Muni Bonds	-	1,728,739	-	1,728,739
Investment Pools:				
Money Market Funds and				
Commercial Paper	28,338,889	-	-	28,338,889
Mutual Funds	-	44,831,776	-	44,831,776
Total	\$ 47,490,814	\$ 46,560,515	\$ -	94,051,329
Investments Held at Net Asset				
Value or its Equivalent				67,099,796
Total Investments				\$ 161,151,125

**MISSOURI BAPTIST FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

	2021			Total
	Level 1	Level 2	Level 3	
<b>Assets:</b>				
Equity Securities	\$ 1,077,806	\$ -	\$ -	\$ 1,077,806
Total Bond Mutual Fund	2,999,309	-	-	2,999,309
Total Stock Mutual Fund	15,081,526	-	-	15,081,526
Other Mutual Funds	989,748	-	-	989,748
Corporate and Muni Bonds	-	1,906,562	-	1,906,562
<b>Investment Pools:</b>				
Money Market Funds and Commercial Paper	35,084,367	-	-	35,084,367
Mutual Funds	-	52,492,324	-	52,492,324
Total	<u>\$ 55,232,756</u>	<u>\$ 54,398,886</u>	<u>\$ -</u>	109,631,642
Investments Held at Net Asset Value or its Equivalent				<u>57,756,946</u>
Total Investments				<u><u>\$ 167,388,588</u></u>

**Investments at Net Asset Value**

The Foundation has adopted accounting standards regarding the calculation of net asset value per share. As a result, the Foundation measures the fair value of certain qualified investments on the basis of NAV per share of the investment.

**MISSOURI BAPTIST FOUNDATION  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Investments at Net Asset Value (Continued)**

The following table summarizes the fair value, unfunded commitments, and redemption information for the Foundation's investments reported at NAV at September 30:

2022 Investment	2022 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
CCI-SSG Global Private Equity Fund	2,748,051	397,500	Illiquid	None
CCI-SSG Global Private Equity Fund II	3,274,407	793,500	Illiquid	None
CCI-SSG Global Private Equity Fund III	1,562,283	1,320,000	Illiquid	None
Venture Partners XI	2,480,340	40,500	Illiquid	None
Venture Partners XII	1,675,700	110,000	Illiquid	None
Venture Partners XIII	2,789,863	624,000	Illiquid	None
Natural Resources Partners X, LP	647,674	90,000	Illiquid	None
Natural Resources Partners XI, LP	1,729,814	635,000	Illiquid	None
SSG Realty Opportunities Fund 2014	444,818	353,973	Illiquid	None
CR Real Estate Opportunity Fund 2018	2,809,149	1,897,271	Illiquid	None
CF Private Credit Fund 2018	1,446,198	1,385,832	Illiquid	None
Creation Fund V	7,491,710	4,000,000	Illiquid	None
Callis Capital Real Estate	4,349,796	970,154	Illiquid	None
Ceres Farms - Kingdom	9,815,909	-	Annual	Initial 1 year lock-up; then redemptions by written notice no later than September 30th for distribution no later than the following February month-end
Ceres Farms - Storehouse	449,650	-	Annual	Initial 1 year lock-up; then redemptions by written notice no later than September 30th for distribution no later than the following February month-end
PA West Tower	7,840,831	-	Quarterly	Initial 1 year lock-up; then redemptions on last business day of quarter end; 65 calendar day written notice
Creation Impact Credit Fund India Limited Partnership	214,842	60,000	Illiquid	None
PA Real Assets Fund III, LP	5,703,558	5,468,367	Illiquid	None
Soil Enrichment Fund Blocker LP	600,000	-	Illiquid	None
Sovereign's Capital Access Fund I	4,064,302	7,142,066	Illiquid	None
Sovereign's Capital Evergreen Fund I LLC	1,341,717	-	Illiquid	None
1607 Capital Bond Fund	3,619,184	-	Monthly	Initial 1 year "soft" lock-up (2% penalty); then redemptions on last business day of the month; 10 business day written notice
Total	<u>\$ 67,099,796</u>			

**MISSOURI BAPTIST FOUNDATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2022 AND 2021**

**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Investments at Net Asset Value (Continued)**

2021 Investment	2021 Net Asset Value	Unfunded Commitments	Redemption Frequency	Redemption Notice
Global Absolute Alpha Company	\$ 2,357,115	\$ -	Quarterly	65 calendar days with Investor-level limit of 25% on the investor market value each quarter so that if an investor gives notice to fully liquidate its investment, the proceeds will be paid in 25% increments over the next 4 quarters
CCI-SSG Global Private Equity Fund	3,211,962	427,500	Illiquid	None
CCI-SSG Global Private Equity Fund II	3,129,760	928,500	Illiquid	None
CCI-SSG Global Private Equity Fund III	797,096	1,848,000	Illiquid	None
Venture Partners XI	2,508,737	63,000	Illiquid	None
Venture Partners XII	1,239,647	252,500	Illiquid	None
Venture Partners XIII	2,040,062	1,080,000	Illiquid	None
Natural Resources Partners X, LP	549,917	130,125	Illiquid	None
Natural Resources Partners XI, LP	962,757	1,110,000	Illiquid	None
SSG Realty Opportunities Fund 2014	769,328	353,973	Illiquid	None
CR Real Estate Opportunity Fund 2018	1,841,039	2,217,567	Illiquid	None
CF Private Credit Fund 2018	1,266,168	1,405,237	Illiquid	None
Kiltearn Global	15,071,766	-	Monthly	6 business day notice plus LOD prior to Dealing Day (typically first business day of a month); \$500K minimum redemption; distributed within 30 days
PA West Tower	8,698,750	-	Quarterly	Initial 1 year lock-up; then redemptions on last business day of quarter end; 65 calendar day written notice
Creation Fund V	3,000,000	7,000,000	Illiquid	None
Callis Capital Real Estate	1,819,742	3,123,926	Illiquid	None
Ceres Farms	8,493,100	-	Annual	Initial 1 year lock-up; then redemptions by written notice no later than September 30th for distribution no later than the following February month-end
Total	<u>\$ 57,756,946</u>			

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**NOTE 5 FAIR VALUE MEASUREMENTS (CONTINUED)**

**Investments at Net Asset Value (Continued)**

The following table briefly describes the investment objectives of each investment measured at fair value using NAV at September 30:

Investment	Type of Fund	Underlying Strategies
CCI-SSG Global Private Equity Fund	Private Partnership	Global Private Equity
CCI-SSG Global Private Equity Fund II	Private Partnership	Global Private Equity
CCI-SSG Global Private Equity Fund III	Private Partnership	Global Private Equity
Venture Partners XI	Private Partnership	Private Venture Capital
Venture Partners XII	Private Partnership	Private Venture Capital
Venture Partners XIII	Private Partnership	Private Venture Capital
Natural Resources Partners X, LP	Private Partnership	Private Natural Resources
Natural Resources Partners XI, LP	Private Partnership	Private Natural Resources
SSG Realty Opportunities Fund 2014	Private Partnership	Private Real Estate
CR Real Estate Opportunity Fund 2018	Private Partnership	Private Real Estate
CF Private Credit Fund 2018	Private Partnership	Private Credit
Creation Fund V	Private Partnership	Private Equity (Emerging Markets)
Callis Capital Real Estate	Private Partnership	Private Real Estate
Ceres Farms - Kingdom	Private Partnership	Private US Farmland
Ceres Farms - Storehouse	Private Partnership	Private US Farmland
PA West Tower	Private Partnership	Long/Short Fund of Funds; primarily US equity markets
Creation Impact Credit Fund India Limited Partnership	Private Partnership	Emerging Private Credit
PA Real Assets Fund III, LP	Private Partnership	Private Natural Resources
Soil Enrichment Fund Blocker LP	Private Partnership	Private US Farmland
Sovereign's Capital Access Fund I	Private Partnership	Private Venture Capital (Fund of Funds)
Sovereign's Capital Evergreen Fund I LLC	Private Partnership	Private Equity (US Growth Equity)
1607 Capital Bond Fund	Private Partnership	Closed-End Fund (Fixed Income)



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**NOTE 6 NET ASSETS**

Net assets board-designated and with donor restrictions consist of the following at September 30:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 3,209,630	\$ -	\$ 3,209,630
Board Designated:			
Endowment	850,797	-	850,797
Reserves	335,647	-	335,647
Grants	65,648	-	65,648
Insurance	100,000	-	100,000
Other	476,761	-	476,761
With Donor Restrictions:			
Endowment	-	4,230,020	4,230,020
Baptist Ministry Support	-	7,673,569	7,673,569
Total	<u>\$ 5,038,483</u>	<u>\$ 11,903,589</u>	<u>\$ 16,942,072</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Undesignated	\$ 3,475,619	\$ -	\$ 3,475,619
Board Designated:			
Endowment	935,983	-	935,983
Reserves	295,626	-	295,626
Grants	31,500	-	31,500
Insurance	100,000	-	100,000
Other	88,605	-	88,605
With Donor Restrictions:			
Endowment	-	4,898,751	4,898,751
Baptist Ministry Support	-	7,528,510	7,528,510
Total	<u>\$ 4,927,333</u>	<u>\$ 12,427,261</u>	<u>\$ 17,354,594</u>

Net assets released from restriction as of September 30 are as follows:

	2022	2021
Baptist Ministry Support:		
Distributions and Fees	<u>\$ 373,431</u>	<u>\$ 149,110</u>

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**NOTE 7 ENDOWMENT**

The Foundation's endowment consists of approximately 30 funds established for a variety of purposes. The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds). As required by GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of Relevant Law**

The Foundation's governing body has interpreted the State of Missouri Prudent Management of Institutional Funds Act (SPMIFA) as requiring 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 the interpretation, the Foundation classifies as net assets with donor restriction in perpetuity (a) the original value of gifts donated to the perpetual endowments, (b) the original value of subsequent gifts to the perpetual endowments, and (c) accumulations to the perpetual endowments 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 net assets with donor restriction in perpetuity is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Foundation and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

The composition of net assets by type of endowment fund at September 30 was:

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
With Donor Restrictions - Earnings	\$ -	\$ 382,491	\$ 382,491
Board-Designated Endowment Funds	850,797	-	850,797
With Donor Restrictions in Perpetuity	-	3,847,529	3,847,529
Total Endowment Funds	<u>\$ 850,797</u>	<u>\$ 4,230,020</u>	<u>\$ 5,080,817</u>
	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
With Donor Restrictions - Earnings	\$ -	\$ 589,929	\$ 589,929
Board-Designated Endowment Funds	935,983	-	935,983
With Donor Restrictions in Perpetuity	-	3,803,016	3,803,016
Total Endowment Funds	<u>\$ 935,983</u>	<u>\$ 4,392,945</u>	<u>\$ 5,328,928</u>

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**NOTE 7 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

Changes in the endowment net assets for the years ended September 30 were:

	2022			Total
	Without Donor Restrictions	With Donor Restrictions - Earnings	With Donor Restrictions in Perpetuity	
Endowment Net Assets - Beginning of Year	\$ 935,983	\$ 589,929	\$ 3,803,016	\$ 5,328,928
Investment Return:				
Investment Income	51,760	100,921	-	152,681
Net Depreciation	(85,197)	(205,096)	-	(290,293)
Total Investment Return	(33,437)	(104,175)	-	(137,612)
Contributions	-	-	44,513	44,513
Appropriation of Endowment Assets for Expenditure	(51,749)	(103,263)	-	(155,012)
Endowment Net Assets - End of Year	<u>\$ 850,797</u>	<u>\$ 382,491</u>	<u>\$ 3,847,529</u>	<u>\$ 5,080,817</u>
	2021			
	Without Donor Restrictions	With Donor Restrictions - Earnings	With Donor Restrictions in Perpetuity	Total
Endowment Net Assets - Beginning of Year	\$ 802,264	\$ 251,017	\$ 3,636,122	\$ 4,689,403
Investment Return:				
Investment Income	47,712	88,757	-	136,469
Net Appreciation (Depreciation)	131,187	333,737	-	464,924
Total Investment Return	178,899	422,494	-	601,393
Contributions	-	-	169,426	169,426
Appropriation of Endowment Assets for Expenditure	(47,712)	(83,582)	-	(131,294)
Transfer Between Net Assets With	2,532	-	(2,532)	-
Endowment Net Assets - End of Year	<u>\$ 935,983</u>	<u>\$ 589,929</u>	<u>\$ 3,803,016</u>	<u>\$ 5,328,928</u>

Amount of donor-restricted endowment funds classified as with donor restrictions and with donor restrictions in perpetuity at September 30 consisted of:

	2022	2021
Net Assets With Donor Restrictions In Perpetuity		
(1) The portion of perpetual endowment funds that is required to be retained permanently by explicit donor stipulation	<u>\$ 3,847,529</u>	<u>\$ 3,803,016</u>
Net Assets With Donor Restrictions		
(1) The portion of perpetual endowment funds subject to time restriction under SPMIFA without purpose restrictions	<u>\$ 382,491</u>	<u>\$ 589,929</u>

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**NOTE 7 ENDOWMENT (CONTINUED)**

**Interpretation of Relevant Law (Continued)**

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Foundation is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. At September 30, 2022, one fund that had original gift value of \$5,183, had a deficiency of \$668 included in net assets with donor restrictions. At September 30, 2021, there were no funds underwater. These underwater deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of contributions with donor restrictions in perpetuity and continued appropriation for certain purposes that was deemed prudent by the governing body.

**Return Objectives and Risk Parameters**

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Foundation must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under the Foundation's policies, endowment assets are invested in a manner that is intended to produce results that provide stable income and growth to offset inflation while assuming a reasonable level of investment risk.

**Strategies Employed for Achieving Objectives**

To satisfy its long-term rate of return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending Policy and How the Investment objectives Relate to Spending Policy**

The Foundation's policy (the spending policy) of appropriating for expenditures is reviewed annually. For 2022 and 2021, the policy allowed appropriations for expenditures of 4.00% for the harvest pool (formerly balanced pool) and 4.3% for the kingdom pool (formerly diversified fund pool) of its pool average fair value over the prior 16 quarters through for the fiscal year-end proceeding the year in which expenditure is planned for the year ended June 30, 2021, and through June 30 for the 2022 year and years going forward. In establishing this policy, the Foundation considered the long-term expected return on its pool. This is consistent with the Foundation's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

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**NOTE 8 PENSION PLAN**

The Foundation has a defined contribution pension plan covering substantially all employees. The board of trustees annually determines the amount, if any, of the Foundation's contributions to the plan. Pension expense was \$58,719 and \$45,981 in 2022 and 2021, respectively.

**NOTE 9 LEASE COMMITMENT AND LEASE REVENUE**

The Foundation leases its principal office space under an operating lease which expired in January 2020 with the Missouri Baptist Convention, a related party. In January 2020, a new lease was signed for seven years, expiring in December 2026. Under the terms of the lease expiring in January 2020, the Foundation was required to pay for leasehold improvements at the inception of the lease in lieu of a regular rental payment that was fully amortized in fiscal year 2019. During the year ended September 30, 2019, the Foundation began new renovations improvements with payments for renovations totaling \$104,115 in lieu of rent which are being shown as prepaid rent within other assets. The fair value of the new lease is \$186,909 and the difference from the \$104,115 leasehold improvements is \$82,793 and is recorded as in-kind revenue in fiscal year 2019. Both the other asset and the in-kind lease are being expensed monthly over the seven-year life of the lease ending December 31, 2026. Expense recorded in fiscal years 2022 and 2021 is \$14,874 and total donated lease expense for 2022 and 2021 is \$11,828.

During the year ended 2020, SHI entered into a lease agreement with a nonprofit organization to manage the day-to-day operations of the Christian camp, on which SHI expected to receive \$30,000 per month in rental income; however, with the effects of COVID-19 the total lease revenue for fiscal years ended September 30, 2022 and 2021 was \$35,725 and \$20,786, respectively. In January 2022, SHI entered into a new lease agreement with Encounter Ministries, Inc. to lease the property known as Windermere Conference Center (Center) for four successive yearly terms with an option to purchase. Of the \$30,000 monthly rent for the property, \$9,000 per month of the lease payment will be applied to the balance owed on December 31, 2026. This escrow balance of \$91,000 at September 30, 2022, is included in accrued distributions and accrued expenses, with the expectation of netting the final escrow of \$540,000 with the purchase price.

**NOTE 10 RELATED PARTY TRANSACTIONS**

During the years ended September 30, 2022 and 2021, the Foundation made payments of \$343,190 and \$341,003, respectively, to the Missouri Baptist Convention for trust related distributions, including both custodial and noncustodial payments. In addition, accounts payable and accrued expenses at September 30, 2022 and 2021 include \$268,348 and \$256,511 respectively, of distribution payables to the Missouri Baptist Convention. Also, the Foundation receives funds from the Missouri Baptist Convention's cooperative program and the total received in fiscal years 2022 and 2021 is \$97,772 and \$105,264, respectively.

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**NOTE 11 LIQUIDITY AND AVAILABILITY**

The Foundation assets are comprised of its own assets and assets managed on behalf of or for the benefit of various ministries, associations, churches, institutions, and individuals. The staff investment review committee manages the liquidity needs specific to each account based upon cash needs and/or the donor/owner investment instruction. Though certain board-designated assets are set aside for certain purposes, these could be redirected with board approval.

Financial assets available for general expenditure within one year are as follows:

	<u>2022</u>	<u>2021</u>
Total Financial Assets	\$ 211,033,341	\$ 203,619,921
Less: Board-Designated Net Assets	(1,828,853)	(1,451,714)
Less: Net Assets With Donor Restrictions	(11,903,589)	(12,427,261)
Less: Trusts and Other Funds Held for Others	<u>(189,434,308)</u>	<u>(181,569,751)</u>
Total Financial Assets Available Within One Year	<u>\$ 7,866,591</u>	<u>\$ 8,171,195</u>

**NOTE 12 NOTE PAYABLE**

During the year ended September 30, 2020, the Foundation entered into a loan agreement with a financial institution pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief and Economic Security Act (CARES Act) administered by the U.S. Small Business Administration. The Foundation received total proceeds of \$145,900. The loan was forgiven on January 29, 2021, and is recognized as revenue during the year ended September 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Foundation's financial position.

The Foundation created a subsidiary corporation, Straightway Holdings, Inc. (SHI) in November of 2019 for the purpose of holding investments in real estate assets. All Foundation trustees and officers are also SHI trustees and officers in the same capacity. On December 13, 2019, SHI purchased from a foreclosing first mortgage creditor a property known as Windermere Baptist Conference Center, in Camden County, Missouri, for \$4.75 million. The Foundation and SHI entered into a loan agreement with WatersEdge Ministry Services, dba: Baptist Foundation of Oklahoma, for \$5,000,000. The Foundation escrowed \$256,778, which will be held by WatersEdge as security, \$10,000 and \$60,000, respectively, during the years ended September 30, 2022 and 2021, which has been used for loan payments, resulting in escrow balance within the term deposits of \$166,778 and \$176,778 at September 30, 2022 and 2021, respectively. In addition, the Foundation pledged \$1,000,000 of certain assets as additional collateral. The loan was dated on December 11, 2019.

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**NOTE 12 NOTE PAYABLE (CONTINUED)**

The Foundation received \$5,000,000 in proceeds and has a maturity date of December 15, 2044 with an interest rate of 4.75%. Principal payments totaled \$91,443 and \$13,466 for the years ended September 30, 2022 and 2021. Interest expense totaled \$234,021 and \$235,920 for the years ended September 30, 2022 and 2021.

Future maturities of the SHI note payable as of September 30, 2022 are as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2023	\$ 113,904
2024	119,434
2025	125,232
2026	131,312
2027	137,687
Thereafter	4,242,351
Total	<u>\$ 4,869,920</u>

**NOTE 13 SUBSEQUENT EVENTS**

The Foundation has evaluated subsequent events through December 9, 2022, the date which the consolidated financial statements were available to be issued.



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