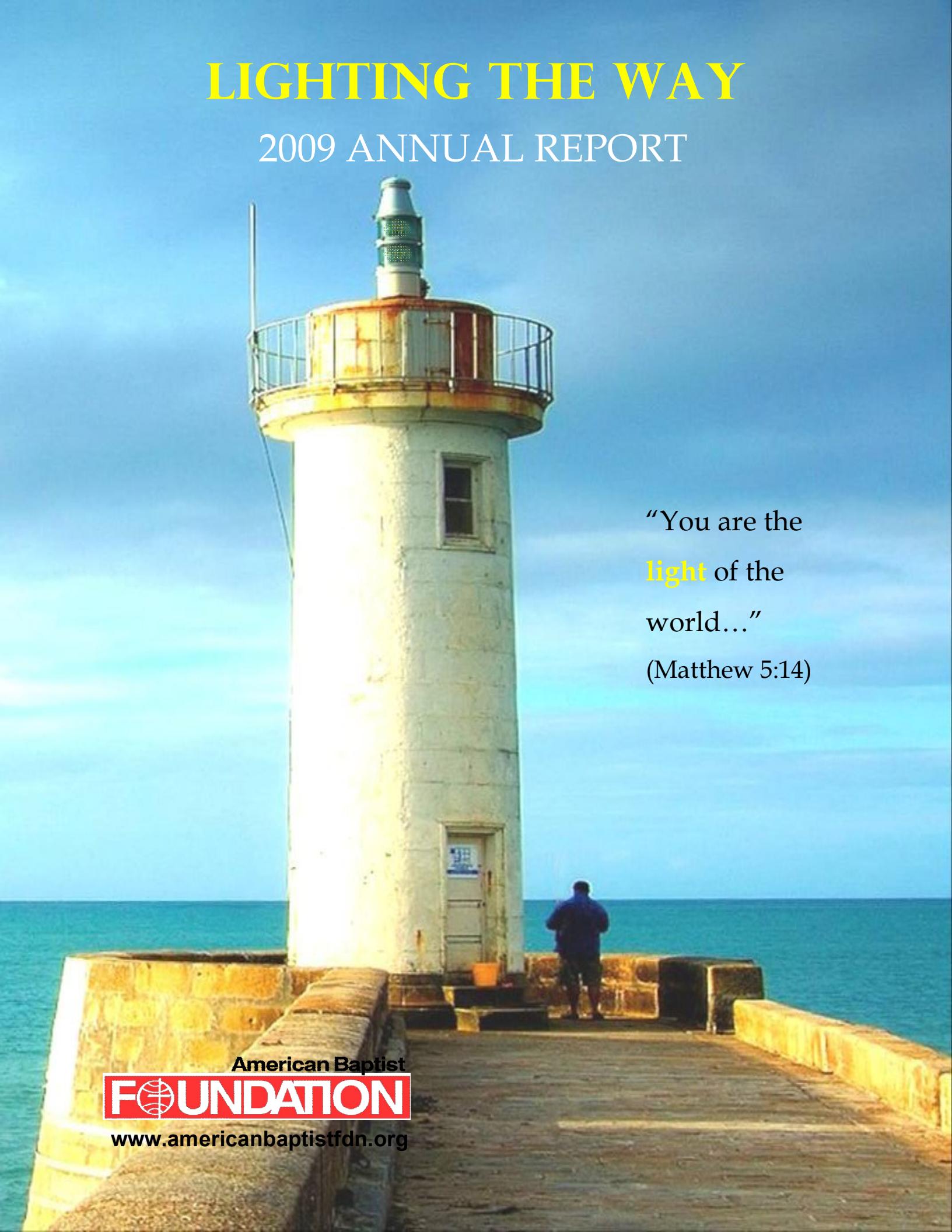


# LIGHTING THE WAY

## 2009 ANNUAL REPORT

A photograph of a white lighthouse situated on a stone pier. The lighthouse has a circular top with a metal railing and a light fixture. A person in dark clothing stands on the pier near the base of the lighthouse. The background shows a clear blue sky and a calm sea.

“You are the  
**light** of the  
world...”  
(Matthew 5:14)

American Baptist

**FOUNDATION**

[www.americanbaptistfdn.org](http://www.americanbaptistfdn.org)

## *Lighting the way...*



The night is dark, the moon and stars are obliterated, the sky is overwhelmed with storm clouds, the seas are churning, and a ship is frantically searching for a safe harbor. Without the gloom-piercing beacon of guidance emanating from a well-built, strategically-placed lighthouse, a vessel will surely be lost in billows of water as it is dashed upon the rocky coast.

That scene is a metaphor for the journey of every child, teenager, adult, and senior in each city, region, state, and country—everyone needs help in sailing on the sea of life. That help comes “in the name of the Lord who made heaven and earth,” (Psalm 124:8) and those who know the Lord become reflections of God’s light.

Speaking to his followers, Jesus said, “You are the light of the world.... (Matthew 5:14). The message of God’s love and power becomes that necessary beacon from a lighthouse that we must share as American Baptists. This annual report is a reminder of that fact. The cover illustrates the potential of a lighthouse, being maintained by the lighthouse keeper.

Each of you reading this report is that keeper. Today, as on the cover of this report, the sun may be shining and the skies may be blue—the right time to make plans for supporting ministry and mission with your estate plan. Through your planned gifts clearly outlined in your will, or funded by a charitable gift annuity, or supported through a trust, or sustained by an endowment fund, you are providing now for the light of the world to continue in the future to beam hope in a darkened world. As a lighthouse must be well-built and strategically-placed, so your estate plan requires well-informed, intelligent decisions. The American Baptist Foundation has been created to assist you in being “the light of the world!”

Since 1985, the mission of the American Baptist Foundation is to support and strengthen the Christian witness fulfilled by the Foundation's partners in ministry and mission. These include **American Baptist Regions**, **American Baptist Home Mission Societies**, and **International Ministries**. The Foundation encourages individuals to support the endeavors of these partners through what is known as "planned giving" – establishing wills and other charitable estate plans.



**American Baptist Regions** are composed of congregations that share a common cause to serve Christ, often within a common geography. Thirty-one regions nationwide consist of churches in urban centers, states, or a combination of states as well as Puerto Rico. Regions provide the vital link between a local American Baptist congregation and its wider faith family, American Baptist Churches USA. Regional ministries include: conferences and workshops, camping programs, guidance in the resolution of conflict, ministerial leadership searches, new church planting, and other mission projects.



**American Baptist Home Mission Societies** (also known as National Ministries) ministers as the caring heart, serving hands, going feet and prophetic voice of Jesus Christ throughout the home mission field—across the towns, cities and neighborhoods of the United States and Puerto Rico. Thanks to its hundreds of missionaries serving here at home, American Baptist Home Mission Societies touches and transforms lives through pastoral counselors and chaplains, church planters, Neighborhood Action Program Christian centers and American Baptist-affiliated colleges, universities and seminaries. Through missional church programs, Judson Press books and the development of discipleship and evangelism resources, American Baptist Home Mission Societies empowers churches to bring God's word and God's love to their neighborhoods and communities.



**International Ministries** seeks to glorify God in all the earth by crossing cultural boundaries to make disciples of Jesus Christ. Beginning with Burma in 1814, this outreach now extends to more than 70 countries in Africa, Asia, the Caribbean, Europe, the Middle East and the Americas. Mission efforts by missionaries and national partners include: carrying out evangelism, training church leaders and starting new churches, confronting slavery, promoting health, encouraging economic development, providing education, and seeking peace and offering refuge. International Ministries enables local churches to participate in global outreach through missionary support, missionary partnership networks, global prayer networks as well as short and long-term mission service.

The American Baptist Foundation supports the stewardship of all American Baptist individuals, churches, and organizations by providing gift planning, gift management, endowment fund management, and educational resources in harmony with the mission of our faith family. The Foundation's gift planning and financial services are supported by a majority of American Baptist Regions, American Baptist Home Mission Societies, and International Ministries. As these partners provide these services through the Foundation, they reduce duplication and enhance effectiveness in increasing the financial resources for the American Baptist witness for Christ in the future.



## AMERICAN BAPTIST FOUNDATION

## OUR SERVICES

### ***Services for Individuals***

- Confidential consultation in methods of giving to American Baptist ministry and mission through:
  - Outright gifts
  - Bequests in a will
  - Contingent beneficiary designations (retirement plans, life insurance)
  - Donor advisory fund
  - Endowment fund
- Life Income Agreements to meet individual income needs and mission support goals:
  - Charitable Gift Annuities
  - Revocable (Living) Trusts
  - Charitable Remainder Trusts
  - Pooled Income Fund
- Free literature, including ***Legacy***, the Foundation's Newsletter

### ***Services for Congregations***

- Assistance in developing guidelines and policies about bequests and memorial gifts.
- Seminars, workshops and printed materials on how to use wills and other gift plans in charitable estate planning.
- Free brochures, inserts, and news-letter items to encourage Christian stewardship through wills and planned gifts.
- Endowment fund services for management and long-term investment of church funds, which often include endowment and memorial gift holdings.

As a Midwestern child growing up in a land-locked city, I found myself fascinated with the ocean when I first saw it. With the innocence of youth, I gazed across the horizon diligently, searching for the nearest continent and daydreaming of all that lay between that next piece of land and me. Lighthouses became a part of my fascination. When we visited the coast, I was thrilled to see that bright beacon of light shining across the great expanse of sea. I found comfort and peace knowing each lighthouse offered guidance, security, and vision for every seaworthy vessel from the smallest fishing boat to the giant cargo ships to cruise liners. Each found its way because of that great light.

The American Baptist Foundation serves as a similar beacon for our American Baptist family. We offer a bright hope for the future of our American Baptist churches and missions by faithfully guiding every generous gift through the seas of financial investment. You and your loved ones share in the secure knowledge that the Foundation constantly endeavors to lead with deep commitment to the integrity of each gift—seeking to maintain the best possible standard against today's investment benchmarks.

With 2009 being a year of storms through economic decline and all the subsequent circumstances, the shining light of the Foundation continued on through these raging winds and tempestuous waves. I am particularly grateful for the wisdom of our Investment Committee. These men and women managed the invested dollars with the highest level of integrity and commitment that our American Baptist family continues to trust. Because of them, the Foundation shines brightly through this economic storm.

Several years ago the famous lighthouse at Cape Hatteras was repositioned due to erosion of the Outer Banks. With tremendous planning and engineering skill this pillar of light was moved to its current location. Similarly, the American Baptist Foundation members—the Multi-Region Corporation composed of 31 American Baptist regions nationwide, the American Baptist Home Mission Societies, and International Ministries—working in stride with the Foundation's Board of Directors, have strategized a repositioning of the Foundation for a continually growing future.

While this means that there will be staffing changes, all the products and outcomes utilized by donors in the past will continue to be available. Likewise, all investments with the Foundation—all trusts, estates, annuities, and endowments—will be managed with the same level of integrity, expertise, and diligence that has been identified with the American Baptist Foundation for the past quarter century. We look forward to a promising future and to working together to enhance the ministries we have lovingly cultivated with the blessed help of God's Spirit.

The Board of Directors and I thank you for looking towards the light which the American Baptist Foundation shines. It is the light of Christ—a light of vision and hope for God's ministries and mission among our American Baptist family. We are blessed to serve God and you as a beacon of that light.

Blessings and prayers,



Rev. Judith K. Fackenthal  
Board Chair  
American Baptist Foundation

## Thanks to American Baptist Home Mission Societies — a chaplain braces soldiers for the battlefield

“All clear, all clear, all clear,” the radios squawked. I crawled out of the concrete bunker, my refuge for the past 45 minutes, and pulled off my gas mask. Leaning back, I let the desert night air cool my sweaty face.”

It was just another night on the front lines of “Operation Iraqi Freedom” for American Baptist chaplain U.S. Army Maj. Susan D. Caswell. For four months in 2003, the sights and sounds of the wounded and dying in a combat support hospital were her constant companions. But in spite of all the human misery she witnessed, she says her spiritual encounter with God was a compelling and affirming one: “Bringing God onto the battlefield was one of the most rewarding experiences of my chaplaincy. These soldiers had lots of questions. ‘If I die,’ they would ask, ‘what will happen to me... Where will I go?’”

*Maj. Susan D. Caswell was able to help soldiers in Iraq find answers to life-and-death questions because American Baptist Home Mission Societies opened a door that enabled her to fulfill her call.*



*Military chaplain Susan Caswell providing baptismal services to soldiers in the Iraq war.*

Caswell’s journey to Iraq began decades earlier. As an eleven-year-old child growing up in Ann Arbor, Mich., she had a well-honed sense of call. However, she ended up in California—a successful hospital administrator with an MBA in finance from Yale University. Then, at age 39, she felt an irresistible urge to change direction. Always mission-minded, she was making plans to work in hospital administration in Third World countries, but that “sense of call” began to speak to her heart.

“I kept hearing the word military, and I would say, ‘No, Lord. It’s mission, not military.’” But this was one argument Caswell would not win. In 1995, 13 years after graduating from Yale, she entered Fuller Theological Seminary in Pasadena, Calif.

“I found many closed doors. I tried the Navy first and was told I was too old and, besides, I am a female.” Persistence paid off, however, after she contacted an American Baptist Home Mission Societies chaplain endorser, who encouraged her to try the U.S. Army. She did that and, finally, gained acceptance into the mostly male world of military chaplains.

When that door finally opened, Caswell discovered it put her in the midst of people’s lives—from the cradle to the grave and all times in between. Nowhere was that presence more powerfully used—and felt—than during her time in Iraq.

In November 2005, she volunteered to return to Iraq despite the horrors of war she knew awaited her. But she also knew she would be where God wanted her: “The experience was unlike anything I had ever felt before. I felt I was being so powerfully used by God. I felt it an honor and a privilege to be part of that.”

*The transformational ministry of chaplains and pastoral counselors is just one of many carried out in the name of Jesus Christ by American Baptist Home Mission Societies. To sustain ABHMS’ work in this or many other ministries, you can make a planned gift from your estate by contacting the Foundation office at 800-ABC-3USA, ext 2035.*

## Confronting Slavery in Our Time

For almost two centuries International Ministries (IM) has been leading people to faith while opposing slavery in Asia, Africa, Europe, the Middle East and the Americas. Today one tenth of IM's personnel are working with those who are vulnerable to, and victimized by, forced labor and prostitution. Even though IM has maintained this focus for many years around the globe, there are also new efforts emerging. For instance, the government of Nepal has recently acted to end bonded labor, freeing people that have been debt slaves for generations. Bucky and Carole Sydnor serve in Nepal with Human Development Community Services (HDCS). This partner organization has begun to help citizens of the freed bonded-laborers' settlement in Bani village, Mukta Kamaiya Sibir, as they seek education for their children. God may well be calling IM to new ministries in this context.

Although most nations have outlawed slavery and the United Nations Declaration of Human Rights has banned it globally, it still plagues our world. Today slavery is often called "human trafficking" and includes recruiting, transporting, transferring, harboring, or receiving people for the purpose of exploitation. Men, women and children are exploited in many ways, such as being held against their will to quarry stone, build roads, make rugs, work as maids, fight wars, harvest crops, work in factories, hotels, restaurants, brothels and even to provide body parts. Approximately 65% of the women and children that are trafficked across national borders are forced into prostitution.

Scripture demonstrates how poverty makes people vulnerable to slavery (2 Kings 4:1) and how enslaved people are subject to abusive labor (Exodus 1:11; 5:6-14) and sexual exploitation (Hagar in Genesis 16:1-2; Bilhah and Zilpah in Genesis 30:1-13; Joseph in Genesis 39:6-20). The prophets proclaimed God's judgment upon those who "traded boys for prostitutes and sold girls for wine..." (Joel 3:2b-3). And God's plan "to bring good news to the oppressed, to bind up the broken-hearted, to proclaim liberty to the captives, and release to the prisoners" (Isaiah 61:1-2) was embraced by Jesus as the core of his mission (Luke 4:18).

It is clear that slavery is an assault against humanity and contrary to the mission Jesus proclaimed—the Spirit calls us to confront this great evil while making disciples for Jesus. Although the work to abolish human trafficking may exceed our lifetime, IM will persevere, because that which is impossible by human effort alone is absolutely possible with God (Luke 18:27). To sustain IM's work in this or many other ministries, you can make a planned gift from your estate by contacting the Foundation office at 800-ABC-3USA, ext 2035.



*IM Missionaries, like Debbie Kelsey who serves in Italy, share the reasons Christians need to reach out to the victims of human trafficking*

## Our Faith Gives Us the Power to Make this World a Better Place

In early 2009, **First Baptist Church of Norwich, Connecticut** developed a new understanding of ministry. It is one of a dozen such congregations among the American Baptist Churches of Connecticut that has participated in the Missional Church Project during the past two years. Funded by a grant from the American Baptist Home Mission Societies (ABHMS), the members of a congregation learn that faith gives them the power to improve the world as they look at ministry through the lens of becoming a missional church. The Norwich church explainc their transformation.



*Rev. Glynis LaBarre*

As a result of participating in presentations by Glynis LaBarre from ABHMS, we did some soul searching. When she talked about how the church had changed over the last few decades, it became a wakeup call. We realized that we needed to change or the opportunities to share the gospel with this generation would pass us by. Glynis challenged us to step outside our church doors and share the love of God in concrete ways in our surrounding neighborhoods. We chose our project: a winter survival kit.

The congregation quickly embraced the idea as they willingly gave their time, energy and money to create the kits for distribution in our church neighborhood. The kits contained many non-food stamp items such as laundry detergent, toothbrushes, shampoo, and a “no-sew” blanket. We added a soup recipe with all the ingredients and packaged them in a small attractive laundry bag. We also included information about places that offered home heating assistance and other helpful hints on surviving a long New England winter. We worked with a local community center to provide a distribution site. This helped to create some lasting connections that will be strengthened in the future.

The community welcomed us with open arms. We shared coffee and sweets with the people who came. In about an hour all 50 of our kits were given. It was a huge success. Everyone involved caught the missional bug. Since the distribution of the survival kits, we have completed two additional projects and are planning two more. This missional outlook has begun to shape the way we think about and do ministry.



*Dr. Cal Lord, Pastor  
First Baptist Church,  
Norwich CT*

At a recent church meeting we redefined the role of our Mission Committee and made it the umbrella group for several of our ongoing efforts. Everything from short-term mission trips to community outreach projects will now be under its domain. We are even putting together an “Opportunity Bank,” which will help members of the congregation find places to serve and share their gifts in the community and in the church.

Our efforts as a missional church have begun to revitalize our congregation and have started attracting new people who want to partner with us as we change the community. It is very exciting to see our church move in this direction, but we still have a lot of work to do.



*Rev. Judy Albee  
Executive Minister  
ABC of Connecticut*

*Over the last two years 12 ABCCONN Churches participated in a Missional Church Project...one that looks outside of their building and seeks to partner with others in their community on specific ministry projects. It has been a fascinating and exciting journey for these churches...*

The year 2009 proved to be a year of recovery for the Foundation as solid investment performance along with significant contributions restored declining values experienced during the prior year's tumultuous investment climate. Total assets under management increased 20.8 percent during 2009, growing from \$69.1 million on December 31, 2008 to \$83.5 million by the end of 2009.

### **Gift Annuities and Trusts**

The Foundation managed more than 720 annuities and trusts at the end of 2009. These agreements totaled \$29 million in assets and provided regular income payments to more than 1,000 donors and other designated individuals. Returns for our consolidated annuity and trust assets were 14.8 percent and 22.4 percent, respectively.

The equity portions for these agreements are predominantly held in a balanced pool of mutual funds while the remainder is held in fixed income investments, which include mutual fund holdings and professionally managed high-grade bonds.

Charitable gift annuities and trusts provide desirable income and tax benefits to donors while offering a promise of support for ministries and other charitable organizations upon maturity. The Foundation endeavors to increase the number of these agreements for the benefit of our donors and the continuing sponsorship of American Baptist ministries.

### **Endowment Fund**

With almost \$50 million in invested funds by the end of the year, the Foundation's Endowment Fund Services is the largest portion of our ministry, asset-wise.

All endowment investments follow Social and Ethically Responsible (SER) guidelines and exclude investments in alcohol, tobacco, firearms and gambling. There were a total of 365 accounts at the end of the year, comprised of custodial endowment accounts and other endowments established through gifts.

### **Gordon and Virginia Palmer Grant**

The Foundation distributed \$25,000 from the Gordon and Virginia Palmer Endowment Fund in 2009. Virginia passed away during this same year and is reunited with Gordon in heaven; however, their legacy and generosity lives on.

The Foundation received additional contributions of more than \$8 million dollars for their endowment in 2009, with additional contributions to be received in 2010 from their estate. Our prayers go out for their surviving relatives and friends; however, in celebrating their commitment to Christ, it is clear that their lights will shine in ministry for generation after generation.

### **Investment Summary**

Recognizing our fiduciary responsibility to the donors and institutions with whom we partner, the Foundation's investment philosophy remains consistent; focusing on quality, minimizing risk and assessing each investment for its performance, objectives and complementary fit.

By maintaining a well-balanced, strategic investment approach we continue to manage annuities, trusts and endowment funds (including grant administration) with the aspiration of lighting a pathway for the benefit of our investors as we all seek to do Christ's mission.

Perkin F. Simpson  
Vice President, Finance  
American Baptist Foundation



**To the Board of Directors  
American Baptist Foundation  
Valley Forge, Pennsylvania**

We have audited the accompanying statements of financial position of American Baptist Foundation (the "Foundation") as of December 31, 2009 and 2008, and the related statements of activities and changes in net assets, and of cash flows for the years then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The supplemental schedule on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements, and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Tait, Weller & Baker LLP*

Tait, Weller & Baker, LLP  
Certified Public Accountants  
Philadelphia, Pennsylvania  
July 19, 2010

# AMERICAN BAPTIST FOUNDATION

## Statement of financial POSITION

**December 31, 2009 and 2008**

	<u>2009</u>	<u>2008</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 435,409	\$ 304,471
Assets segregated for gift annuity obligations	588,664	1,057,124
Assets whose use is limited	625,800	590,165
Interest and other receivables	<u>225,415</u>	<u>66,460</u>
<b>Total current assets</b>	<u>1,875,288</u>	<u>2,018,220</u>
<b>NONCURRENT ASSETS</b>		
Investments	16,345,279	6,975,089
Assets segregated for gift annuity obligations	5,628,396	5,490,644
Assets whose use is limited	59,621,240	54,576,280
Equipment, net of accumulated depreciation of \$161,368 and \$146,603 for 2009 and 2008, respectively	<u>2,749</u>	<u>16,441</u>
<b>Total assets</b>	<u>\$83,472,952</u>	<u>\$69,076,674</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and other current liabilities	\$ 253,135	\$ 386,491
Actuarial reserve for gift annuity payments	<u>691,759</u>	<u>758,608</u>
<b>Total current liabilities</b>	<u>944,894</u>	<u>1,145,099</u>
<b>NONCURRENT LIABILITIES</b>		
Actuarial reserve for gift annuity payments	3,607,386	3,719,891
Beneficiaries' interest in charitable gift annuities	677,891	436,796
Funds of others – includes trust and endowment funds	<u>60,247,040</u>	<u>55,166,445</u>
<b>Total noncurrent liabilities</b>	<u>64,532,317</u>	<u>59,323,132</u>
<b>NET ASSETS</b>		
Unrestricted	2,286,647	1,608,496
Temporarily restricted	2,323,855	2,120,712
Permanently restricted	<u>13,385,239</u>	<u>4,879,235</u>
<b>Total net assets</b>	<u>17,995,741</u>	<u>8,608,443</u>
<b>Total liabilities and net assets</b>	<u>\$83,472,952</u>	<u>\$69,076,674</u>

The accompanying notes on pages 13-16 are an integral part of the financial statements.

# AMERICAN BAPTIST FOUNDATION

## Statement of Activities and *Changes in Net ASSETS*

**Year ended December 31, 2009 with summarized information for 2008**

	Temporarily <u>Unrestricted</u>	Permanently <u>Restricted</u>	Total	2009	2008
<b>Revenue, gains, and other support:</b>					
Contributions	\$ 550,938	\$ -	\$ 8,506,004	\$ 9,056,942	\$ 3,601,930
Operating subsidy from Baptist related organizations	1,287,815	-	-	1,287,815	1,888,193
Income from investments	43,914	519,457	-	563,371	384,050
Net realized and unrealized gains/(losses) on					
investments carried at fair value	677,552	182,979	-	860,531	(2,483,390)
Interest income	1,070	-	-	1,070	22,821
Management fees	282,767	-	-	282,767	331,531
Miscellaneous income	2,139	-	-	2,139	468
Service income	77,437	-	-	77,437	97,287
Change in value of split-interest agreements	<u>203,149</u>	<u>-</u>	<u>-</u>	<u>203,149</u>	<u>(1,118,550)</u>
<b>Subtotal</b>	<u>3,126,781</u>	<u>702,436</u>	<u>8,506,004</u>	<u>12,335,221</u>	<u>2,724,340</u>
Net assets released from restrictions	<u>499,293</u>	<u>(499,293)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total revenue, gains, and other support</b>	<u><b>3,626,074</b></u>	<u><b>203,143</b></u>	<u><b>8,506,004</b></u>	<u><b>12,335,221</b></u>	<u><b>2,724,340</b></u>
<b>Expenses</b>					
Administrative	1,348,235	-	-	1,348,235	1,550,651
Promotional fees	34,018	-	-	34,018	21,430
Distribution payments	565,670	-	-	565,670	449,148
Distribution to Affiliates	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>1,000,000</u>	<u>-</u>
<b>Total Expenses</b>	<u><b>2,947,923</b></u>	<u><b>-</b></u>	<u><b>-</b></u>	<u><b>2,947,923</b></u>	<u><b>2,021,229</b></u>
<b>Changes in net assets</b>	<b>678,151</b>	<b>203,143</b>	<b>8,506,004</b>	<b>9,387,298</b>	<b>703,111</b>
<b>Net assets</b>					
Beginning of year	<u>1,608,496</u>	<u>2,120,712</u>	<u>4,879,235</u>	<u>8,608,443</u>	<u>7,905,332</u>
<b>End of year</b>	<b>\$2,286,647</b>	<b>\$2,323,855</b>	<b>\$13,385,239</b>	<b>\$17,995,741</b>	<b>\$ 8,608,443</b>

The accompanying notes on pages 13-16 are an integral part of the financial statements.

# AMERICAN BAPTIST FOUNDATION

## Statement of Activities and *Changes in Net ASSETS* (continued)

For the year ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<b>2008</b>
				<b>Total</b>
<b>Revenue, gains, and other support:</b>				
Contributions	\$ 234,169	\$2,755,500	\$ 612,261	\$ 3,601,930
Operating subsidy from Baptist related organizations	1,888,193	-	-	1,888,193
Income from investments	83,050	301,000	-	384,050
Net realized and unrealized gains/(losses) on				
investments carried at fair value	(1,686,347)	(797,043)	-	(2,483,390)
Interest income	22,821	-	-	22,821
Management fees	331,531	-	-	331,531
Miscellaneous income	468	-	-	468
Service income	97,287	-	-	97,287
Change in value of split-interest agreements	<u>(1,118,550)</u>	<u>-</u>	<u>-</u>	<u>(1,118,550)</u>
<b>Subtotal</b>	<b>(147,378)</b>	<b>2,259,457</b>	<b>612,261</b>	<b>2,724,340</b>
Net assets released from restrictions	<u>327,548</u>	<u>(327,548)</u>	<u>-</u>	<u>-</u>
<b>Total revenue, gains, and other support</b>	<b><u>180,170</u></b>	<b><u>1,931,909</u></b>	<b><u>612,261</u></b>	<b><u>2,724,340</u></b>
<b>Expenses</b>				
Administrative	1,550,651	-	-	1,550,651
Promotional fees	21,430	-	-	21,430
Distribution payments	<u>449,148</u>	<u>-</u>	<u>-</u>	<u>449,148</u>
<b>Total Expenses</b>	<b><u>2,021,229</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>2,021,229</u></b>
<b>Changes in net assets</b>	<b>(1,841,059)</b>	<b>1,931,909</b>	<b>612,261</b>	<b>703,111</b>
<b>Net assets</b>				
Beginning of year	<u>3,449,555</u>	<u>188,803</u>	<u>4,266,974</u>	<u>7,905,332</u>
<b>End of year</b>	<b>\$ 1,608,496</b>	<b>\$2,120,712</b>	<b>\$4,879,235</b>	<b>\$ 8,608,443</b>

The accompanying notes on pages 13-16 are an integral part of the financial statements.

**Years ended December 31, 2009 and 2008**

	<b>2009</b>	<b>2008</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Total change in net assets	\$ 9,387,298	\$ 703,111
Adjustments to reconcile total change in net assets to net cash used by operating activities:		
Depreciation	14,765	14,182
Interest and dividends received for long-term investments	(519,457)	(375,850)
Net realized and unrealized (gain) loss on long-term investments	(860,531)	2,483,390
Change in value of split-interest agreements	(203,149)	1,118,550
Proceeds from contributions restricted for endowment	(8,506,004)	(612,261)
Changes in operating assets and liabilities		
(Increase) decrease in interest and other receivables	(158,955)	9,713
Decrease in assets restricted for gift annuity obligations	533,857	1,699,852
(Increase) decrease in assets whose use is limited	(5,080,595)	18,897,284
(Decrease) increase in accounts payable and other current liabilities	(133,356)	103,790
Increase (decrease) in actuarial reserve for gift annuity payments	(179,354)	32,451
Increase (decrease) in beneficiaries' interest in charitable gift annuities	241,095	(1,904,873)
Increase (decrease) in funds of others	<u>5,080,595</u>	<u>(18,897,284)</u>
<b>Total adjustments</b>	<u>(9,768,507)</u>	<u>2,568,944</u>
<b>Net cash provided by (used for) operating activities</b>	<u>(383,791)</u>	<u>3,272,055</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of equipment	(1,073)	(16,773)
Proceeds from sale of investments	2,251,218	8,552,171
Purchases of investments	<u>(10,394,602)</u>	<u>(12,666,519)</u>
<b>Net cash used for investing activities</b>	<u>(8,144,457)</u>	<u>(4,743,382)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from contributions restricted for:		
Investments of endowments	8,506,004	612,261
Other financing activities:		
Distribution payments for endowment funds	(366,275)	(327,548)
Interest and dividends restricted for long-term investments	<u>519,457</u>	<u>375,850</u>
<b>Net cash provided by financing activities</b>	<u>8,659,186</u>	<u>660,563</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>130,938</b>	<b>(198,503)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Beginning of year	<u>304,471</u>	<u>502,974</u>
<b>End of year</b>	<b>\$ 435,409</b>	<b>\$ 304,471</b>

The accompanying notes on pages 13-16 are an integral part of the financial statements.

# AMERICAN BAPTIST FOUNDATION

## Notes to financial STATEMENTS

### (1) BACKGROUND

The mission of the American Baptist Foundation (the “*Foundation*”) is to encourage support of the American Baptist ministry and its mission, primarily that done by the members of the Foundation, through Charitable Estate Planning services for individuals and churches. Its mission also involves managing and providing investment services to American Baptist related organizations. The Foundation is a center through which planned gifts may be made in support of the American Baptist churches and related organizations around the world.

This cooperative effort, sponsored by its three American Baptist member organizations, demonstrates increased efficiency and strength by blending talent and resources within our family of faith. Serving throughout the United States, the Foundation representatives provide customized services including:

- Seminars on wills and estate planning
- Confidential counseling on personal estate plans
- Resources encouraging good stewardship through wills, endowments, and planned gifts
- Life income agreements to meet both individual income needs and mission support goals – these agreements include the Pooled Income Fund, Charitable Remainder Trusts, Charitable Gift Annuities, and Revocable Trusts

The Foundation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The accompanying financial statements of the Foundation have been prepared using the accrual basis of accounting.

#### NET ASSETS

For accounting and reporting purposes, the Foundation classifies its resources into three net asset categories according to externally (donor) imposed restrictions. A description of the three net asset categories follows:

- **Unrestricted Net Assets** – include the revenues and expenses associated with the principal mission of the Foundation.
- **Temporarily Restricted Net Assets** – include gifts for which restrictions have not been met. Temporarily restricted net assets are limited by donors for a specific purpose or specified period including term endowment funds.
- **Permanently Restricted Net Assets** – include the Foundation’s permanent endowment funds.

The Foundation uses only interest and dividends on investments of the permanently restricted net assets and has not elected to use realized/unrealized gains under the Pennsylvania Uniform Principal and Income Act (“*Act 141*”). The Foundation may elect Act 141 in future years. As such, all realized and unrealized gains/losses are recorded in the temporarily restricted net assets. When these accumulated gains/losses result in an accumulated loss, the losses are then charged to unrestricted net assets. As of December 31, 2009, \$893,162 of accumulated unrealized losses on permanently restricted net assets has been charged to unrestricted net assets.

#### CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of amounts held in highly liquid securities with maturities of less than three months at the time of purchase and are stated at cost, which approximates fair value. Cash and cash equivalents that are segregated for gift annuity obligations or restricted by donors of trust agreements are included in “assets segregated for gift annuity obligations” and “assets whose use is limited,” respectively, in the Statement of Financial Position.

#### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities as of December 31, 2009 and 2008, and the reported amounts of revenues and expenses for the years then ended. Actual results may differ from those estimates.

#### SUBSEQUENT EVENTS

Subsequent events after the statement of financial position date through the

date that the financial statements were available for issuance, July 19, 2010, have been evaluated in the preparation of the financial statements.

#### INVESTMENTS

Investments, which include marketable securities, U.S. Government and fixed income securities, mutual funds, and other assets held for investment purposes are reported at fair value based upon quoted market prices or other valuation methodologies. Gains or losses on investments are recognized as revenues or expenses in the Statement of Activities. Accordingly, gains and losses are recorded in the net asset category where the investment income is recognized.

#### ASSETS WHOSE USE IS LIMITED

Assets whose use is limited include assets received by the Foundation for the administration and management of revocable or irrevocable charitable remainder trusts and amounts received for various American Baptist related organizations and individuals for which the Foundation acts as custodian.

#### EQUIPMENT AND DEPRECIATION

Equipment is recorded at cost or, if donated, at fair value at the date of receipt. Depreciation of equipment is computed on a straight-line basis and is charged to expense over the estimated useful lives of the assets. Gains and losses on the disposition of assets are recognized as revenues and expenses in the Statement of Activities. Repair and maintenance costs are expensed when incurred, while betterments that extend the life of the assets are capitalized.

The Foundation reviews its assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable.

#### ASSETS SEGREGATED FOR GIFT ANNUITY OBLIGATIONS

Assets segregated for gift annuity obligations include assets received by the Foundation for administration and management of irrevocable charitable gift annuities, which the Foundation issues.

#### ACTUARIAL RESERVE FOR GIFT ANNUITY PAYMENTS

Charitable gift annuity agreements are issued in exchange for a payment that constitutes part charitable contribution and part purchase of an annuity, providing for payments to the stated annuitant(s) during their lifetime(s). These agreements represent a general obligation of the Foundation.

The method of calculating the gift annuity valuation reserve as reported in the financial statements was based on the IRS 1990 CM actuarial tables utilizing a 6% interest rate assumption for years ended December 31, 2009 and 2008.

#### CHANGE IN VALUE OF SPLIT-INTEREST AGREEMENTS

The life expectancy of annuitants and the interest rate assumption determine the actuarial obligations. Changes in the factors result in changes in the actuarial reserve for gift annuity payments. Changes related to agreements, in which the remainderman is other than the Foundation, are recorded as an increase or decrease in the beneficiaries’ interest in charitable gift annuities in the Statement of Financial Position. Changes related to agreements for which the Foundation is the remainderman are recorded within the change in value of split-interest agreements in the Statement of Activities.

#### FUNDS OF OTHERS

Funds of others represent amounts due to the organizations under charitable remainder trusts, irrevocable trust agreements and custodian funds administered by the Foundation for American Baptist-related organizations, individuals, agencies and institutions.

#### CONTRIBUTIONS

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 assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Gifts-in-kind are recorded at fair value on the date of receipt.

#### RECLASSIFICATION

Certain account balances in the 2008 financial statements have been classified to conform to the 2009 presentation.

# AMERICAN BAPTIST FOUNDATION

## Notes to financial STATEMENTS *(continued)*

### (3) ASSETS WHOSE USE IS LIMITED

Assets whose use is limited are designated as follows:	2009	2008
Custodian funds	\$ 36,462,654	\$ 34,133,145
Assets held under trust agreements	23,784,386	21,033,300
Subtotal	60,247,040	55,166,445
Less: Current portion	(625,800)	(590,165)
Noncurrent portion	\$ 59,621,240	\$ 54,576,280

### (4) INVESTMENTS

Investments consist of the following:

	2009	2008
Mutual Funds		
Bond Funds	\$ 4,762,356	\$ 4,251,616
Stock Funds	11,007,034	2,709,682
Bonds	255,135	13,791
Insurance – net single premium	320,754	-
Total	\$ 16,345,279	\$ 6,975,089

Assets segregated for actuarial reserves:

	2009	2008
Cash and cash equivalents	\$ 519,895	\$ 1,039,100
U.S. Government and fixed income securities	255,952	390,990
Mutual Funds		
Stock Funds	5,692	1,802,783
Balanced Funds	5,367,990	2,624,667
International Funds	-	672,204
Other	67,531	18,024
Subtotal	6,217,060	6,547,768
Less: Current portion	(588,664)	(1,057,124)
Noncurrent portion	5,628,396	5,490,644

Assets whose use is limited consist of the following:

	2009	2008
Cash and cash equivalents	\$ 1,115,350	\$ 4,672,578
Notes Receivable	345,463	503,642
Equity Securities	25,496,527	23,145,220
Mutual Funds		
Bond Funds	3,304,660	7,740,976
Stock Funds	10,109,224	4,933,554
Balanced Funds	732,874	73,969
International Funds	1,016,332	1,534,675
U.S. Government, Corporate and Muni Bonds	15,683,535	10,231,744
Insurance – net single premium	2,004,716	2,325,470
Real Estate Investment Trust	161,693	-
Real Estate	265,000	-
Other	11,666	4,617
Total	\$ 60,247,040	\$ 55,166,445

Notes receivable with rates ranging from 4.5% to 7% consist of investment notes issued by American Baptist Extension Corporation, an affiliate, totaling \$345,463 and \$503,642 as of December 31, 2009 and 2008, respectively.

Investments are related to the endowment fund established so that the Foundation may act as the planned giving organization for the American Baptist Churches USA. The purpose of the endowment is to hold and manage funds in perpetuity or for the long-term and to pay income to various American Baptist churches and organizations. The Fund is part of a pool of professionally managed investment funds which are monitored by the Foundation's Finance Committee. The donor may select from one or more of three different portfolios for investment; Blended Portfolio, Fixed Income Portfolio and Stock Portfolio. The target allocation of the Blended Portfolio is an allocation of 60% stock and 40% bonds. The target allocation may vary by plus or minus 15% in each category.

### (5) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation utilizes various methods to measure the fair value of most of its investments on a recurring basis. Generally accepted accounting principles establish a hierarchy that prioritizes inputs to valuation methods. The three levels of inputs are described below:

- Level 1 – quoted prices in active markets for identical securities
- Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – significant unobservable inputs (including the Foundation's own assumptions in determining the fair value of investments)

The inputs methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. For example, amortized cost approximates the current fair value of a security, but since the value is not obtained from a quoted price in an active market, such securities are reflected as Level 2.

### 2009 Fair Value of Financial Instruments

#### Assets Segregated For Gift Annuity Obligations

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 519,895	\$ 519,895	\$ -	\$ -
U.S. Gov't and Fixed Income	255,952	-	255,952	-
Mutual Funds				
Stock	5,692	5,692	-	-
Balanced	5,367,990	5,367,990	-	-
Other	67,531	-	67,531	-
	\$ 6,217,060	\$ 5,893,577	\$ 323,483	\$ -

#### Assets Whose Use Is Limited

Cash and cash equivalents	\$ 1,115,350	\$ 1,115,350	\$ -	\$ -
Notes Receivable	345,463	-	-	345,463
Equity Securities	25,496,527	25,496,527	-	-
Mutual Funds				
Bond	3,304,660	3,304,660	-	-
Stock	10,109,224	10,109,224	-	-
Balanced	732,874	732,874	-	-
International	1,016,332	1,016,332	-	-
U.S. Gov't and Fixed Income	15,683,535	-	15,683,535	-
Insurance – net single premium	2,004,716	-	-	2,004,716
Real Estate Investment Trust	161,693	161,693	-	-
Real Estate	265,000	-	-	265,000
Other	11,666	3,323	-	8,343
	\$ 60,247,040	\$ 41,939,983	\$ 15,683,535	\$ 2,623,522

#### Investments

Mutual Funds				
Stock	\$ 11,007,034	\$ 11,007,034	\$ -	\$ -
Bond	4,762,356	4,762,356	-	-
Fixed Income	255,135	255,135	-	-
Insurance	320,754	-	-	320,754
	\$ 16,345,279	\$ 16,024,525	\$ -	\$ 320,754

# AMERICAN BAPTIST FOUNDATION

## Notes to financial STATEMENTS *(continued)*

### 2008 Fair Value of Financial Instruments

#### Assets Segregated For Gift Annuity Obligations

	Total	Level 1	Level 2	Level 3
Cash and cash equivalents	\$ 1,039,100	\$ 1,039,100	\$ -	\$ -
U.S. Gov't and Fixed Income	390,990	-	390,990	-
Mutual Funds				
Stock	1,802,783	1,802,783	-	-
Balanced	2,624,667	2,624,667	-	-
International	672,204	672,204	-	-
Other	18,024	-	18,024	-
	<u>\$ 6,547,768</u>	<u>\$ 6,138,754</u>	<u>\$ 409,014</u>	<u>\$ -</u>

#### Assets Whose Use Is Limited

Cash and cash equivalents	\$ 4,672,578	\$ 4,672,578	\$ -	\$ -
Notes Receivable	503,642	-	-	503,642
Equity Securities		23,145,220	-	-
Mutual Funds				
Bond	4,933,554	4,933,554	-	-
Stock	7,740,976	7,740,976	-	-
Balanced	73,969	73,969	-	-
International	1,534,675	1,534,675	-	-
U.S. Gov't and Fixed Income	10,231,744	-	10,231,744	-
Insurance	2,325,470	-	-	2,325,470
Other	4,617	-	-	4,617
	<u>\$ 55,166,445</u>	<u>\$ 42,100,972</u>	<u>\$ 10,231,744</u>	<u>\$ 2,833,729</u>

#### Investments

Mutual Funds				
Stock	\$ 2,709,682	\$ 2,709,682	\$ -	\$ -
Bond	4,251,616	4,251,616	-	-
Fixed Income	13,791	-	13,791	-
	<u>\$ 6,975,089</u>	<u>\$ 6,961,298</u>	<u>\$ 13,791</u>	<u>\$ -</u>

The changes in investments measured at fair value for which the Foundation used Level 3 inputs to determine fair value are as follows:

	<u>2009</u>	<u>2008</u>
Balance, beginning of year	\$ 2,833,729	\$ 2,702,708
Purchases (sales) net	106,821	131,282
Realized and unrealized Gains (losses), net	3,726	(261)
Balance, end of year	<u>\$ 2,944,276</u>	<u>\$ 2,833,729</u>

#### **(6) EQUIPMENT**

Equipment as of December 31, 2009 and 2008 consists of the following:

	<u>2009</u>	<u>2008</u>
Office equipment	\$ 164,117	\$ 163,044
Less: accumulated depreciation	(161,368)	(146,603)
Office equipment, net	<u>\$ 2,749</u>	<u>\$ 16,441</u>

Depreciation expense at December 31, 2009 and 2008 was \$14,765 and \$14,182, respectively.

#### **(7) BENEFICIARIES' INTEREST IN CHARITABLE GIFT ANNUITIES**

Changes in the Foundation's irrevocable charitable gift annuities held on behalf of others for the years ended December 31, 2009 and 2008 are as follows:

	<u>2009</u>	<u>2008</u>
Investment returns:		
Interest income earned on investments	\$ 188,008	\$ 192,867
Realized gain on sale of investments	(299,499)	90,013
Unrealized gain (loss) on investments	1,234,901	(1,909,344)
Management and Trustee fees	(47,383)	(53,851)
Capital gain on investments	1,451	55,231
Other expense	(225)	(117)
<b>Total investment returns</b>	<b>1,077,253</b>	<b>(1,625,201)</b>

#### **(7) BENEFICIARIES' INTEREST IN CHARITABLE GIFT ANNUITIES (continued)**

Other changes in beneficiaries' interest in charitable gift annuities:

Payments made to annuitants	(695,030)	(510,210)
Payments made to beneficiaries upon annuitants' deaths	(161,593)	(198,206)
(Decrease) increase in actuarial value of gift annuity agreements	20,465	428,744
Net change in beneficiaries' interest in charitable gift annuities	241,095	(1,904,873)
Beneficiaries' interest in charitable gift annuities, beginning of year	436,796	2,341,669
Beneficiaries' interest in charitable gift annuities, end of year	<u>\$ 677,891</u>	<u>\$ 436,796</u>

#### **(8) FUNDS OF OTHERS**

	Balance December 31, 2008	New Agreements	Investment Income	Net Realized & Unrealized Gains/(Losses)	Redemption & Distribution Payments	Balance December 31, 2009
Irrevocable Trusts*	\$ 17,482,673	\$ 378,091	\$ 651,121	\$ 3,341,537	(\$ 1,085,521)	\$ 20,767,901
Revocable Trusts	2,405,690	49,365	82,624	384,116	(546,019)	2,375,776
Custodial Funds						
ABHMS	602,642	-	24,036	87,764	(73,734)	640,708
Ottawa Univ.	525,191	15,000	9,093	148,495	(135,931)	561,848
Endowments, CGAs & Donor Advised funds	34,150,249	1,930,387	2,128,748	2,155,859	(4,464,436)	35,900,807
	<u>\$ 55,166,445</u>	<u>\$ 2,372,843</u>	<u>\$ 2,895,622</u>	<u>\$ 6,117,771</u>	<u>\$ (6,305,641)</u>	<u>\$ 60,247,040</u>

\* These amounts include both the obligation payable to the income beneficiaries and the residual payments due to other organizations.

#### **(9) NET ASSETS**

Temporarily restricted net assets are available for the following purposes at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Term endowment	\$ 2,179,314	\$ 1,963,234
Cumulative endowment earnings – interest and dividends	144,490	24,461
Other	-	133,017
	<u>\$ 2,323,804</u>	<u>\$ 2,120,712</u>

Permanently restricted net assets at December 31, 2009 and 2008, respectively, are available for the following:

	<u>2009</u>	<u>2008</u>
Income unrestricted – income beneficiary distributions and operations	\$ 13,385,239	\$ 4,879,235

Endowment and donor advised net asset composition by type of fund as of June 30, 2009 and 2008:

	2009	2008		
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (893,166)	\$ 2,323,855	\$ 13,385,239	\$ 14,815,928
Funds functioning as endowment funds	2,987	-	-	2,987
Donor advised funds	1,386,344	-	-	1,386,344
	<u>\$ 496,165</u>	<u>\$ 2,323,855</u>	<u>\$ 13,385,239</u>	<u>\$ 16,205,259</u>
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment funds	\$ (1,299,300)	\$ 1,987,765	\$ 4,879,235	\$ 5,567,700
Funds functioning as endowment funds	138,453	-	-	138,453
Donor advised funds	1,122,242	-	-	1,122,242
	<u>\$ (38,605)</u>	<u>\$ 1,987,765</u>	<u>\$ 4,879,235</u>	<u>\$ 6,828,395</u>

# AMERICAN BAPTIST FOUNDATION

## Notes to financial STATEMENTS *(continued)*

### (9) NET ASSETS (continued)

The Foundation classifies the original value of gifts received with donor stipulations that require them to be held in perpetuity as permanently restricted net assets. Dividend and interest on such gifts is classified as temporarily restricted until it is expended in accordance with state law and/or the donor restriction. Cumulative realized and unrealized gains are recorded in temporarily restricted net assets until elected to be used. Cumulative realized and unrealized losses are reflected in unrestricted net assets (See Note 1). The unrestricted endowment is reflected net of cumulative realized and unrealized losses of \$893,166 and \$1,299,300 for the years ended December 31, 2009 and 2008. The Foundation's board may also designate certain unrestricted gifts to function as endowment funds; such gifts are classified within unrestricted net assets as funds functioning as endowment funds.

Changes in endowment and donor advised net assets for the years ended December 31, 2009 and 2008:

	2009			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ (38,605)	\$ 1,987,695	\$ 4,879,235	\$ 6,828,325
Dividends and interest	25,588	519,457	-	545,045
Net realized and unrealized gains	682,320	182,979	-	865,299
Contributions and other	26,257	-	8,506,004	8,532,261
Transfers	(120,000)	-	-	(120,000)
Amounts appropriated for expenditures	(79,395)	(366,276)	-	(445,671)
	<u>\$ 496,165</u>	<u>\$ 2,323,855</u>	<u>\$ 13,385,239</u>	<u>\$ 16,205,259</u>

	2008			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net assets, beginning of year	\$ 1,665,816	\$ 55,786	\$ 4,266,974	\$ 5,988,576
Dividends and interest	81,509	301,000	-	382,509
Net realized and unrealized losses	(1,686,674)	(797,043)	-	(2,483,717)
Contributions and other	22,344	2,755,500	612,261	3,390,105
Amounts appropriated for expenditures	(121,600)	(327,548)	-	(449,148)
	<u>\$ (38,605)</u>	<u>\$ 1,987,695</u>	<u>\$ 4,879,235</u>	<u>\$ 6,828,325</u>

During the years ended December 31, 2009 and 2008, net assets were released from donor restrictions by satisfying the following restricted purposes:

	2009	2008
Income beneficiary distributions	\$ 366,276	\$ 327,548
Other	133,017	-
	<u>\$ 499,293</u>	<u>\$ 327,548</u>

### (10) CREDIT RISK AND OTHER CONCENTRATIONS

The Foundation is required by Accounting Standards Codification ("ASC") 825, "Financial Instruments", formally known as Statement of Financial Accounting Standards No. 107, to disclose significant concentrations of credit risk regardless of the degree of such risk. As of December 31, 2009 and 2008, the Foundation maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation.

The Foundation has significant investments in insurance, notes receivable, stocks, bonds, and mutual funds and is therefore subject to normal risks inherent with investing activity. Investments made by investment managers engaged by the Foundation are monitored by the Foundation. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes that investment policy is prudent for the long-term welfare of the Foundation and its beneficiaries.

As discussed in Note 11, approximately 49% (excluding the additional \$350,000 and \$1 million contributions in 2009 and 2008, net realized and unrealized gain/(loss) on investments from non-operating activities and change in value of split-interest agreements) and 54% of the Foundation's

unrestricted revenues, gains, and other support were provided by the operating subsidy agreement for the years ended December 31, 2009 and 2008, respectively.

### (11) OPERATING SUBSIDY

Under an operating agreement, all the expenses of the Foundation in excess of revenues are reimbursed by related members of the Foundation according to an agreed-upon formula. The related members include the American Baptist Foreign Mission Society, the American Baptist Home Mission Society, and the American Baptist Multi-Region Corporation. The amount subsidized by the related members was \$937,815 and \$888,193 for 2009 and 2008, respectively. In addition, the Foundation received additional contributions of \$350,000 and \$1 million for the years ended December 31, 2009 and 2008, respectively, due to the decline in value of investments supporting the charitable gift annuity obligations.

### (12) PENSION

Substantially all of the Foundation's employees are covered by the American Baptist Churches' Retirement Plan. The Foundation's pension expense related to contributions to this defined contribution plan was \$104,869 and \$111,105 in 2009 and 2008, respectively.

## SUPPLEMENTAL INFORMATION

### SUPPLEMENTAL SCHEDULE OF ADMINISTRATIVE REVENUES AND EXPENSES

For the years ended December 31, 2009 and 2008

	2009			
	Marketing	Administration	Total	Total
<b>Revenues, gains and other support:</b>				
Operating subsidy from Baptist related organizations				
	\$ 937,815	-	\$ 937,815	\$ 888,193
Service Income	-	77,437	77,437	97,287
Management Fees	-	282,767	282,767	331,531
Income from investments	-	-	528	24,357
Miscellaneous Income	-	2,139	2,139	468
<b>Total revenues, gains and other support</b>				
	<u>937,815</u>	<u>362,871</u>	<u>1,300,686</u>	<u>1,341,836</u>
<b>Administrative and promotional expenses:</b>				
Salaries and fringe benefits	692,275	230,758	923,033	984,114
Staff Support	157,359	1,647	159,006	248,125
Promotional Support	47,557	1,503	49,060	31,196
Office and computer support	81,882	58,142	140,024	167,892
Contracted services within American Baptist Churches	31,702	15,225	46,927	35,802
Contracted services-external	-	34,000	34,000	67,600
Insurance	14,647	1,960	16,607	8,466
Board of Directors	-	13,749	13,749	8,869
Miscellaneous expenses	(52)	(101)	(153)	20,017
<b>Total expenses</b>				
	<u>1,025,370</u>	<u>356,883</u>	<u>1,382,253</u>	<u>1,572,081</u>
Increase (decrease) in unrestricted net assets	<u>(87,555)</u>	<u>5,988</u>	<u>(81,567)</u>	<u>(230,245)</u>
<b>Total administrative &amp; promotional expenses</b>				
	<u>\$ 937,815</u>	<u>\$ 362,871</u>	<u>\$ 1,300,686</u>	<u>\$ 1,341,836</u>

# AMERICAN BAPTIST FOUNDATION

# STAFF

## BOARD OF DIRECTORS

**Judith K. Fackenthal**, Chair

Indianapolis, IN

**Randall Rush\***, Secretary

Colorado Springs, CO

**Michaele Birdsall**, Treasurer

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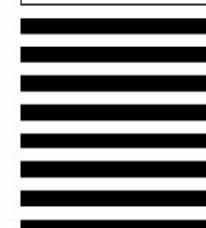
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