

TENNESSEE BAPTIST
FOUNDATION, INC.

Financial Statements
With Independent Auditors' Report

October 31, 2021 and 2020

TENNESSEE BAPTIST FOUNDATION, INC.

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Tennessee Baptist Foundation, Inc.
Franklin, Tennessee

We have audited the accompanying financial statements of the Tennessee Baptist Foundation, Inc., a Tennessee nonprofit corporation, which comprise the statements of financial position as of October 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Board of Trustees
Tennessee Baptist Foundation, Inc.
Franklin, Tennessee

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Tennessee Baptist Foundation, Inc. as of October 31, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Capin Crouse LLP

Lawrenceville, Georgia
January 12, 2022

TENNESSEE BAPTIST FOUNDATION, INC.

Statements of Financial Position

	October 31,	
	2021	2020
ASSETS:		
Cash and cash equivalents:		
Held for beneficial owners	\$ 18,336,459	\$ 18,222,863
Foundation	1,614,018	1,161,304
	19,950,477	19,384,167
Investments:		
Held for beneficial owners	135,351,752	116,327,547
Foundation	27,207,578	25,728,183
	162,559,330	142,055,730
Property and equipment—net	27,397	55,269
Total Assets	\$ 182,537,204	\$ 161,495,166
LIABILITIES AND NET ASSETS:		
Liabilities:		
Amounts held for beneficial owners	\$ 153,688,211	\$ 134,550,410
Trust obligations	8,877,830	8,459,379
Postretirement benefit obligation	895,204	856,141
Total liabilities	163,461,245	143,865,930
Net assets:		
Without donor restrictions	5,130,473	5,095,387
With donor restrictions	13,945,486	12,533,849
Total net assets	19,075,959	17,629,236
Total Liabilities and Net Assets	\$ 182,537,204	\$ 161,495,166

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Statements of Activities

	Year Ended October 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE:						
Support:						
Contributions	\$ 289,441	\$ 99,484	\$ 388,925	\$ 245,352	\$ 320,015	\$ 565,367
Revenue:						
Income (loss) on investments	(67,645)	2,005,533	1,937,888	212,067	707,259	919,326
Cost recovery and other fees	709,101	-	709,101	560,442	-	560,442
Total Support and Revenue	930,897	2,105,017	3,035,914	1,017,861	1,027,274	2,045,135
RECLASSIFICATIONS:						
Net assets released from restrictions:						
Satisfaction of purpose	467,945	(467,945)	-	428,231	(428,231)	-
EXPENSES:						
Program services:						
Stewardship and gift planning	185,712	-	185,712	207,160	-	207,160
Grants and scholarships	530,697	-	530,697	577,131	-	577,131
	716,409	-	716,409	784,291	-	784,291
Supporting activities:						
Management and general	585,716	-	585,716	730,121	-	730,121
Total Expenses	1,302,125	-	1,302,125	1,514,412	-	1,514,412
Change in Net Assets from Operations	96,717	1,637,072	1,733,789	(68,320)	599,043	530,723

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Statements of Activities

	Year Ended October 31,					
	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
NONOPERATING ACTIVITIES:						
Change in value of trusts	-	(225,435)	(225,435)	-	169,307	169,307
Other components of net periodic postretirement benefit cost	(39,808)	-	(39,808)	(38,175)	-	(38,175)
Postretirement related changes other than net periodic postretirement benefit cost	(21,823)	-	(21,823)	(19,617)	-	(19,617)
Total Nonoperating Change in Net Assets	(61,631)	(225,435)	(287,066)	(57,792)	169,307	111,515
 Change in Net Assets	 35,086	 1,411,637	 1,446,723	 (126,112)	 768,350	 642,238
 Net Assets, Beginning of Year	 5,095,387	 12,533,849	 17,629,236	 5,221,499	 11,765,499	 16,986,998
 Net Assets, End of Year	 \$ 5,130,473	 \$ 13,945,486	 \$ 19,075,959	 \$ 5,095,387	 \$ 12,533,849	 \$ 17,629,236

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Statement of Functional Expenses

Year Ended October 31, 2021

	Program Services			Supporting Activities	
	Estate Stewardship and Gift Planning	Charitable Grants, Scholarships, and Other Distributions	Total Program Services	Management and General	Total Expenses
Salary and benefits	\$ 109,783	\$ -	\$ 109,783	\$ 389,666	\$ 499,449
Grants and scholarships awarded	-	530,697	530,697	-	530,697
Office and occupancy	59,995	-	59,995	122,586	182,581
Insurance	-	-	-	43,847	43,847
Travel and meetings	15,934	-	15,934	-	15,934
Depreciation	-	-	-	29,617	29,617
Total Expenses	\$ 185,712	\$ 530,697	\$ 716,409	\$ 585,716	\$ 1,302,125

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Statement of Functional Expenses

Year Ended October 31, 2020

	Program Services			Supporting Activities	
	Estate Stewardship and Gift Planning	Charitable Grants, Scholarships, and Other Distributions	Total Program Services	Management and General	Total Expenses
Salary and benefits	\$ 118,958	\$ -	\$ 118,958	\$ 536,381	\$ 655,339
Grants and scholarships awarded	-	577,131	577,131	-	577,131
Office and occupancy	58,825	-	58,825	124,872	183,697
Insurance	-	-	-	41,341	41,341
Travel and meetings	29,377	-	29,377	-	29,377
Depreciation	-	-	-	27,527	27,527
Total Expenses	\$ 207,160	\$ 577,131	\$ 784,291	\$ 730,121	\$ 1,514,412

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Statements of Cash Flows

	October 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,446,723	\$ 642,238
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	29,617	27,527
Net gain on investments	(1,937,888)	(919,326)
Change in value of trusts	225,435	(169,307)
Changes in operating assets and liabilities:		
Postretirement benefit obligation	39,063	34,912
Net Cash Used by Operating Activities	(197,050)	(383,956)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sales of investments	5,813,540	4,966,689
Purchases of investments	(5,241,451)	(3,142,897)
Purchases of property and equipment	(1,745)	(43,290)
Net Cash Provided by Investing Activities	570,344	1,780,502
CASH FLOWS FROM FINANCING ACTIVITIES:		
Investment income on assets held in trust	562,764	391,723
Payments on trust obligations	(914,661)	(401,683)
Proceeds from issuance of trusts	544,913	341,511
Net Cash Provided by Financing Activities	193,016	331,551
Net Change in Cash and Cash Equivalents	566,310	1,728,097
Cash and Cash Equivalents, Beginning of Year	19,384,167	17,656,070
Cash and Cash Equivalents, End of Year	\$ 19,950,477	\$ 19,384,167

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

1. NATURE OF ORGANIZATION:

The Tennessee Baptist Foundation, Inc. (the Foundation) was incorporated in 1938 as a Tennessee not-for-profit corporation and is exempt from federal income tax on related activities under Section 501(c)(3) of the Internal Revenue Code (the Code) and comparable State law. Though a separate entity, the Foundation supports the work of the executive board of the Tennessee Baptist Convention (Convention) in its objective of reaching others with the Gospel by offering dependable and prudent investment service consistent with the highest ideals of prudent, Christian stewardship. The Foundation is classified as a publicly supported organization, which is not a private foundation under Section 509(a)(1) of the Code, and contributions to it are tax deductible within the limitations prescribed by the Code.

In fulfillment of its mission, the Foundation manages investment funds, endowments, charitable gift annuities, and qualified charitable trusts for or for the benefit of churches, associations, institutions, and individuals affiliated with the Convention. While a trust may have a non-Baptist beneficiary, a Convention or Southern Baptist Convention (SBC) institution or cause must also have a beneficial interest in the trust. The Foundation's primary revenue source is income from investments, fees charged for management of investments, and contributions from donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

USE OF ESTIMATES

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

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash held in checking, savings, money market accounts, cash held in investment accounts and all other highly liquid accounts with original maturities of less than 90 days. The Foundation maintains its cash and cash equivalents with high credit, quality financial institutions, which, at times, may exceed federally insured limits. The Foundation has not experienced any losses in such accounts, and management believes it is not exposed to any significant credit risk on cash and cash equivalents. At October 31, 2021 and 2020, the Foundation's cash balances exceeded federally insured limits by \$19,783,254 and \$19,141,579, respectively.

INVESTMENTS

Investments, assets held for others and in trust, (collectively hereafter referred to as "Investments"), held in equity securities with readily determinable fair values, mutual funds and all debt securities are reported at fair value.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

INVESTMENTS, continued

Other investments and assets, such as cash surrender value of life insurance policies and property held for sale, are reported at the lower of cost (fair value at the date of donation) or current fair value. Adjustments to the carrying value of other investments, only to the extent the aggregate fair value of the pool drops below its aggregate carrying value, are reported in the statements of activities as a component of investment income or as direct entries to representative liability accounts for amounts held for others.

Alternative investments have been stated at fair values based on the Foundation's share of net asset values derived from the values of the underlying investments as reported by the fund managers. Management obtains and considers the most recent audited financial statements of such investments when evaluating the overall reasonableness of carrying value. Management believes this method provides a reasonable estimate of fair value. Due to the inherent uncertainty of valuation of such investments, the estimated values may differ significantly from the values that would have been used had a ready market for such investments existed.

PROPERTY AND EQUIPMENT—NET

Items capitalized as property and equipment are stated at cost or, if donated, at market value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, ranging from three to five years. Repairs and maintenance and small equipment purchases are expensed as incurred. Expenditures that significantly increase asset value or extend useful lives are capitalized. Acquisitions of property and equipment in excess of \$1,000 that meet the capitalization requirements are capitalized. Upon retirement, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains or losses are included on the statements of activities.

AMOUNTS HELD FOR OTHERS

The Foundation was formed to administer funds and receive property on behalf of the Tennessee Baptist Mission Board (TBMB) and other Baptist entities. In its capacity as trustee, administrator, custodian or agent, the Foundation holds assets for these organizations. In addition, the Foundation acts as trustee under revocable and irrevocable agreements in which donors have retained interest in income, principal or both.

CLASSES OF NET ASSETS

The financial statements report amounts separately by class of net assets:

Net assets without donor restrictions are not subject to donor imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the board of trustees.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

CLASSES OF NET ASSETS, continued

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity, but may permit the Foundation to use or expend part or all of the income derived from the donated assets.

All contributions are considered available for use without restriction unless specifically restricted by the donor or subject to other legal restrictions.

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES

Contributions are recognized when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give—that is, those with a measurable performance or other barrier and a right of return—are not recognized until the conditions on which they depend have been met.

The Foundation recognizes revenue from fees during the year in which the related services are provided. The performance obligation of delivering events is simultaneously received and consumed by the recipients of the services. All amounts received prior to the service being provided are deferred to the applicable period. All other exchange revenue is recognized when earned.

The Foundation reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. When a stipulated time restriction ends or purpose restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as reclassifications.

The Foundation reports gifts of land, buildings, and equipment as support without donor restrictions 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 and 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.

Donated goods (including securities) are recorded at fair value at the date of the gift.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued:

SUPPORT AND REVENUE, RECLASSIFICATIONS, AND EXPENSES, continued

Expenses are reported when costs are incurred in accordance with the accrual basis of accounting. The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Foundation. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. These expenses include salaries and benefits. Salaries and benefits have been allocated based on the programmatic purpose of the employee incurring the expense.

RECENTLY ISSUED ACCOUNTING STANDARD

During 2018, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2018-13, Fair Value Measurement (Topic 820): *Changes to the Disclosure Requirements for Fair Value Measurement*. The Foundation adopted the provisions of this new standard during the year ended October 31, 2021. The new standard is designed to simplify the disclosures related to fair value measurements. Adoption of this standard had no effect on change in net assets or net assets in total.

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Foundation's financial assets as of October 31, 2021 and 2020, reduced by amounts not available for general expenditure within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year. The Foundation considers general expenditures to be all expenditures related to its ongoing activities to achieve its vision as well as the conduct of services undertaken to support those activities to be general expenditures.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

3. LIQUIDITY AND FUNDS AVAILABLE, continued:

	October 31,	
	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 19,950,477	\$ 19,384,167
Investments	162,559,330	142,055,730
Financial assets, at year-end	182,509,807	161,439,897
Less those not available for general expenditures within one year:		
Amounts held for others	(153,688,211)	(134,550,410)
Board designated for various purposes	(1,729,015)	(1,629,330)
Unexpended revenues available for restricted purposes	(2,896,726)	(1,638,762)
Beneficial interest in trusts	(1,014,143)	(1,239,578)
Restricted in perpetuity	(10,034,617)	(9,655,509)
	(169,362,712)	(148,713,589)
Financial assets available to meet cash needs for general expenditures within one year	\$ 13,147,095	\$ 12,726,308

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

4. INVESTMENTS:

Investments consist of:

	October 31,	
	2021	2020
Held at lower of cost or fair value:		
Other investments	\$ 1,426,057	\$ 1,951,794

(continued)

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

4. INVESTMENTS, continued:

		October 31,	
		2021	2020
Held at fair value:			
Fixed income securities		63,989,460	58,463,026
Equity securities		70,668,777	43,130,203
Mutual funds		19,787,112	34,076,283
Alternative investments:	# of funds		
Real Estate Investment Trusts (REITs) and private equity	7	6,687,924	4,434,424
		161,133,273	140,103,936
		\$ 162,559,330	\$142,055,730

Investments are held for the following purposes:

		October 31,	
		2021	2020
Operating purposes		\$ 4,182,466	\$ 4,790,799
Held for others		135,351,752	116,327,547
Trust assets		9,079,626	8,403,535
Endowment assets		13,945,486	12,533,849
		\$ 162,559,330	\$142,055,730

5. PROPERTY AND EQUIPMENT—NET:

Property and equipment—net, consist of:

		October 31,	
		2021	2020
Vehicles		\$ 82,393	\$ 82,393
Furniture and equipment		50,427	48,682
		132,820	131,075
Less accumulated depreciation		(105,423)	(75,806)
		\$ 27,397	\$ 55,269

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

6. AMOUNTS HELD FOR BENEFICIAL OWNERS:

Amounts held for others consists of beneficial and remainder interests in endowment and trust agreements:

	October 31,	
	2021	2020
Other Tennessee Baptist entities:		
Tennessee Baptist Mission Board	\$ 19,846,784	\$ 16,333,597
Tennessee Baptist Children's Homes, Inc.	16,395,230	13,376,658
Union University	5,322,007	4,459,047
Carson-Newman University	2,965,787	2,231,437
Tennessee Baptist Adult Home, Inc.	2,281,785	1,482,774
Harrison-Chilhowee Baptist Academy	861,135	728,083
	47,672,728	38,611,596
Other organizations	106,015,483	95,938,814
	\$ 153,688,211	\$134,550,410

7. TRUST OBLIGATIONS:

As trustee, the Foundation administers irrevocable trusts that provide for the payment of lifetime distributions to the grantor or other designated beneficiaries. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The portion of the trusts attributable to the remainder interest of the Foundation is reported as contributions with donor restrictions in the period received. The portion of the trusts attributable to the present value of the life interest payable to the trust recipients and any remainder interest due other remaindermen is recorded as a liability. The present value of future cash flows to income beneficiaries is computed using published mortality rate tables adopted by the IRS at assumed rates of return ranging from 5.0% to 9.0% to determine the present value of the actuarially determined liability. The resulting actuarial gain or loss is recorded as a component of the change in value for agreements where the Foundation has an irrevocable interest.

	October 31,	
	2021	2020
Trust assets consist of the following:		
Cash and cash equivalents	\$ 812,347	\$ 1,295,422
Trust investments held at fair value	9,079,626	8,403,535
	\$ 9,891,973	\$ 9,698,957

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

7. TRUST OBLIGATIONS, continued:

	October 31,	
	2021	2020
Trust obligations consist of the following:		
Irrevocable trusts—present value of future payments to income beneficiaries	\$ 4,491,682	\$ 4,618,143
Irrevocable trusts—amounts due other remaindermen	4,386,148	3,841,236
	\$ 8,877,830	\$ 8,459,379
Change in value of irrevocable trusts consists of:		
Interest and dividends	\$ 256,836	\$ 284,320
Net realized and unrealized gains	305,928	107,403
Payments to beneficiaries and other distributions	(914,661)	(401,683)
Actuarial change	126,462	179,267
	\$ (225,435)	\$ 169,307

8. EMPLOYEE BENEFIT OBLIGATIONS:

DEFINED CONTRIBUTION PLAN

The Foundation participates in the retirement program of GuideStone Financial Resources of the SBC. The plan is a 403(b)(9) defined contribution plan, not subject to the Employee Retirement Income Security Act of 1974 (ERISA). The Foundation contributes an amount equal to 11% of the participant's compensation. Contributions to the plan for the years ended October 31, 2021 and 2020, were \$34,122 and \$45,844, respectively.

DEFINED BENEFIT PLAN

Under a separate program, the Foundation also provides postretirement health care and term life insurance benefits to certain Foundation employees provided they remain employed at the Foundation until retirement. The defined benefit plan's current and future benefits are funded by net assets without donor restrictions.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

8. EMPLOYEE BENEFIT OBLIGATIONS, continued:

A summary of the postretirement benefit obligation is as follows:

	October 31,	
	2021	2020
Retired participants	\$ 288,307	\$ 310,570
Active fully eligible participants	606,897	545,571
Active other participants	-	-
	\$ 895,204	\$ 856,141

The following tables provide a reconciliation of the changes in the postretirement benefit obligation and the assumptions used in the actuarial calculations.

	October 31,	
	2021	2020
Postretirement benefit obligation at beginning of year:	\$ 856,141	\$ 821,229
Net periodic postretirement benefit costs	53,397	50,391
Postretirement benefit related changes other than net periodic postretirement benefit cost	21,823	19,617
Benefits paid	(36,157)	(35,096)
Postretirement benefit obligation at end of year	\$ 895,204	\$ 856,141

	October 31,	
	2021	2020
Net periodic postretirement benefit cost, included in functional expenses:		
Service cost	\$ 13,589	\$ 12,216
Interest cost	39,808	38,175
Net periodic postretirement benefit cost other than service cost	39,808	38,175
Net periodic postretirement benefit costs	\$ 53,397	\$ 50,391

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

8. EMPLOYEE BENEFIT OBLIGATIONS, continued:

Net periodic postretirement cost other than service cost is reported as other components of net periodic postretirement cost on the statements of activities.

Postretirement benefit related changes other than net periodic postretirement cost, included in nonoperating activities, are as follows:

	October 31,	
	2021	2020
Actuarial loss	\$ 21,823	\$ 19,617
Postretirement benefit related changes other than net periodic postretirement benefit cost	\$ 21,823	\$ 19,617

Assumptions:

Weighted average discount rate	4.75%
Mortality	RPH-2014 Total Table Proj MP-2017
Turnover	None
Salary Increase	3.00%
Healthcare trend	Medical (7.00%-4.50%) Dental (2.5%)

Future benefits are expected to be paid as follows:

Year Ended October 31,	
2022	\$ 59,991
2023	42,737
2024	40,707
2025	38,773
2026	36,932
Thereafter	676,064
	\$ 895,204

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

9. NET ASSETS:

Net assets consist of:

	October 31,	
	2021	2020
Without donor restrictions:		
Undesignated	\$ 3,401,458	\$ 3,466,057
Board designated for various purposes:		
Special project	43,115	30,623
Scholarship	533,612	534,581
Postretirement benefit	1,152,288	1,064,126
Total without donor restrictions	5,130,473	5,095,387
With donor restrictions:		
Unexpended revenues available for restricted purposes	2,896,726	1,638,762
Beneficial interest in trusts	1,014,143	1,239,578
Restricted in perpetuity	10,034,617	9,655,509
Total with donor restrictions	13,945,486	12,533,849
Total net assets	\$ 19,075,959	\$ 17,629,236

10. FAIR VALUE MEASUREMENTS:

The *Fair Value* topic of the FASB ASC establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and level 3 inputs have the lowest priority. The Foundation uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Foundation measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are only used when Level 1 and Level 2 inputs were not available.

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy at October 31, 2021 and 2020:

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

10. FAIR VALUE MEASUREMENTS, continued:

	October 31, 2021			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Fixed income securities	\$ 63,989,460	\$ -	\$ 63,989,460	\$ -
Equity securities	70,668,777	45,150,321	25,518,456	-
Mutual funds	19,787,112	4,036,827	15,750,285	-
	154,445,349	\$ 49,187,148	\$ 105,258,201	\$ -
Alternative investments, measured at net asset value:				
REITs and private equity	6,687,924			
	\$161,133,273			
	October 31, 2020			
	Total	(Level 1)	(Level 2)	(Level 3)
Investments, at fair value:				
Fixed income securities	\$ 58,463,026	\$ 3,963,058	\$ 54,499,968	\$ -
Equity securities	43,130,203	43,130,203	-	-
Mutual funds	34,076,283	29,628,960	4,447,323	-
	135,669,512	\$ 76,722,221	\$ 58,947,291	\$ -
Alternative investments, measured at net asset value:				
REITs and private equity	4,434,424			
	\$140,103,936			

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

10. FAIR VALUE MEASUREMENTS, continued:

Valuation techniques used by the Foundation in estimating fair value are as follows:

Valuation techniques: Fair values for United States government securities, corporate certificates of deposit, municipal bonds, corporate notes and bonds, equity securities and mutual funds are based on quoted market prices in an active market. Fair values of REITs are based on the net asset value of the underlying investments in the fund as reported by the investment custodian. The Foundation uses net asset value to determine the fair value of all underlying investments which (a) do not have a readily determinable fair value and (b) prepare their financial statements consistent with the measurement principles of an investment company or have the attributes of an investment company. Alternative investments consist of 2 REITs and 5 private equity funds, whose remaining life lasts until liquidation of the underlying investments, which have no ability to redeem and which have unfunded commitments of \$0 and \$727,504 as of October 31, 2021 and 2020, respectively.

Changes in valuation techniques: None.

11. ENDOWMENT FUNDS:

The Foundation's endowment consists of approximately 120 individual funds established for a variety of purposes. Its endowment consists entirely of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the board of trustees to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board of trustees has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift, as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions in perpetuity (a) the original value of gifts donated to the endowment in perpetuity, (b) the original value of subsequent gifts to the endowment in perpetuity, and (c) accumulations to the endowment in perpetuity 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 restrictions in perpetuity is classified as net assets with donor restrictions for purpose or time until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considered 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

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

11. ENDOWMENT FUNDS:

Endowment net asset composition by type of fund as of October 31, 2021:

	With donor restrictions		
	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions
Endowment funds:			
Beneficial interest in trusts expected to convert to donor restricted endowments in perpetuity	\$ 1,014,143	\$ -	\$ 1,014,143
Donor restricted in perpetuity	10,034,617	2,896,726	12,931,343
Total endowment funds	\$ 11,048,760	\$ 2,896,726	\$ 13,945,486

Changes in endowment net assets for the year ended October 31, 2021:

	With donor restrictions		
	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions
Endowment net assets, November 1, 2020	\$ 10,895,087	\$ 1,638,762	\$ 12,533,849
Investment income	54,189	1,725,909	1,780,098
Contributions	99,484	-	99,484
Appropriation of endowment assets for expenditure	-	(467,945)	(467,945)
Endowment net assets, October 31, 2021	\$ 11,048,760	\$ 2,896,726	\$ 13,945,486

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

11. ENDOWMENT FUNDS:

Endowment net asset composition by type of fund as of October 31, 2020:

	With donor restrictions		
	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions
Endowment funds:			
Beneficial interest in trusts expected to convert to donor restricted endowments in perpetuity	\$ 1,239,578	\$ -	\$ 1,239,578
Donor restricted in perpetuity	9,655,509	1,638,762	11,294,271
Total endowment funds	\$ 10,895,087	\$ 1,638,762	\$ 12,533,849

Changes in endowment net assets for the year ended October 31, 2020:

	With donor restrictions		
	Original gift amount	Accumulated gains (losses) and other	Total with donor restrictions
Endowment net assets, November 1, 2019	\$ 10,282,923	\$ 1,651,883	\$ 11,934,806
Investment income	292,149	415,110	707,259
Contributions	320,015	-	320,015
Appropriation of endowment assets for expenditure	-	(428,231)	(428,231)
Endowment net assets, October 31, 2020	\$ 10,895,087	\$ 1,638,762	\$ 12,533,849

Funds with Deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration. As of October 31, 2021 and 2020, there were no such funds.

TENNESSEE BAPTIST FOUNDATION, INC.

Notes to Financial Statements

October 31, 2021 and 2020

11. ENDOWMENT FUNDS:

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 supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Foundation must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives:

To satisfy its long-term rate-of-return objectives, the 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 includes an emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives are Related to Spending Policy:

The Foundation has a policy of appropriating for distribution each year up to 5% of its endowment fund's net asset value. The investment objectives seek to generate a long-term rate-of-return that supports the annual spending policy goals.

12. RELATED PARTIES:

The Foundation occupies office space in Franklin, Tennessee and pays the TBMB a monthly occupancy fee for the facilities. Occupancy fees paid was \$55,904 for both of the years ended October 31, 2021 and 2020.

13. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through January 12, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

SUPPLEMENTARY INFORMATION

**INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY INFORMATION**

Board of Trustees
Tennessee Baptist Foundation, Inc.
Franklin, Tennessee

We have audited the financial statements of Tennessee Baptist Foundation, Inc. as of and for the year ended October 31, 2021, and our report thereon dated January 12, 2022, which expressed an unmodified opinion on those financial statements, appears on page 1. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of changes in liabilities to beneficial owners and schedule of investments (the information) are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Capin Crouse LLP

Lawrenceville, Georgia
January 12, 2022

TENNESSEE BAPTIST FOUNDATION, INC.

Schedule of Changes in Liabilities to Beneficial Owners

	October 31,	
	2021	2020
	Assets	Assets
	Held for	Held for
	Others	Others
Liabilities to beneficial owners, beginning of year	\$ 134,550,410	\$ 128,858,597
Additions:		
Investment earnings:		
Interest and dividends	4,613,376	4,433,984
Net realized and unrealized gains on investments	14,280,798	126,101
Amounts received as advances or contributions to principal	7,051,135	8,106,693
Total additions	25,945,309	12,666,778
Reductions:		
Distributions:		
Accumulated income	3,585,904	3,351,729
Amounts advanced or held as principal	3,221,604	3,623,236
Total reductions	6,807,508	6,974,965
Liabilities to beneficial owners, end of year	\$ 153,688,211	\$ 134,550,410

See accompanying notes to the financial statements

TENNESSEE BAPTIST FOUNDATION, INC.

Schedule of Investments

October 31, 2021

	Investments		Percentage Held By	
	Cost	Held Value	Foundation	Third Parties
Fixed income securities	\$ 47,209,944	\$ 63,989,460	0%	100%
Other investments	1,426,057	1,426,057	100%	0%
Equity securities	39,769,079	70,668,777	0%	100%
Mutual funds	46,446,495	19,787,112	0%	100%
Alternative investments	3,425,882	6,687,924	0%	100%
Total investments	\$ 138,277,457	\$ 162,559,330	1%	99%
Appreciation		<u>\$ 24,281,873</u>		

October 31, 2020

	Investments		Percentage Held By	
	Cost	Held Value	Foundation	Third Parties
Fixed income securities	\$ 44,722,544	\$ 58,463,026	0%	100%
Other investments	1,951,794	1,951,794	100%	0%
Equity securities	38,364,157	43,130,203	0%	100%
Mutual funds	43,254,910	34,076,283	0%	100%
Alternative investments	6,131,059	4,434,424	0%	100%
Total investments	\$ 134,424,464	\$ 142,055,730	1%	99%
Appreciation		<u>\$ 7,631,266</u>		

See accompanying notes to the financial statements