

**The Baptist Foundation of Alabama**  
Financial Statements  
December 31, 2024 and 2023

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
The Baptist Foundation of Alabama  
Montgomery, Alabama

### **Opinion**

We have audited the accompanying financial statements of The Baptist Foundation of Alabama (the "Foundation") (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of December 31, 2024 and 2023, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Other Matter – Prior-Year Financial Statements Audited by a Predecessor Auditor**

The financial statements of the Foundation as of and for the year ended December 31, 2023 were audited by another auditor who expressed an unmodified opinion on those statements on August 28, 2024.

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

Management is responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

***Fruitt Tingle Paramore & Argent, LLC***

Birmingham, Alabama

August 12, 2025

**The Baptist Foundation of Alabama**  
**Statements of Financial Position**  
**December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 5,676,934	\$ 4,814,902
Accounts receivable, net	535,459	21,994
Investments	88,269,443	72,859,904
Investments held for others	289,620,300	271,223,041
Property and equipment, net	1,577,489	1,620,759
Operating leases - right-of-use assets, net	3,000	6,857
	<hr/>	<hr/>
Total assets	<u>\$ 385,682,625</u>	<u>\$ 350,547,457</u>
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 853,005	\$ 921,089
Investments held for others	289,620,300	271,223,041
Operating lease liabilities	3,000	6,857
	<hr/>	<hr/>
Total liabilities	290,476,305	272,150,987
<b>Net assets</b>		
Without donor restrictions	50,215,027	35,209,419
With donor restrictions	44,991,293	43,187,051
Total net assets	<hr/> 95,206,320	<hr/> 78,396,470
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 385,682,625</u>	<u>\$ 350,547,457</u>

See independent auditors' report and notes to financial statements.

**The Baptist Foundation of Alabama**  
**Statements of Activities**  
**Year Ended December 31, 2024**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 12,379,395	\$ 318,762	\$ 12,698,157
Cooperative program	213,496	-	213,496
Investment and administrative fee	1,358,047	-	1,358,047
Investment income	4,481,492	3,291,854	7,773,346
Trust and other income	793,018	-	793,018
Gain on sale of property and equipment	11,096	-	11,096
Net assets released from restriction	1,806,374	(1,806,374)	-
	21,042,918	1,804,242	22,847,160
<b>Expenses</b>			
Program services	4,052,223	-	4,052,223
Supporting activities	1,985,087	-	1,985,087
	6,037,310	-	6,037,310
Change in net assets	15,005,608	1,804,242	16,809,850
Net assets - beginning of year	35,209,419	43,187,051	78,396,470
Net assets - end of year	<u>\$ 50,215,027</u>	<u>\$ 44,991,293</u>	<u>\$ 95,206,320</u>

See independent auditors' report and notes to financial statements.

**The Baptist Foundation of Alabama**  
**Statements of Activities**  
**Year Ended December 31, 2023**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Contributions	\$ 1,742,499	\$ 234,066	\$ 1,976,565
Cooperative program	210,405	-	210,405
Investment and administrative fee	1,281,761	-	1,281,761
Investment income	3,450,449	2,577,840	6,028,289
Trust and other income	187,671	-	187,671
Gain on sale of property and equipment	13,350	-	13,350
Net assets released from restriction	1,689,162	(1,689,162)	-
	8,575,297	1,122,744	9,698,041
<b>Expenses</b>			
Program services	3,814,620	-	3,814,620
Supporting activities	1,875,045	-	1,875,045
	5,689,665	-	5,689,665
Change in net assets	2,885,632	1,122,744	4,008,376
Net assets - beginning of year	32,323,787	42,064,307	74,388,094
Net assets - end of year	\$ 35,209,419	\$ 43,187,051	\$ 78,396,470

See independent auditors' report and notes to financial statements.

**The Baptist Foundation of Alabama**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2024**

	<b>Program Services</b>	<b>Supporting Services</b>			
	<b>Trust Administration</b>	<b>General and Administrative</b>	<b>Development</b>	<b>Total Supporting</b>	<b>Total Expenses</b>
Depreciation and amortization	\$ 36,052	\$ 15,552	\$ 19,086	\$ 34,638	\$ 70,690
Disbursements for beneficiaries and other	3,372,393	-	-	-	3,372,393
Office expense	124,428	100,056	83,012	183,068	307,496
Professional	78,165	59,736	91,524	151,260	229,425
Promotion and public relations	-	1,389	43,429	44,818	44,818
Salaries and benefits	426,109	593,683	937,629	1,531,312	1,957,421
Travel	15,076	4,403	35,588	39,991	55,067
	<u>\$ 4,052,223</u>	<u>\$ 774,819</u>	<u>\$ 1,210,268</u>	<u>\$ 1,985,087</u>	<u>\$ 6,037,310</u>

See independent auditors' report and notes to financial statements.



**The Baptist Foundation of Alabama**  
**Statement of Functional Expenses**  
**Year Ended December 31, 2023**

	<b>Program Services</b>	<b>Supporting Services</b>			<b>Total Expenses</b>
	<b>Trust Administration</b>	<b>General and Administrative</b>	<b>Development</b>	<b>Total Supporting</b>	
Depreciation and amortization	\$ 34,599	\$ 14,925	\$ 18,317	\$ 33,242	\$ 67,841
Disbursements for beneficiaries and other	3,025,872	-	-	-	3,025,872
Office expense	121,396	88,901	71,972	160,873	282,269
Professional	70,493	53,596	81,070	134,666	205,159
Promotion and public relations	505	1,909	52,343	54,252	54,757
Salaries and benefits	548,379	532,411	916,682	1,449,093	1,997,472
Travel	13,376	6,335	36,584	42,919	56,295
	<u>\$ 3,814,620</u>	<u>\$ 698,077</u>	<u>\$ 1,176,968</u>	<u>\$ 1,875,045</u>	<u>\$ 5,689,665</u>

See independent auditors' report and notes to financial statements.

**The Baptist Foundation of Alabama**  
**Statements of Cash Flows**  
**Years Ended December 31, 2024 and 2023**

	<b>2024</b>	<b>2023</b>
<b>Operating Activities</b>		
Change in net assets	\$ 16,809,850	\$ 4,008,376
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation	70,690	67,841
Gain on sale of property and equipment	(11,096)	(13,350)
Operating lease amortization	3,857	3,674
Investment (income) loss	(7,773,346)	(6,028,289)
Contributions restricted for investment in permanent endowment	(69,210)	(122,093)
Change in operating assets and liabilities		
Accounts receivable	(513,465)	(2,117)
Accounts payable and accrued expenses	(68,084)	(42,476)
Operating lease	(3,857)	(3,674)
Net cash provided by (used in) operating activities	8,445,339	(2,132,108)
<b>Investing Activities</b>		
Proceeds from sale of investments	4,692,870	3,345,933
Purchase of investments	(12,329,064)	(1,416,364)
Proceeds from sale of property and equipment	11,500	13,350
Purchases of property and equipment	(27,823)	(37,847)
Net cash (used in) provided by investing activities	(7,652,517)	1,905,072
<b>Financing Activities</b>		
Proceeds from contributions restricted for investment in permanent endowment	69,210	122,093
Net cash provided by financing activities	69,210	122,093
Net increase (decrease) in cash and cash equivalents	862,032	(104,943)
Cash and cash equivalents - beginning of year	4,814,902	4,919,845
Cash and cash equivalents - end of year	<u>\$ 5,676,934</u>	<u>\$ 4,814,902</u>

See independent auditors' report and notes to financial statements.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities**

**Nature of Activities**

The Baptist Foundation of Alabama (the Foundation) is a not-for-profit corporation, organized pursuant to the requirements of the Alabama Nonprofit Corporation Act. The Foundation was organized for the purposes of encouraging the making of gifts, benefactions, and other donations for the advancement, promotion, endowment, and maintenance of all institutions and agencies, whether religious, educational, eleemosynary, missionary, promotional, literacy, or informational, recognized by and under the direction of either the Alabama Baptist State Convention (the Convention) or its affiliated local churches and district associations in carrying out their enterprises and undertakings.

**Basis of Accounting**

The financial statements of the Foundation have been prepared in accordance with accounting principles generally accepted in the United States of America.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Financial Statement Presentation**

The Foundation reports contributions held for specified beneficiaries for which the Foundation has not been granted variance power as an asset and a liability. In addition, the Foundation reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

*Net assets without donor restrictions* are those currently available at the direction of the Board for use in the Foundation's operations, invested in property and equipment, or designated by the Board of Directors or management to function as endowments.

*Net assets with donor restrictions* are those with donor stipulations for specific operating purposes, time restrictions or requirements to be held in perpetuity.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities (continued)**

**Revenue Recognition**

Revenue from performance obligations can be satisfied at a point in time or satisfied over time. The Foundation's management services revenue and administrative services revenue is a result of performance obligations satisfied at a point in time, when services performed for the individuals are complete as of the month and quarter ended, respectively. The management services revenue and administrative services revenue is reported at the net realizable amounts from customers. In addition, the Foundation's contracts do not contain variable consideration and contract modifications are generally minimal. The Foundation's contracts have a single performance obligation as the promise to transfer the services is not separately identifiable from other promises in the contracts and, therefore, not distinct.

**Cash and Cash Equivalents**

The Foundation considers all instruments with an original maturity of three months or less to be cash and cash equivalents. Cash equivalents consist of money market securities stated at fair value which approximates cost. Cash and cash equivalents are maintained at financial institutions, and, at times, balances may exceed federally insured limits. These amounts represent actual account balances held by financial institutions at the end of the period, and unlike the balances reported in the financial statements, the account balances do not reflect timing delays inherent in reconciling items such as outstanding checks and deposits in transit. The Foundation has never experienced any losses related to these balances.

**Receivables and Allowance for Credit Losses**

The Foundation reports receivables at net realizable value. The Foundation recognizes an allowance for credit losses for receivables to present the net amount expected to be collected as of the statement of financial position date. Such an allowance is based on the credit losses expected to arise over the life of the asset. Receivables are written off when the Foundation determines that such receivables are deemed uncollectible. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the statement of financial position date.

The Foundation pooled its receivables based on similar risk characteristics in estimating its expected credit losses. In situations where a receivable does not share the same risk characteristics with other receivables, the Foundation measures those receivables individually. The Foundation continuously evaluates such pooling decisions and adjusts as needed from period to period as risk characteristics change. Based on management's review, no allowance for credit losses was considered necessary at December 31, 2024 or 2023.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities (continued)**

**Property and Equipment**

Property and equipment are carried at cost or, if donated, the approximate fair value at the date of donation, less accumulated depreciation and include expenditures which substantially increase the useful lives of existing property and equipment. Maintenance, repairs and minor renovations are charged to income as incurred. When property and equipment are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts and any gain or loss on the disposition is credited or charged to income.

The Foundation provides for depreciation of property and equipment using the straight-line method designed to amortize costs over the following estimated useful lives: buildings and improvements, 7 to 39 years; furniture and fixtures, 3 to 10 years; and automobiles, 5 years.

**Investments**

The Foundation's investments consist primarily of funds invested in fixed-income (debt) and equity securities and alternative investments. Debt and equity investments with a readily determinable fair value are measured at fair value as of the statement of financial position date, and changes in fair value are recognized in the statement of activities as they occur. Equity securities that do not have a readily determinable fair value are carried at cost subject to adjustments for any observable market transactions on the same or similar instruments. All equity securities are evaluated at least annually for impairment.

Many of the Foundation's investments are converted to units of common funds administered by the Foundation. These common funds include the assets of charitable trusts and other specified types of assets authorized by law to be jointly invested, as well as general endowment funds. Investments held for others include obligations consisting of units of these common funds, as well as other specifically identified assets. These assets are segregated from general assets of the Foundation.

The units of common funds included in the Foundation's investments are reported at their net asset value, equal to the Foundation's pro-rata share of the total fair value of the underlying securities comprising the common funds. The common funds that are managed by the Foundation are exempt from registration requirements of both state and federal securities law.

The Foundation invests in several alternative investments for further diversification of its common funds. Alternative investments are more illiquid than traditional investments, often taking three to twelve months or more to redeem, pending the completion of the final year-end close of the fund.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities (continued)**

**Investments (continued)**

The Board of Directors and management of the Foundation have interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent donor stipulations to the contrary. As a result of this interpretation, the Foundation includes in amounts required to be maintained in perpetuity (a) the original value of gifts donated to the endowment funds, and (b) the value of subsequent contributions to the endowment funds and accumulations to the permanent endowment funds 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 funds that are not classified in permanently restricted net assets are classified as temporarily restricted net assets 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 funds, (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, and (7) the investment policies of the Foundation.

The Investment Committee is charged with the fiduciary responsibility of preserving and augmenting the value of the endowments, included in investments, thereby sustaining the ability to generate financial support to further the mission of the Foundation. The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that cover the spending policy payout percentage (generally 4.25% at December 31, 2024 and 2023; adjusted to 2.51% at December 31, 2024 and 2023, respectively, for endowments with deficiencies), administrative expenses, plus the rate of inflation while assuming a moderate level of investment risk.

**Irrevocable Trust Agreements**

The Foundation's right to remainder interests under irrevocable trust agreements are recognized as contributions with donor restrictions upon receipt of assets funding such agreements. The Foundation also recognizes contributions related to certain trusts that do not provide for specific beneficiaries and trust agreements that grant the Foundation variance power as related to the trust assets and/or income.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities (continued)**

**Investments Held for Others**

Investments held for others include resources held and managed by the Foundation in a fiduciary capacity for their respective beneficiaries. The Foundation is authorized to serve as trustee or agent for any institution or agency affiliated directly or indirectly with the Alabama Baptist State Convention. In addition, the Foundation serves as trustee for certain charitable trusts through which, for a period of time, trust income is distributed to the grantor or other non-charitable beneficiaries, and all, or a predetermined percentage, of the trust assets are designated for a qualified charitable purpose. The Foundation also serves as executor for various estates and custodial accounts that provide for a portion, or all, of the estate's assets to be given to an institution or agency affiliated directly or indirectly with the Alabama Baptist State Convention, the Foundation, or any other organization which has a primary purpose that is consistent with the purpose of the Convention or Foundation. Distributions of assets to the Foundation, if any, received through these estates are recorded as contributions at fair value when the estate is declared valid.

**Concentration of Credit Risk**

The Foundation maintains various investment accounts with a national investment firm to facilitate the investment, trading, and safekeeping of the various trusts' assets. In management's opinion, the safekeeping of these assets is adequately insured by the Securities Investor Protection Corporation (SIPC) and through supplemental insurance provided by the investment firm.

The Foundation investment allocations are predetermined by the Investment Committee and communicated to its investment brokerage firm. At December 31, 2023, approximately 10% of total investments were invested in a limited partnership managed by one private equity firm.

**Income Taxes**

The Foundation is organized as a not-for-profit corporation under the Alabama Nonprofit Corporation Act. Additionally, the Foundation has been granted tax-exempt status by the Internal Revenue Service for income tax purposes. The Foundation is subject to unrelated business income tax (UBIT) only if it engages in activities subject to the UBIT regulations. Tax positions are initially recognized in the financial statements when it is more likely than not that the position will be sustained upon examination by the tax authorities. The Foundation had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of December 31, 2024 and 2023 based on an assessment of many factors including experience and interpretations of applicable tax laws.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**1. Summary of Significant Accounting Policies and Nature of Activities (continued)**

**Fair Value**

The established framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value is the price the Foundation would expect to receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs which are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

**2. Liquidity and Availability**

The following table reflects the Foundation's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year. Such amounts include those set aside for long-term investing in the Board-designated endowment that could be drawn upon if the governing Board approves that action. However, amounts already appropriated from either the donor-restricted endowment or Board-designated endowment for general expenditure within one year have not been subtracted as unavailable. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, consisted of the following at December 31:



**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**2. Liquidity and Availability (continued)**

	<b>2024</b>	<b>2023</b>
Financial assets	\$ 384,102,136	\$ 348,919,841
Less those unavailable for general expenditures within one year:		
Contractual or donor-imposed restrictions		
Restricted by donor with purpose restrictions	1,740,347	1,541,778
Subject to appropriation and satisfaction of donor restrictions	43,250,946	41,645,273
Investments held for others	289,620,300	271,223,041
Board designations		
Endowment funds	5,418,591	5,202,521
Amounts set aside for		
Operating reserves	2,029,644	1,865,464
Church estate stewardship	571,042	545,628
Church loans	1,720,292	1,657,202
	<u>344,351,162</u>	<u>323,680,907</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 39,750,974</u>	<u>\$ 25,238,934</u>

**3. Investments**

Investments consisted of the following at December 31, 2024:

	<b>Fair Value</b>	<b>Cost</b>	<b>Unrealized Appreciation (Depreciation)</b>
Cash and cash equivalents	\$ 91,771,340	\$ 91,628,724	\$ 142,616
Fixed income securities	52,929,998	53,482,274	(552,276)
Limited partnerships	137,340,420	104,100,965	33,239,455
Mutual funds	9,485,529	9,005,412	480,117
Marketable equity securities	82,709,484	72,443,558	10,265,926
Mortgages and notes receivable	850,455	850,455	-
Residential real estate	354,070	354,060	10
Timber and timberland	155,000	155,000	-
Other assets	1,301,557	28,665	1,272,892
Accrued income	991,890	991,890	-
	<u>\$ 377,889,743</u>	<u>\$ 333,041,003</u>	<u>\$ 44,848,740</u>

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
**Years Ended December 31, 2024 and 2023**

**3. Investments (continued)**

Investments consisted of the following at December 31, 2023:

	Fair Value	Cost	Unrealized Appreciation (Depreciation)
Cash and cash equivalents	\$ 78,843,497	\$ 78,722,652	\$ 120,845
Fixed income securities	45,611,209	46,511,004	(899,795)
Limited partnerships	139,592,059	108,789,966	30,802,093
Mutual funds	7,711,036	6,327,171	1,383,865
Marketable equity securities	68,908,860	61,847,737	7,061,123
Mortgages and notes receivable	776,088	776,088	-
Residential real estate	354,070	354,060	10
Timber and timberland	155,000	155,000	-
Other assets	1,282,018	18,983	1,263,035
Accrued income	849,108	849,108	-
	<u>\$ 344,082,945</u>	<u>\$ 304,351,769</u>	<u>\$ 39,731,176</u>

Included in the accompanying statements of financial position under the following captions at December 31:

	2024	2023
Investments	\$ 88,269,443	\$ 72,859,904
Investments held for others	289,620,300	271,223,041
	<u>\$ 377,889,743</u>	<u>\$ 344,082,945</u>

Transactions affecting assets held for others consisted of the following at December 31:

	2024	2023
Balance - beginning of year	\$ 271,223,041	\$ 237,692,887
Deposits and additions	35,132,879	61,124,294
Investment income	20,494,844	16,570,726
Disbursements for beneficiaries and other withdrawals	(37,230,464)	(44,268,171)
Transfers	-	103,305
Balance - end of year	<u>\$ 289,620,300</u>	<u>\$ 271,223,041</u>

**The Baptist Foundation of Alabama**  
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**4. Property and Equipment**

Property and equipment consisted of the following at December 31:

	<b>2024</b>	<b>2023</b>
Land	\$ 696,687	\$ 696,687
Buildings and improvements	1,543,295	1,543,295
Furniture and fixtures	386,427	386,427
Automobiles	136,223	156,763
	<u>2,762,632</u>	<u>2,783,172</u>
Less accumulated depreciation	(1,185,143)	(1,162,413)
	<u><u>\$ 1,577,489</u></u>	<u><u>\$ 1,620,759</u></u>

**5. Board-Designated Net Assets**

The Foundation's governing Board has designated, from net assets without donor restrictions of \$50,215,027 and \$35,209,419 at December 31, 2024 and 2023, respectively, net assets for the following purposes:

	<b>2024</b>	<b>2023</b>
Board-designated endowment funds		
Purchase of property and equipment	\$ 163,648	\$ 145,529
Disaster relief	33,393	32,135
Scholarships	148,789	143,185
General purposes	5,072,761	4,881,672
	<u>5,418,591</u>	<u>5,202,521</u>
Amount set aside for		
Operating reserves	2,029,644	1,865,464
Church estate stewardship	571,042	545,628
Church loans	1,720,292	1,657,202
	<u>4,320,978</u>	<u>4,068,294</u>
	<u><u>\$ 9,739,569</u></u>	<u><u>\$ 9,270,815</u></u>

**6. Net Assets with Donor Restrictions**

	<b>2024</b>	<b>2023</b>
Subject to expenditure for a specific purpose		
Purchase of property and equipment	\$ 674,148	\$ 561,066
Disaster relief	1,066,199	980,712
	<u>1,740,347</u>	<u>1,541,778</u>

**The Baptist Foundation of Alabama**  
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**Years Ended December 31, 2024 and 2023**

**6. Net Assets with Donor Restrictions (continued)**

	<b>2024</b>	<b>2023</b>
Subject to the Foundation's spending policy and appropriation		
Net accumulated investment income and gains, which, once appropriated, are expendable to support		
General purposes	\$ 3,880,298	\$ 3,552,486
Churches and associations	75,133	68,944
Children's homes	400,977	329,897
Education	56,582	51,969
Ministry services	570,563	455,861
Missions	151,361	105,059
Scholarships	5,290,696	4,394,404
Other purposes	531,267	421,342
Investment in perpetuity, which, once appropriated, is expendable to support		
General purposes	8,018,085	8,018,032
Churches and associations	89,328	89,328
Children's homes	1,486,159	1,486,159
Education	132,924	132,924
Ministry services	2,442,809	2,442,809
Missions	886,168	886,168
Scholarships	16,244,581	16,215,876
Other purposes	2,994,015	2,994,015
	<u>43,250,946</u>	<u>41,645,273</u>
	<u><u>\$ 44,991,293</u></u>	<u><u>\$ 43,187,051</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of the passage of time or other events specified by donors and consisted of the following at December 31:

	<b>2024</b>	<b>2023</b>
Satisfaction of program restrictions	\$ 109,705	\$ 102,864
Appropriation from donor endowment and subsequent satisfaction of any related donor restrictions	1,696,669	1,586,298
	<u><u>\$ 1,806,374</u></u>	<u><u>\$ 1,689,162</u></u>

**The Baptist Foundation of Alabama**  
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**7. Endowment**

The Foundation's endowment consists of individual funds established for a variety of purposes. The endowment includes donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments (quasi-endowment). Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions and consisted of the following at December 31, 2024:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 5,418,591	\$ -	\$ 5,418,591
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	32,294,069	32,294,069
Net accumulated investment income and gains	-	10,956,877	10,956,877
	<u>\$ 5,418,591</u>	<u>\$ 43,250,946</u>	<u>\$ 48,669,537</u>

Net assets associated with endowment funds consisted of the following at December 31, 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Board-designated endowment funds	\$ 5,202,521	\$ -	\$ 5,202,521
Donor-restricted endowment funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	-	32,265,312	32,265,312
Net accumulated investment income and gains	-	9,379,961	9,379,961
	<u>\$ 5,202,521</u>	<u>\$ 41,645,273</u>	<u>\$ 46,847,794</u>

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**Years Ended December 31, 2024 and 2023**

**7. Endowment (continued)**

Changes in endowment net assets consisted of the following during the years ended December 31, 2024 and 2023:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets - December 31, 2022	\$ 5,085,295	\$ 40,630,656	\$ 45,715,951
Contributions	-	170,073	170,073
Investment income	342,448	2,642,856	2,985,304
Appropriation of endowment assets for expenditure	(225,222)	(1,798,312)	(2,023,534)
Endowment net assets - December 31, 2023	5,202,521	41,645,273	46,847,794
Contributions	-	168,153	168,153
Investment income	446,194	3,346,415	3,792,609
Appropriation of endowment assets for expenditure	(230,124)	(1,908,895)	(2,139,019)
Endowment net assets - December 31, 2024	<u>\$ 5,418,591</u>	<u>\$ 43,250,946</u>	<u>\$ 48,669,537</u>

The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 6.00% to 8.00% annually. Actual returns in any given year may vary from this amount. 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 capital appreciation (realized and unrealized) and current yield (interest and dividends). 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.

The Foundation's policy of appropriating for distribution each year is 4.25% of its endowment fund's average fair value over the prior 16 quarters through the calendar year end preceding the calendar year in which the distribution is planned. The percentage is decreased to 2.51% (2.51% during the year ended December 31, 2023) for endowments that have declined and are consequently considered deficient. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long term, the Foundation expects the current spending policy to allow its endowment to grow at the rate of inflation, currently an average of 2.00% to 3.00% annually, consistent with the Foundation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investments.

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**7. Endowment (continued)**

The fair value of assets associated with individual donor-restricted endowment funds may fall below the level necessary to maintain the purchasing power of the original gift plus additions. Deficiencies of this nature, called underwater endowment funds, resulted from unfavorable market fluctuations and continued appropriation for certain programs that were deemed prudent by the Foundation's Board of Directors. Underwater endowment funds consisted of the following at December 31:

	<u>2024</u>	<u>2023</u>
Fair value of assets	\$ 1,046,589	\$ 981,399
Less: original gift plus additions	1,244,475	1,209,761
	<u>\$ (197,886)</u>	<u>\$ (228,362)</u>

**8. Fair Value**

The following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used during the years ended December 31, 2024 or 2023.

- *Cash and Cash Equivalents:* Valued at amortized cost which approximates fair value.
- *Investment Securities:* Valued based on quoted market prices, when available, or market prices provided by recognized broker dealers. Securities traded in the over-the-counter market and listed securities for which no sale was reported on that date are stated at the last quoted bid price. Government-sponsored enterprises and commercial paper are stated at cost plus accrued interest, which approximates fair value.
- *Mortgages and Notes Receivable:* Valued based upon estimated cash flows adjusted for credit risk which are discounted using an interest rate appropriate for the maturity of the applicable loan.
- *Real Estate:* Valued based upon appraisals, which utilize inputs derived from or corroborated by observable market data.
- *Alternative Investments:* Valued based on the net asset value of the investment (or its equivalent) without further adjustment (unless management determines that the net asset value is deemed to be not reflective of fair value) since the alternative investments are investment companies that have calculated net asset value per share in accordance with the specialized accounting guidance for investment companies. The fair value of such investments generally represent the amount the Foundation would expect to receive if it were to liquidate its investment in the partnerships excluding any redemption charges that may apply.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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**Years Ended December 31, 2024 and 2023**

**8. Fair Value (continued)**

The following table sets forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value, as of December 31, 2024:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Cash and cash equivalents	\$ 91,771,340	\$ 91,771,340	\$ -	\$ -
Fixed income securities	52,929,998	52,929,998	-	-
Mutual funds	9,485,529	9,485,529	-	-
Marketable equity securities	82,709,484	82,709,484	-	-
Mortgages and notes receivable	850,455	-	850,455	-
Residential real estate	354,070	-	354,070	-
Timber and timberland	155,000	-	155,000	-
Other assets	1,301,557	9,932	1,291,625	-
Accrued income	991,890	991,890	-	-
	240,549,323	237,898,173	2,651,150	-
Limited partnerships	137,340,420	-	-	-
	<u>\$ 377,889,743</u>	<u>\$ 237,898,173</u>	<u>\$ 2,651,150</u>	<u>\$ -</u>

The following table sets forth, by level within the fair value hierarchy, the Foundation's investment assets at fair value, as of December 31, 2023:

	<b>Fair Value</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Cash and cash equivalents	\$ 78,843,497	\$ 78,843,497	\$ -	\$ -
Fixed income securities	45,611,209	45,611,209	-	-
Mutual funds	7,711,036	7,711,036	-	-
Marketable equity securities	68,908,860	68,564,459	344,401	-
Mortgages and notes receivable	776,088	-	776,088	-
Residential real estate	354,070	-	354,070	-
Timber and timberland	155,000	-	155,000	-
Other assets	1,282,018	18,171	1,263,847	-
Accrued income	849,108	849,108	-	-
	204,490,886	201,597,480	2,893,406	-
Limited partnerships	139,592,059	-	-	-
	<u>\$ 344,082,945</u>	<u>\$ 201,597,480</u>	<u>\$ 2,893,406</u>	<u>\$ -</u>



**The Baptist Foundation of Alabama**  
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**8. Fair Value (continued)**

The Foundation's policy is to recognize transfers in and transfers out of the valuation levels as of the beginning of the reporting period. There were no transfers between valuation levels during the years ended December 31, 2024 or 2023.

The Foundation invests in limited partnerships and limited liability companies, which are commonly known as alternative investments. Such alternative investments are reported at the net asset value (NAV) per share (or its equivalent) practical expedient and are not categorized within the fair value hierarchy. The alternative investments make indirect and direct investments in complex financial instruments whose value is derived from an underlying security, commodity, or asset. These investments may contain elements of both credit and market risk. Such risks include, but are not limited to, limited liquidity, need for direct oversight, dependence on key individuals, emphasis on speculative investments, and transparency of portfolio composition. Because alternative investments are not readily marketable, their value is subject to some degree of uncertainty and, therefore, may differ from the value that would have been used if a ready market for such investments existed.

The following table summarizes investments measured at fair value based on NAV per share (or its equivalent) at December 31, 2024, with information related to the redemption rights of such investments:

Investment	Fair Value	Redemption	
		Notice Period	Lock-up Provision
Callis Capital Fund 1 Feeder, LLC	\$ 1,638,003		Life of partnership (10 years, plus optional extension periods)
Ceres Farm, LLC	22,350,684	September 30	Rolling one year
Creation Impact Credit Fund (India) LP	1,633,844		Life of partnership (7 years)
Creation Investment Social Ventures Fund V, LP	3,984,396		Life of partnership (10 years, plus optional extension periods)
Courage Credit Opportunities Offshore Fund IV, LP	10,304,458		Life of partnership (7 years, plus optional extension periods)
Courage Music Royalty Fund, LP	10,833,441		Life of partnership (7 years, plus optional extension periods)
Eventide Healthcare Innovation Fund I, LP	5,653,181		Life of partnership (6 years, plus optional extension periods)
Portion Capital Fund I, LP	769,535		Life of partnership (10 years, plus optional extension periods)
PA Real Assets Fund III, LP	21,993,680		Life of partnership (12 years, plus optional extension periods)
RMS Forest Growth III, LP	8,863,480		Life of partnership (15 years)
Soil Enrichment Fund Blocker, LP	11,640,909		Life of partnership (2 years, with quarterly redemptions following)
Sovereign's Capital III, LP	2,004,245		Life of partnership (12 years, plus optional extension periods)
Sovereign's Capital Access Fund I, LP	4,759,584		Life of partnership (10 years, plus optional extension periods)
Sovereign's Capital Evergreen Fund I, LLC	2,533,182		Life of partnership (5 years, with annual redemptions following)
Sovereign's Fire Services, LP	275,229		Life of partnership (10 years, plus optional extension periods)
U.S. Farming Realty Trust II, LP	334,001		Life of partnership (15 years, plus optional extension periods)
West Towers Partners Ltd.	27,768,568		Initial year of investment, expired
	<u>\$ 137,340,420</u>		

**The Baptist Foundation of Alabama**  
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**8. Fair Value (continued)**

The following table summarizes investments measured at fair value based on NAV per share (or its equivalent) at December 31, 2023, with information related to the redemption rights of such investments:

Investment	Fair Value	Redemption Notice Period	Lock-up Provision
Callis Capital Fund 1 Feeder, LLC	\$ 1,877,855	September 30	Life of partnership (10 years, plus optional extension periods)
Ceres Farm, LLC	20,659,649		Rolling one year
Creation Impact Credit Fund (India) LP	2,097,831		Life of partnership (7 years)
Creation Investment Social Ventures Fund V, LP	3,492,848		Life of partnership (10 years, plus optional extension periods)
Courage Credit Opportunities Offshore Fund IV, LP	11,395,447		Life of partnership (7 years, plus optional extension periods)
Courage Music Royalty Fund, LP	11,634,098		Life of partnership (7 years, plus optional extension periods)
Eventide Healthcare Innovation Fund I, LP	4,348,698		Life of partnership (6 years, plus optional extension periods)
Portion Capital Fund I, LP	353,068		Life of partnership (10 years, plus optional extension periods)
PA Real Assets Fund III, LP	17,574,098		Life of partnership (12 years, plus optional extension periods)
RMS Forest Growth III, LP	8,243,298		Life of partnership (15 years)
Soil Enrichment Fund Blocker, LP	10,738,874		Life of partnership (2 years, with quarterly redemptions following)
Sovereign's Capital III, LP	3,033,211		Life of partnership (12 years, plus optional extension periods)
Sovereign's Capital Access Fund I, LP	3,623,043		Life of partnership (10 years, plus optional extension periods)
Sovereign's Capital Evergreen Fund I, LLC	2,562,411		Life of partnership (5 years, with annual redemptions following)
U.S. Farming Realty Trust II, LP	2,238,601		Life of partnership (15 years, plus optional extension periods)
West Towers Partners Ltd.	35,719,029		Initial year of investment, expired
	<u>\$ 139,592,059</u>		

The following is a description of the significant investment strategies of the Foundation's alternative investments:

- *Callis Capital Fund I Feeder, LLC*: To make investments in and pursue targets in real estate and related businesses that care for, minister to, educate, train, and inspire men and women in the United States, and that utilize free enterprise, business, and economics to improve the quality of their lives and the lives of those in their communities, including but not limited to target investment entities that seek to empower individuals and businesses to harness the power of the marketplace to alleviate spiritual and physical poverty and to solve critical social and environmental problems.
- *Ceres Farms, LLC*: To generate an attractive total return through the acquisition and management of farmland in the Midwestern United States of America.
- *Creation Impact Credit Fund (India), LP*: To invest in debt and debt-related instruments in institutions that provide financial services and managing and monitoring such investments.
- *Creation Investment Social Ventures Fund V, LP*: To make equity and equity-like investments in institutions that provide financial services to the unbanked and underbanked populations at the bottom of the economic pyramid, including institutions that serve micro, small, and medium sized enterprises or individual consumers, recognizing the financial opportunity and social importance of serving underpenetrated financial services markets in developing economies.

**The Baptist Foundation of Alabama**  
**Notes to Financial Statements**  
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**8. Fair Value (continued)**

- *Courage Credit Opportunities Offshore Fund IV, LP*: To achieve investment returns while emphasizing distressed investments in financially troubled companies, including those of companies that may, or have, become involved in reorganization or bankruptcy proceedings.
- *Courage Music Royalty Fund, LP*: To achieve investment returns from royalty income generated by purchasing primarily selected Christian music rights, such as digital streaming and downloaded music, and copyrights.
- *Eventide Healthcare Innovation Fund I, LP*: To make investments within the healthcare and life sciences industry.
- *Portion Capital Fund I, LP*: To make equity and equity-related investments in growth-stage companies in the United States.
- *PA Real Assets Fund III, LP*: To make and hold (i) primary and secondary investments in portfolio companies and (ii) secondary investments, in each case, they principally focus on the ownership, financing, and/or operation of real assets, and/or any services or revenue, royalty, or licensing streams related thereto, including without limitation, (a) assets or services in the energy, alternative energy, renewables, hydrocarbon, metals, agriculture, timber, commodities, natural resources, power, communications, and transportation sectors, and (b) other infrastructure and equipment, but excluding direct investments in real estate.
- *RMS Forest Growth Fund III, LP*: To invest in timberland properties and/or long-term timberland leaseholds or project ventures which invest in timberland properties or long-term timberland leaseholds.
- *Soil Enrichment Fund Blocker, LP*: To seek to take advantage of current market opportunities by acquiring, leasing, managing, and holding for appreciation Farm Properties primarily within the Mississippi River Valley regions of Arkansas, Louisiana, Mississippi and Tennessee. The Partnership's investment objective is to increase the value of the Farm Properties through capital improvements and tactical strategies, while utilizing rental cash flows to produce annual cash distributions and levered returns for its Limited Partners.
- *Sovereign's Capital III, LP*: To make investments in and pursue targets in real estate and related businesses that care for, minister to, educate, train, and inspire men and women in the United States, and that utilize free enterprise, business, and economics to improve the quality of their lives and the lives of those in their communities, including but not limited to target investment entities that seek to empower individuals and businesses to harness the power of the marketplace to alleviate spiritual and physical poverty and to solve critical social and environmental problems.

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**8. Fair Value (continued)**

- *Sovereign's Capital Access Fund I, LP*: For the purpose of (i) directly or indirectly investing in private equity strategies in the lower middle market and promising, early-stage technology companies through investment in a diversified portfolio of VC Portfolio Fund, PE Portfolio Funds, Secondary Investments, Co-Investments and GP Stakes, and (ii) engaging in such other activities and transactions incident to, relating to, or otherwise arising in connection with the foregoing or contemplated in the Memorandum.
- *Sovereign's Capital Evergreen Fund I, LLC*: To raise capital for the acquisition of controlling interests in Vermeer Sales Southwest and Vermeer Rocky Mountain.
- *Sovereign's Fire Service*: To invest in Brindlee Fire Services, LLC.
- *U.S. Farming Realty Trust 11, LP*: To achieve short-term distributable cash income and long-term capital appreciation through investments in a diversified portfolio of farmlands to be leased to farming operators or to use for direct farming operations.
- *West Tower Partners, Ltd*: To seek long-term appreciation above historical equity returns over a full market cycle with volatility that is lower than that of the equity market.

**9. Operating Leases**

The Foundation has operating leases for copies and printers. The Foundation's lease has a remaining lease term of two years. The weighted average remaining lease term associated with operating leases is 0.75 years and 1.75 years as of December 31, 2024 and 2023, respectively.

As most leases do not provide an implicit rate in the lease, the Foundation uses the risk-free discount rate based on the information available at the commencement date in determining the present value of lease payments. The weighted average discount rate associated with operating leases as of December 31, 2024 and 2023, was 5.00%.

Operating lease expense is included in operating expenses on the statement of activities and totaled \$4,200 for the years ended December 31, 2024 and 2023, respectively. At December 31, 2024, future minimum lease payments due under the operating lease obligations consists of the following:

2025	\$ 3,150
Less effects of discounting	(150)
Lease liability recognized	<u>\$ 3,000</u>

Cash paid for amounts included in operating lease liabilities totaled \$4,200 for each of the years ended December 31, 2024 and 2023, respectively.

**The Baptist Foundation of Alabama**  
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**9. Operating Leases (continued)**

The Foundation has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that the Foundation is reasonably certain to exercise, are not recorded on the statement of financial position.

**10. Retirement Plans**

The Foundation makes contributions for its employees to a defined contribution retirement plan maintained by GuideStone Financial Resources, an entity affiliated with the Southern Baptist Convention. The Foundation makes non-matching contributions to employee accounts equal to 10% of the employee's salary. The Foundation matches employee contributions, up to 5% of the employee's salary, based on years of service. Employees are eligible for participation in the plan on the first day of employment and are fully vested on their fifth year of service. Contributions to the plan totaled \$162,911 and \$164,842 during the years ended December 31, 2024 and 2023, respectively.

The Foundation also sponsors a deferred compensation plan. The related deferred compensation liability totaled \$800,653 and \$837,477 at December 31, 2024 and 2023, respectively.

**11. Related Party Transactions**

The Foundation is affiliated with the Alabama Baptist State Convention and receives administrative support through the Cooperative Program of the State Board of Missions. The State Board of Missions provided \$213,496 and \$210,405 in administrative support to the Foundation during the years ended December 31, 2024 and 2023, respectively. The Foundation also administers certain assets for the State Board of Missions, whose value totaled \$13,100,037 and \$12,229,089 at December 31, 2024 and 2023, respectively.

**12. Functional Expenses**

The financial statements contain certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and employee benefits, office and travel expenses and depreciation. Management determined, based on the nature of the Foundation's operations and organizational structure, that the principal drivers of expenses are number of employees and square footage of office space. Therefore, the number of employees is used as the basis for allocating salaries and employee benefits and travel expenses, and the square footage of office space is used as the basis for allocating office expenses and depreciation.

**13. Subsequent Events**

Management has evaluated subsequent events through August 12, 2025, the date which the financial statements were available to be issued.