



STATE CONVENTION OF BAPTISTS IN  
INDIANA, INCORPORATED AND SUBSIDIARY

Consolidated Financial Statements  
With Independent Auditors' Report

December 31, 2020 and 2019

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3
Consolidated Statements of Cash Flows	5
Notes to Consolidated Financial Statements	7

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
State Convention of Baptists  
in Indiana, Incorporated and Subsidiary  
Martinsville, Indiana

We have audited the accompanying consolidated financial statements of State Convention of Baptists in Indiana, Incorporated and Subsidiary, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of State Convention of Baptists in Indiana, Incorporated and Subsidiary as of December 31, 2020 and 2019, and the changes in their consolidated net assets and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Capin Crouse LLP".

Indianapolis, Indiana  
March 11, 2021

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Consolidated Statements of Financial Position**

	December 31,	
	2020	2019
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 622,028	\$ 529,271
Accounts and other receivable	51,930	68,807
Prepaid expenses and other assets	28,572	44,919
Church loans receivable, net	4,547,366	4,565,658
Investments	3,484,680	3,250,349
Restricted cash	129,312	-
Land, buildings, and equipment, net	2,024,795	2,147,239
<b>Total assets</b>	<b>\$ 10,888,683</b>	<b>\$ 10,606,243</b>
<b>LIABILITIES AND NET ASSETS:</b>		
Accounts payable and accrued expenses	\$ 163,772	\$ 175,717
Investor deposits	5,083,405	4,806,030
Deferred revenue	28,490	37,934
Liabilities under trust agreements	543,181	675,908
Capital lease liability	21,318	26,295
Accumulated post-retirement benefits	586,358	415,217
<b>Total liabilities</b>	<b>6,426,524</b>	<b>6,137,101</b>
<b>Net Assets:</b>		
Net assets without donor restrictions	2,193,834	2,364,202
<b>Net assets with donor restrictions:</b>		
Restricted by purpose or time	1,376,778	1,246,503
Restricted in perpetuity	891,547	858,437
<b>Total net assets</b>	<b>4,462,159</b>	<b>4,469,142</b>
<b>Total liabilities and net assets</b>	<b>\$ 10,888,683</b>	<b>\$ 10,606,243</b>

See notes to consolidated financial statements

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Consolidated Statements of Activities**

	Year Ended December 31,	
	2020	2019
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support:		
Cooperative Program	\$ 2,212,870	\$ 2,451,628
Southern Baptist Convention affiliates	466,732	557,071
Other support	22,251	24,106
	2,701,853	3,032,805
Revenue:		
Registration and event fees	67,884	441,940
Investment income	249,167	252,221
Grant revenue	185,000	-
Other revenue (loss)	78,315	(8,991)
	580,366	685,170
Total Support and Revenue	3,282,219	3,717,975
Net assets released by satisfaction of purpose restrictions	285,076	530,835
Expenses:		
Program expenses:		
SBC Cooperative Program	738,813	797,070
Highland Lakes Baptists Camp	558,521	732,448
Missions / evangelism and church planting	821,959	1,121,395
Women's / children's and student ministries	128,784	185,228
Communications	62,210	63,254
Baptist Foundation	204,305	197,916
	2,514,592	3,097,311
General and administrative expenses	1,214,934	1,032,029
Fundraising expenses	8,138	14,026
	1,223,072	1,046,055
Total Expenses	3,737,664	4,143,366
Change in Net Assets Without Donor Restrictions	(170,369)	105,444

(continued)

See notes to consolidated financial statements

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Consolidated Statement of Activities**  
(continued)

	Year Ended December 31,	
	2020	2019
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Support:		
Southern Baptist Convention affiliates	72,557	89,392
Contributions	297,834	170,653
Contributions to the endowment	5,047	1,782
	375,438	261,827
Investment income	44,960	52,108
Actuarial change	28,064	(4,274)
Net assets released by satisfaction of purpose restrictions	(285,076)	(530,835)
	163,386	(221,174)
Change in Net Assets with Donor Restrictions		
	(6,983)	(115,730)
Change in Net Assets		
	4,469,142	4,584,872
Net Assets, Beginning of Year		
	\$ 4,462,159	\$ 4,469,142
Net Assets, End of Year		

See notes to consolidated financial statements

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Consolidated Statements of Cash Flows**

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ (6,983)	\$ (115,730)
Adjustments to reconcile changes in net assets to net cash provided (used) by operating activities:		
Loss on disposal of property and equipment	1,733	7,556
Gain on disposal of capital lease	-	(2,180)
Write down of assets held for future ministry	-	64,900
Loss on sale of assets held for future ministry	-	48,380
Unrealized (gain) loss on investments	687	(77)
Depreciation and amortization	165,381	168,701
Provision for doubtful church loans receivable	2,500	2,500
Contributions for building fund	(143,356)	-
Contributions for long-term purposes	(5,047)	(1,782)
Recognition of Paycheck Protection Program loan forgiveness	(185,000)	-
Change in value–liability under trust agreement	(84,926)	17,723
Changes in:		
Accounts receivable	16,877	5,609
Prepaid expense and other assets	16,347	(12,635)
Accounts payable and accrued expenses	(11,945)	(9,350)
Deferred revenue	(9,444)	1,553
Accumulated post-retirement benefits	171,141	69,229
Net Cash Provided (Used) by Operating Activities	(72,035)	244,397
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of asset held for future ministry	-	36,620
Purchases of investments	(2,875,236)	(2,213,267)
Proceeds from investments	2,640,218	934,853
Principal repayments–church loan receivables	589,492	700,913
Loans made to churches	(573,700)	(73,000)
Purchases and construction of property and equipment	(44,670)	(75,244)
Net Cash Used by Investing Activities	(263,896)	(689,125)

(continued)

See notes to consolidated financial statements

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Consolidated Statements of Cash Flows**  
(continued)

	Year Ended December 31,	
	2020	2019
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Increase in investor deposits	2,275,856	1,115,844
Decrease in investor deposits	(1,998,481)	(703,584)
Deposits to trust agreements	31,003	100,502
Payments on liability under trust agreement	(78,804)	(65,339)
Payments on capital lease	(4,977)	(8,101)
Proceeds from Paycheck Protection Program loan	185,000	-
Contributions for building fund	143,356	-
Contributions for long-term purposes	5,047	1,782
Net Cash Provided by Financing Activities	558,000	441,104
 Change in Cash and Cash Equivalents and Restricted Cash	 222,069	 (3,624)
Cash and Cash Equivalents and Restricted Cash, Beginning of Year	529,271	532,895
Cash and Cash Equivalents and Restricted Cash, End of Year	\$ 751,340	\$ 529,271
 Cash and Cash Equivalents and Restricted Cash:		
Available for operations	\$ 622,028	\$ 529,271
Restricted for building fund	129,312	-
	\$ 751,340	\$ 529,271
 <b>SUPPLEMENTAL DISCLOSURES:</b>		
Interest paid	\$ 99,991	\$ 103,079
Property and equipment acquired through capital lease	\$ -	\$ 26,295
Noncash financing activity:		
Paycheck Protection Program loan forgiveness	\$ 185,000	\$ -

See notes to consolidated financial statements



# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

1. NATURE OF ORGANIZATION:

State Convention of Baptists in Indiana, Incorporated (Convention) is a medium through which Baptist churches may work harmoniously and cooperatively with each other. The purpose of the Convention is to establish and strengthen Baptist churches in Indiana and to inspire churches to the greatest possible activity in missions, evangelism, Christian education, and benevolent work and to promote a closer cooperation among the churches and harmony of feeling in concerted action in advancing all the interests of the Redeemer's kingdom. This is done through financial support and encouragement to small, newly formed mission works and churches and by organizing special training and other events that promote the church in the areas of evangelism, women's ministries, children's ministries, Sunday school, and student ministries. The Convention also operates the Highland Lands Baptist Camp, which is a retreat, camp and conference center located on over 400 acres in Morgan County, Indiana.

Baptist Foundation of Indiana, Inc. (Foundation) is a trust agency created by the Convention in 1968. As trust agency, the Foundation manages funds for the Convention, Indiana associations, Indiana member churches, and individual trusts. The Convention appoints the Foundation's board of directors. Accordingly, under the *Consolidation* topic of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC), the Foundation's financial results are consolidated with those of the Convention.

2. SIGNIFICANT ACCOUNTING POLICIES:

The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

### ESTIMATES

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

### PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the activities and balances of the Convention and Foundation (Organization). Intra-organization transactions are eliminated for consolidated financial statement presentation. The consolidated entity is referred to as the Organization in these consolidated financial statements.

The consolidated financial statements of the Organization have been prepared on the accrual basis. Under the accrual basis of accounting, income is recognized when earned rather than when received. Expenses are recognized when incurred rather than when paid.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### PRINCIPLES OF TAXATION

The Organization is exempt from federal income taxes under Internal Revenue Service Code (Code) Section 501(c)(3) and is also exempt from state income taxes. Contributions to the Organization are deductible for federal income tax purposes. The Organization is considered publicly supported for purposes of the IRS private foundation regulations under Internal Revenue Code Section 509(a). The Organization is subject to federal income tax on any unrelated business taxable income.

#### NET ASSETS

*Net assets without donor restrictions* are those currently available at the discretion of the board for use in the Organization's operations, designated by the board for specific use, and those resources invested in land, buildings, and equipment, net of related debt.

*Net assets with donor restrictions* are those stipulated by donors for specific operating purposes or those not currently available for use until commitments regarding their use have been fulfilled. These also include those which represent permanent endowments which are stipulated by donors that the principal remain in perpetuity, and only the income is available as without donor restriction or with donor restriction per endowment agreements.

#### CASH AND CASH EQUIVALENTS, RESTRICTED CASH, AND CREDIT RISK

For purposes of the consolidated statements of cash flows, cash and cash equivalents include cash on hand and in the bank. Restricted cash includes cash held for building improvements. At December 31, 2020 and 2019, the Convention had approximately \$266,000 and \$13,000, respectively, in cash held in a bank exceeding FDIC limits. At December 31, 2020 and 2019, the Foundation had approximately \$87,000 and \$81,000, respectively, in cash held within an uninsured account. While at times the Organization's cash and cash equivalents may exceed federally insured limits, the Organization has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on these accounts.

#### ACCOUNTS RECEIVABLE

Accounts receivable consists of funds due from affiliated Southern Baptist agencies, accrued interest on investments and other miscellaneous receivables. Accounts receivable are reported net of allowance for uncollectible amounts as determined by management. Management believes all receivable balances are collectible; therefore, no provision for uncollectible accounts was made.

#### PREPAID EXPENSES AND OTHER ASSETS

Prepaid expenses and other assets consist of various expenses paid in advance and inventory items. Inventory is reported at the lower of cost or net realizable value and consists of office supply items used in printing and publication. At December 31, 2020 and 2019, inventory totaled approximately \$12,000 and \$12,000, respectively.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### CHURCH LOANS RECEIVABLE

Church building loans are presented net of an allowance for loan losses. The adequacy of the allowance is determined by the Foundation based on a number of factors, including the collection of loans and evaluation of underlying collateral values, loss experience, specific identification and review of problem loans, quality of the loan portfolio and business and economic conditions. However, ultimate losses may differ from these estimates.

During the year ended December 31, 2020, the Foundation offered payment relief to all their borrowers due to the COVID-19 pandemic. The borrowers were offered three months of interest only payments for the months of April, May, and June 2020. There were 12 borrowers who accepted the payment relief option.

#### INVESTMENTS

Investments are held in investment portfolios with Fidelity Investments, Christian Financial Resources (CFR) and Wesleyan Investment Foundation (WIF). Investments held at CFR and WIF consist of unsecured deposit accounts or certificates of deposit with original maturities greater than three months, and are reported at cost plus accrued interest. Interest is paid at maturity. Investments held at Fidelity consist of money market funds (valued at cost).

#### CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Foundation to credit risk include unsecured deposits with WIF totaling \$1,616,907 and \$2,552,174 at December 31, 2020 and 2019, respectively, and unsecured deposits with CFR totaling \$1,954,906 and \$778,952 at December 31, 2020 and 2019, respectively.

#### LAND, BUILDINGS, EQUIPMENT, AND DEPRECIATION

Items capitalized as land, buildings, and equipment (including furniture and fixtures) are reported at cost or market value on the date of donation if donated. Depreciation is reported on the straight-line basis over the useful lives of the assets. Purchases equaling or exceeding \$1,500 are capitalized and depreciated over a three to five year useful life for equipment, 10 to 20 years for building improvements, and 30 years for buildings.

#### LIABILITIES UNDER TRUST AGREEMENTS

As trustee, the Organization administers irrevocable trusts, including charitable remainder unitrusts. These trusts provide the payment of lifetime distributions to the grantor or other designated beneficiaries. The present value of the income interests are reported as trust liabilities using federal discount and mortality tables. At the death of the lifetime beneficiaries, the trusts provide for the distribution of assets to designated remaindermen. The present value of the remainder interest of the Organization is reported as donor restricted contributions in the period received, net assets with donor restrictions, and as a reclassification to the net assets without donor restrictions or net assets with donor restrictions per the trust agreement when the trust matures.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### GOVERNMENT GRANTS

During the year ended December 31, 2020, the Organization received a Paycheck Protection Program (PPP) loan administered by the Small Business Administration (SBA) under the U.S. Coronavirus Aid, Relief, and Economic Security (CARES) Act. This unsecured note, dated April 17, 2020, is in the amount of \$185,000 with a fixed interest rate of 1%. The maturity date is April 17, 2022. Of the \$185,000 PPP loan, \$169,045 was allocated to the Convention and \$15,955 was allocated to the Foundation.

Management applied for loan forgiveness based upon the qualification outlined by the SBA in the respective loan agreement (see Note 21 for details on loan forgiveness received subsequent to fiscal year end). As of December 31, 2020, the Organization has incurred the full \$185,000 of eligible costs and has recognized the anticipated loan forgiveness as a contribution in accordance with the Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08, which is recorded as grant revenue in the consolidated statements of activities for the year ended December 31, 2020. The Organization has adopted a policy with respect to the recognition of this loan forgiveness of reporting the income as net assets without donor restrictions since the income was received and expended on eligible expenses in the same fiscal year.

#### CONTRIBUTED SERVICES

Contributed services are recognized for those that improve or enhance property and equipment (as contributions and increases to the basis of land, buildings, and equipment) or for those that require specialized skills (as contributions and expenses). There was \$8,432 and \$5,086, in donated labor for the years ended December 31, 2020 and 2019, respectively.

#### CONCENTRATION OF SUPPORT AND REVENUE

Revenue received by the Organization is primarily from churches within Indiana and affiliated agencies of the SBC. The Cooperative Program contributions come from churches in Indiana. The Organization has experienced 70-80 percent participation from churches in the state for this program, which represents approximately 68 and 66 percent of the Organization's total support and revenue for the years ended December 31, 2020 and 2019, respectively. Other program support is received from the North American Mission Board of the SBC, which represents approximately 14 and 15 percent of the total support and revenue for the years ended December 31, 2020 and 2019, respectively.

#### ADVERTISING COSTS

The Organization expenses advertising costs as incurred. The Organization incurred advertising costs of \$873 and \$6,401 for the years ended December 31, 2020 and 2019, respectively.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### SUPPORT, REVENUE, RECLASSIFICATIONS, AND EXPENSES

Support is recognized when contributions are made, which may be when cash is received, unconditional promises are made, or ownership of other assets is transferred to the Organization. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated amounts. 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 consolidated statements of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Conditional grant revenue is recognized as earned as the eligible expenses are incurred. The Organization has elected the simultaneous release option and reports conditional grants in which the restriction is met in the same fiscal year as grant revenue without donor restrictions.

Contributions to the Cooperative Program of the Southern Baptist Convention (SBC) are based on a percent of the Cooperative Program gift as approved by the Organization.

Investment income and other revenue is recognized when earned. Revenue from registration and events is recognized when earned which is when the event takes place or when the performance obligations have substantially been performed. The Organization's revenue from contracts with customers totaled approximately \$68,000 and \$442,000 for the years ended December 31, 2020 and 2019, respectively.

Expenses, including all advertising costs, are reported when incurred. The Organization incurred no joint costs for the years ended December 31, 2020 and 2019.

The consolidated financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Convention. These expenses include depreciation, information technology, and facilities operations and maintenance. Building depreciation, insurance and facilities operations and maintenance are allocated based on square footage. The camp facilities costs are allocated based on percentage of use. Cost of other categories were allocated on estimates of time and effort.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued:

#### DISCLOSURES ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

The *Fair Value Measurements and Disclosure* 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 consists of unobservable inputs supported by little or no market activity and that are significant to the fair value of the assets or liabilities. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization 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 or Level 2 inputs are not available.

The Organization's investments consist of money market funds. Money market funds are excluded from the fair value hierarchy as they are held at cost plus accrued interest. There were no assets held at fair value at December 31, 2020 and 2019.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

In 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows - Restricted Cash* (topic 230 of the FASB ASC). The Organization adopted the provisions of this new standard during the year ended December 31, 2020, on a retrospective basis. Adoption of this new standard resulted in reclassifying restricted cash for building improvements totaling approximately \$130,000 from total cash and cash equivalents as of December 31, 2020. No reclassification was required as of December 31, 2019. Adoption of this new standard had no effect on change in net assets or net assets in total for the years ending December 31, 2020 and 2019.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

3. LIQUIDITY AND FUNDS AVAILABLE:

The following reflects the Organization's financial assets as of December 31, 2020 and 2019, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date.

	December 31,	
	2020	2019
Financial Assets:		
Cash and cash equivalents	\$ 622,028	\$ 529,271
Accounts and other receivables	51,930	68,807
Church loan receivables, net	4,547,366	4,565,658
Investments	3,484,680	3,250,349
Restricted cash	129,312	-
Financial Assets, at year end	8,835,316	8,414,085
Less those not available for general expenditure within one year:		
Church loan receivables collectible beyond one year	(4,253,709)	(4,282,482)
Perpetual endowment	(604,925)	(599,879)
Charitable remainder trusts	(829,803)	(934,466)
Restricted cash	(129,312)	-
Restrictions by donor with time or purpose restrictions	(1,192,469)	(1,188,820)
Accumulated earnings from endowment	(54,997)	(57,683)
Board designated reserves–Foundation	(202,179)	(195,316)
	(7,267,394)	(7,258,646)
Financial assets available to meet cash needs for general expenditures within one year	\$ 1,567,922	\$ 1,155,439

The Convention structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Convention also has a pre-approved secured \$100,000 line of credit with the Baptist Foundation of Indiana, which it could draw upon in the event of an unanticipated liquidity need. No funds were borrowed under this agreement during the years ended December 31, 2020 and 2019. The Executive Board of the Convention also has the authority to adjust Cooperative Program obligations from being forwarded on to the Southern Baptist Convention in order to meet its financial obligations.

The Foundation through its treasury management function, invests in cash or church loans based on the projected cash needs. The historic redemption rates for the Foundation's investor deposits, which are redeemable with 30 days advance written notice, allows the Foundation to manage its liquidity while investing in accordance with its policies.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

4. INVESTMENTS:

Investments consist of:

	December 31,	
	2020	2019
Money market funds	\$ 1,531,946	\$ 2,481,952
Certificates of deposit	1,952,734	768,397
	\$ 3,484,680	\$ 3,250,349

Investment income and church loan interest income is reported as revenue in the consolidated statements of activities and consists of:

	Year Ended December 31,	
	2020	2019
Interest and dividends—without donor restrictions	\$ 249,167	\$ 252,221
Interest and dividends—with donor restrictions	44,960	52,108
	\$ 294,127	\$ 304,329

5. CHURCH LOANS RECEIVABLE:

Church loans receivable consist of church loans ranging in term from 2 to 30 years with 4.50 percent to 6.00 percent annually compounded interest rates. These receivables are collateralized by a security interest on the underlying church properties, which are located in Indiana or across state lines in neighboring states. An allowance of \$33,545 and \$31,045 was reported as of December 31, 2020 and 2019, respectively.

Loans receivable will mature as follows:

Year Ending December 31,	Principal Reduction
2021	\$ 293,657
2022	308,967
2023	325,168
2024	340,358
2025	357,459
Thereafter	2,955,302
	4,580,911
Less: allowance for loan losses	(33,545)
	\$ 4,547,366



**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

5. CHURCH LOANS RECEIVABLE, continued:

CREDIT QUALITY OF FINANCING RECEIVABLES AND ALLOWANCE FOR CREDIT LOSSES

Allowance for credit losses and recorded investment in financing receivables consist of:

	December 31,	
	2020	2019
Allowance for credit losses:		
Beginning balance	\$ 31,045	\$ 28,545
Charge-offs	-	-
Recoveries	-	-
Provision	2,500	2,500
	<u>\$ 33,545</u>	<u>\$ 31,045</u>
 Financing receivables	<u>\$ 4,580,911</u>	<u>\$ 4,596,703</u>
 Collectively evaluated for impairment	<u>\$ 4,580,911</u>	<u>\$ 4,596,703</u>
 Credit Quality Indicators consist of:		
Corporate Credit Exposure		
<u>Credit Risk Profile Based on Payment Activity</u>		
Performing	\$ 4,580,911	\$ 4,596,703
Non-performing	-	-
	<u>\$ 4,580,911</u>	<u>\$ 4,596,703</u>
 Age analysis of past due financing receivables consist of:		
30-60 days past due	\$ -	\$ -
61-90 days past due	-	-
Greater than 90 days	-	-
	<u>-</u>	<u>-</u>
 Current	<u>4,580,911</u>	<u>4,596,703</u>
	<u>\$ 4,580,911</u>	<u>\$ 4,596,703</u>

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

6. LAND, BUILDINGS, AND EQUIPMENT:

Land, buildings and equipment consist of:

	December 31,	
	2020	2019
Land	\$ 228,248	\$ 228,248
Buildings	3,314,221	3,314,221
Furniture, fixtures, and equipment	483,945	485,345
Other improvements	886,552	871,032
Construction in process	24,050	-
	4,937,016	4,898,846
Less accumulated depreciation	(2,912,221)	(2,751,607)
	\$ 2,024,795	\$ 2,147,239

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES:

Accounts payable and accrued expenses consist of:

	December 31,	
	2020	2019
Accounts payable—trade	\$ 24,900	\$ 48,303
Payables to other Southern Baptist agencies (see below)	138,840	127,132
Payroll taxes and accrued expenses	32	282
	\$ 163,772	\$ 175,717

Payables to other Southern Baptist agencies, which at times may include Cooperative Program, Lottie Moon, and Annie Armstrong funds, are normally distributed to their respective agencies shortly after the end of the fiscal year (see Note 12). Expenses to the Southern Baptist Convention totaled \$738,813 and \$797,070 for the years ended December 31, 2020 and 2019, respectively (see Note 17).

8. INVESTOR DEPOSITS:

Investor deposits are available only to individuals, churches, and other organizations affiliated with the SBC. Deposits are redeemable upon 30 days advance written notice. Interest is variable and compounded monthly. At December 31, 2020 and 2019, the annual percentage rates ranged from 1.00 to 2.40. As of December 31, 2020 and 2019, all investors were affiliated with the Convention.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

8. INVESTOR DEPOSITS, continued:

As of December 31, 2020 and 2019, the Foundation had investors with aggregate balances of \$100,000 or more. The balances over \$100,000 are distributed as follows:

<u>Investment Account Balances</u>	December 31, 2020		
	<u>Number of Investors</u>	<u>Aggregate Balance</u>	<u>Percentage of Investor Deposits</u>
\$0 – \$100,000	49	\$ 1,368,233	27%
\$100,001 – \$200,000	14	1,822,899	36%
\$200,001– \$300,000	4	1,002,878	20%
\$300,001– \$400,000	0	-	0%
\$400,001– \$500,000	2	889,395	17%
	<u>69</u>	<u>\$ 5,083,405</u>	<u>100%</u>

  

<u>Investment Account Balances</u>	December 31, 2019		
	<u>Number of Investors</u>	<u>Aggregate Balance</u>	<u>Percentage of Investor Deposits</u>
\$0 – \$100,000	52	\$ 1,473,802	31%
\$100,001 – \$200,000	14	1,706,595	36%
\$200,001– \$300,000	3	693,993	14%
\$300,001– \$400,000	0	-	0%
\$400,001– \$500,000	2	931,640	19%
	<u>71</u>	<u>\$ 4,806,030</u>	<u>100%</u>

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

9. CAPITAL LEASE:

In December 2019, the Convention entered into a new capital lease agreement for office equipment. This new agreement superseded the existing agreement and the existing equipment was returned to the vendor and replaced with new equipment. The net book value of the related equipment is as follows:

	December 31,	
	2020	2019
Office equipment, at capitalized cost	\$ 26,295	\$ 26,295
Less accumulated amortization (included within accumulated depreciation)	(4,977)	-
	\$ 21,318	\$ 26,295

Future minimum payments under capital lease are as follows:

Year Ending December 31,		
2021	\$	6,413
2022		6,413
2023		6,413
2024		3,717
		22,956
Less: amount representing interest		(1,638)
	\$	21,318

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

10. NET ASSETS:

Net assets are classified according to their nature and purpose and consist of:

	December 31,	
	2020	2019
Without donor restrictions:		
Undesignated	\$ 1,991,655	\$ 2,168,886
Board designated–Foundation	202,179	195,316
Total without donor restrictions	2,193,834	2,364,202
With donor restrictions:		
Subject to expenditure for specified purpose:		
New works	393,759	417,597
Foundation related funds	584,151	583,322
North American Mission Board	64,130	62,001
International partnerships	345	169
Disaster relief	39,563	36,094
Highland Lakes Camp development	198,381	47,983
Special W.M.U. fund/women’s ministries	21,946	28,528
Church enrichment	8,765	7,000
Domestic hunger	6,963	2,326
Collegiate ministries	3,778	3,800
	1,321,781	1,188,820
Subject to the Foundation's spending policy and appropriation:		
Accumulated gains from endowment	54,997	57,683
Subject to restriction in perpetuity:		
Baptist Foundation–corpus is unexpendable, earnings may be used for donor specified activity	604,925	599,879
Charitable remainder trusts	286,622	258,558
	891,547	858,437
Total with donor restrictions	2,268,325	2,104,940
Total net assets	\$ 4,462,159	\$ 4,469,142

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 10. NET ASSETS, continued:

The Foundation's governing board through specific action has created self-imposed limits on net assets without donor restrictions. For the years ended December 31, 2020 and 2019, the board has earmarked amounts for the purpose of maintaining a reserve for operations totaling \$168,313 and \$161,104, and for the purpose of awarding scholarships totaling \$33,866 and \$34,212, respectively.

#### ENDOWMENT NET ASSETS

The *Endowments* topic of the FASB ASC provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization and enhanced disclosure information to enable users of financial statements to understand the net asset classification, net asset composition, changes in net asset composition, spending policy, and related investment policy of its endowment funds.

The Foundation's endowment consists of individual funds established to provide financial support to the Foundation in perpetuity. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

#### INTERPRETATION OF RELEVANT LAW

The Board of Directors has interpreted the Indiana State Prudent Management of Institutional Funds Act (ISPMIFA) so that the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment that are made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added or deducted from the fund.

The remaining portion of the donor-restricted endowment fund that is not classified as net assets with donor restrictions held in perpetuity is classified as net assets with donor restrictions subject to expenditure for specified purpose until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by ISPMIFA. In accordance with ISPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

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

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 10. NET ASSETS, continued:

#### 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 ISPMIFA requires the Foundation to retain as a fund of perpetual duration. As of December 31, 2020 and 2019, the Foundation had no deficiencies.

#### RETURN OBJECTIVES AND RISK PARAMETERS

The Foundation has adopted investment and spending policies for endowment assets designed to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s) as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended over the long-term to earn an annualized total-rate-of-return of five percent, net of expenses and fees. Actual returns in any given year will of course vary.

#### STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVE

To satisfy its long-term rate-of-return objectives, the Foundation seeks investment returns through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Foundation targets a diversified asset allocation that places a greater emphasis on fixed investments to achieve its long-term return objectives within prudent risk constraints.

#### HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Foundation uses a method based upon the total return on assets to determine the amounts distributable from endowments held as trustee and amounts appropriated for expenditure for endowments under which the Foundation is the income beneficiary in conformity with ISPMIFA. In each quarter of the year, the net earnings from investments is allocated to the trusts based on the balance of corpus and undistributed earnings. The net earnings come from any traditional income (interest and dividends) earned in that quarter and is supplemented from the trust's net appreciation over the fair value of the original gift. If the market value for a given trust is less than the fair value of the original gift in any given quarter, the portion of net earnings that is not traditional income is reinvested and will not be held in the trust for distribution.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

10. NET ASSETS, continued:

Changes in endowment net assets for the fiscal year ended December 31, 2020, are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	
Endowment net assets, beginning of year	\$ -	\$ 57,683	\$ 858,437	\$ 916,120
Investment return:				
Net appreciation (realized and unrealized)	-	31,277	-	31,277
Total investment return	-	31,277	-	31,277
Change in value (charitable remainder trusts)	-	-	28,064	28,064
Contributions	-	-	4,834	4,834
Appropriation for expenditure	-	(33,751)	-	(33,751)
Transfers	-	(212)	212	-
	-	(33,963)	33,110	(853)
Endowment net assets, end of year	\$ -	\$ 54,997	\$ 891,547	\$ 946,544



**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

10. NET ASSETS, continued:

Changes in endowment net assets for the fiscal year ended December 31, 2019, are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Accumulated Gains (Losses) and Other	Original Gift Amount in Perpetuity	
Endowment net assets, beginning of year	\$ -	\$ 52,275	\$ 860,929	\$ 913,204
Investment return:				
Net appreciation (realized and unrealized)	-	34,848	-	34,848
Total investment return	-	34,848	-	34,848
Change in value (charitable remainder trusts)	-	-	(4,274)	(4,274)
Contributions	-	-	1,533	1,533
Appropriation for expenditure	-	(29,191)	-	(29,191)
Transfers	-	(249)	249	-
	-	(29,440)	(2,492)	(31,932)
Endowment net assets, end of year	\$ -	\$ 57,683	\$ 858,437	\$ 916,120

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 11. EMPLOYEE BENEFIT PLANS:

#### RETIREMENT BENEFITS

All employees working more than one-half time are covered by a 403(b) retirement plan. Employer contributions depend on term of service but do not exceed 15 percent of salary and housing allowances. Employees may also elect to reduce their salary and make tax-free contributions to the plan. Employee contributions are limited in amount by IRS regulations. Employer payments to 403(b) retirement plans were \$108,085 and \$109,726 for the years ended December 31, 2020 and 2019, respectively.

#### OTHER EMPLOYEE BENEFITS

All employees working 30 or more hours per week are provided life, medical, and disability coverage. The medical coverage extends to all eligible staff. The coverage also extends to administrative staff dependents hired before 2005 and requires no premium participation by the employee. Expenses for these other employee benefits were \$209,706 and \$171,831 for the years ended December 31, 2020 and 2019, respectively.

### 12. AGENCY ASSETS AND LIABILITIES:

The Organization receives and remits designated funds from and on behalf of multiple local churches to the Southern Baptist Convention and related agencies. Some of these funds constitute an agency relationship; they are Lottie Moon, Annie Armstrong, and World Hunger. The assets are commingled in cash, and the liabilities are included in accounts payable (see Note 7). The agency liabilities included in accounts payable at December 31, 2020 and 2019, were \$138,840 and \$127,132, respectively.

### 13. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK:

Accounting principles generally accepted in the United States of America require all entities to disclose certain information about their financial instruments. Specifically, all entities are required to disclose the risk of an accounting loss from a financial instrument. The possibility that a loss may occur from the failure of another party to perform according to the terms of a contract represents credit risk.

The Foundation is a party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers and to reduce its own exposure to fluctuations in interest rates. These financial instruments are commitments to extend credit and involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated statements of financial position. The contract amounts of those instruments reflect the extent of involvement the Foundation has in those particular classes of financial instruments.

The Foundation's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual notional amount of those instruments. The Foundation uses the same credit policies in making commitments and conditional obligations as it does for on-balance sheet instruments.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 13. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET CREDIT RISK, continued:

Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments are fixed as to the maximum dollar amount that is available to a particular customer. The making of the commitment itself may require the payment of a fee. Not all commitments have the full amount of the approved funds advanced upon execution of the loan, and some do not fully utilize the entire commitment established. Consequently, the total commitment amounts do not necessarily represent future cash requirements. As of December 31, 2020 and 2019, the Foundation did not have any outstanding loan commitments.

The credit worthiness of each loan applicant is assessed on a case-by-case basis. The Foundation makes loans only to Southern Baptist organizations that would qualify under Section 501(c)(3) of the Code as tax-exempt organizations. The purpose of the loans is to enable churches, schools, and other organizations associated with Southern Baptists to acquire and develop land, build facilities, or remodel and expand existing facilities with reasonable financing costs. Other credit considerations are represented by the terms of the loan, loan to value ratios, and other credit factors. Currently, the interest rate charged is 4.40 percent to 6.00 percent. The Foundation maintains a policy to review all loans monthly to determine past due or delinquent status based on contractual terms and how recently payments have been received. The Foundation maintains an allowance on the receivables, which was \$33,545 and \$31,045 as of December 31, 2020 and 2019, respectively. The Foundation estimates its allowance for loan losses is sufficient to cover losses in its loan portfolio. At December 31, 2020, there were no delinquent loans.

In most instances, the ability of these organizations to repay loans will depend primarily upon the contributions they receive from their constituents and fees or other related charges assessed for services rendered. The number of constituents of these organizations, and the amount of contributions they receive may fluctuate. Further, the Foundation is motivated by factors other than commercial and/or profit motives only. This may affect how it deals with its borrowers.

### 14. SIGNIFICANT GROUP CONCENTRATIONS OF CREDIT RISK:

As disclosed under the caption "Financial Instruments With Off-Balance Sheet Credit Risk," the Foundation makes loans only to not-for-profit organizations that would qualify under Section 501(c)(3) of the Code as tax-exempt organizations. These consist of churches, schools, and other organizations associated with Southern Baptists. As of December 31, 2020 and 2019, the Foundation's loan receivables from those organizations are as disclosed in Note 5.

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

### 15. COMMITMENTS:

#### OPERATING LEASE

Operating lease expense was \$42,283 and \$37,804 for the years ended December 31, 2020 and 2019, respectively. During 2010, the Organization began entering into new operating leases for cars that expire based on miles, not a monthly term. Due to the usage variable, the maximum possible lease expense is included in the amount reported below. Future lease payments are due as follows:

<u>Year Ending December 31,</u> 2021	<u>\$ 45,866</u>
---	------------------

### 16. POST-RETIREMENT BENEFITS OTHER THAN PENSIONS:

The Convention provides health care benefits to retired employees. These benefits are not paid in accordance with a formal written plan, and while there has been a past practice of paying these benefits, the Convention is not legally required to continue to pay any of these benefits in the future. At the discretion of the executive board, the Convention currently funds these benefits out of ongoing operations and the benefits are subject to the future availability of funds. Certain benefits are contributory; other benefits are non-contributory based on age and years of service. In accordance with the *Compensation-Retirement Benefits* topic of the FASB ASC, the Convention is required to recognize the funded status of its post retirement benefits measured as the difference between plan assets at fair market value and the benefit obligation in its consolidated statements of financial position.

The Convention pays the premiums for Medicare supplement coverage based on years of service for those retiring from the Convention. Employees retiring from the Convention must have a minimum of 10 years of service and be at least 60 years or older to be eligible. Effective August 1, 2019, all current eligible employees are grandfathered in with this benefit and any future employees are not eligible for this benefit.

The post-retirement health care benefit obligation was calculated as of December 31, 2020 and 2019, using the previous benefit provisions that included coverage for Medicare supplement coverage.

The plan is funded when payments are made as premiums become due. Total payments under the plan were \$9,465 and \$9,360 for the years ended December, 31, 2020 and 2019, respectively. The cost is allocated by function and is included in administration costs.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

16. POST RETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

The following sets forth the plan's funded status and amounts recognized in the consolidated statements of financial position and consolidated statements of activities for the years ended December 31, 2020 and 2019:

	December 31,	
	2020	2019
Postretirement health care benefits obligation:		
Retirees receiving benefits	\$ 364,594	\$ 171,903
Active employees—fully eligible to receive benefits	139,285	104,021
Active employees—not yet fully eligible to receive benefits	82,479	139,293
	586,358	415,217
Fair value of plan assets	-	-
Funded status	\$ (586,358)	\$ (415,217)
Accumulated benefit cost recognized in the consolidated statements of financial position	\$ 586,358	\$ 415,217
Net periodic benefit costs:		
Service cost	\$ 16,457	\$ 13,030
Interest cost	13,782	14,967
Change in assumptions	137,554	43,640
Actuarial change	12,813	6,952
	\$ 180,606	\$ 78,589
Weighted average assumptions:		
Discount rate	2.49%	3.24%

As of December 31, 2020 and 2019, the mortality assumptions are based on generational application of the RPEC\_2014 Mortality Projection Model, using the parameters from the SOA's Pri-2012 Private Retirement Plans Mortality Tables Report and their Mortality Improvement Scale MP-2020 and MP-2019 report, respectively.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

16. POST RETIREMENT BENEFITS OTHER THAN PENSIONS, continued:

The following benefits payments, which reflect expected future service as appropriate, are expected to be paid as follows:

<u>Year Ending December 31,</u>	<u>Year Ended December 31,</u>	
	<u>2020</u>	<u>2019</u>
2021	\$ 15,445	
2022	16,845	
2023	18,182	
2024	19,424	
2025	19,947	
2026-2028	<u>134,729</u>	
	<u>\$ 224,572</u>	
Net periodic benefit cost	<u>\$ 180,606</u>	<u>\$ 78,589</u>
Employer contributions	<u>\$ 9,465</u>	<u>\$ 9,360</u>
Plan participants' contributions	<u>\$ -</u>	<u>\$ -</u>
Benefits paid	<u>\$ 9,465</u>	<u>\$ 9,360</u>

Changes in discount rate, mortality assumptions, and demographics constitute a change in estimate. The effect of the change in estimate reported in the consolidated financial statements was \$137,554 and \$43,640 for the years ended December 31, 2020 and 2019, respectively.

For measurement purposes, 100 percent of those currently electing coverage are assumed to take post-retirement medical benefits upon retirement. Upon Medicare eligibility, retirees are enrolled in a Guidestone Medicare supplement insured plan. The assumed rate of increase in per capita cost of health care benefits was 3.90 percent and 7.00 percent for medical and prescription benefits, respectively. It is assumed to decrease linearly over 8 years to ultimate rates of 3.90 percent and 4.90 percent for medical and prescription benefits, respectively.

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

**17. EXPENSES BY BOTH FUNCTION AND NATURE:**

Functional expenses by natural classification as of December 31, 2020:

	Program Activities						Supporting Activities				
	SBC Cooperative Program	Highland Lakes Baptists Camp	Missions / Evangelism and Church Planting	Women's / Children's and Student Ministries	Communi- cations	Baptist Foundation	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	Total Expense
Grants to denomination	\$ 738,813	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 738,813	\$ -	\$ -	\$ -	\$ 738,813
Salaries and benefits	-	156,562	325,158	64,136	36,730	51,141	633,727	876,225	7,068	883,293	1,517,020
Events, services and supplies	-	144,732	57,802	40,510	22,957	-	266,001	207,605	1,070	208,675	474,676
Church and public assistance	-	-	422,568	21,615	-	47,849	492,032	-	-	-	492,032
Utilities and insurance	-	130,980	9,704	1,490	1,490	-	143,664	88,520	-	88,520	232,184
Depreciation	-	125,189	6,727	1,033	1,033	-	133,982	31,398	-	31,398	165,380
Interest	-	-	-	-	-	105,315	105,315	8,686	-	8,686	114,001
Bad debt expense	-	1,058	-	-	-	-	1,058	2,500	-	2,500	3,558
<b>Total expenses</b>	<b>\$ 738,813</b>	<b>\$ 558,521</b>	<b>\$ 821,959</b>	<b>\$ 128,784</b>	<b>\$ 62,210</b>	<b>\$ 204,305</b>	<b>\$ 2,514,592</b>	<b>\$ 1,214,934</b>	<b>\$ 8,138</b>	<b>\$ 1,223,072</b>	<b>\$ 3,737,664</b>

**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

17. EXPENSES BY BOTH FUNCTION AND NATURE, continued:

Functional expenses by natural classification as of December 31, 2019:

	Program Activities						Supporting Activities				
	SBC Cooperative Program	Highland Lakes Baptists Camp	Missions / Evangelism and Church Planting	Women's / Children's and Student Ministries	Communi- cations	Baptist Foundation	Total Program Activities	General and Administrative	Fundraising	Total Supporting Activities	Total Expense
Grants to denomination	\$ 797,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 797,070	\$ -	\$ -	\$ -	\$ 797,070
Salaries and benefits	-	224,038	326,481	64,925	34,978	55,815	706,237	632,982	7,570	640,552	1,346,789
Events, services and supplies	-	230,239	95,868	108,380	25,718	-	460,205	257,803	6,456	264,259	724,464
Church and public assistance	-	7,625	682,385	9,365	-	39,022	738,397	-	-	-	738,397
Utilities and insurance	-	144,054	9,476	1,455	1,455	-	156,440	92,288	-	92,288	248,728
Depreciation	-	125,777	7,185	1,103	1,103	-	135,168	33,533	-	33,533	168,701
Interest	-	-	-	-	-	103,079	103,079	12,923	-	12,923	116,002
Bad debt expense	-	715	-	-	-	-	715	2,500	-	2,500	3,215
<b>Total expenses</b>	<b>\$ 797,070</b>	<b>\$ 732,448</b>	<b>\$ 1,121,395</b>	<b>\$ 185,228</b>	<b>\$ 63,254</b>	<b>\$ 197,916</b>	<b>\$ 3,097,311</b>	<b>\$ 1,032,029</b>	<b>\$ 14,026</b>	<b>\$ 1,046,055</b>	<b>\$ 4,143,366</b>



**STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED  
AND SUBSIDIARY**

**Notes to Consolidated Financial Statements**

December 31, 2020 and 2019

17. EXPENSES BY BOTH FUNCTION AND NATURE, continued:

Expenses are summarized by function and nature in the footnote above. The consolidated totals, after any eliminations, by functional classifications are as follows:

	Year Ended December 31,	
	2020	2019
Convention:		
Program activities	\$ 2,310,287	\$ 2,899,395
General and administrative	1,103,748	920,843
Fundraising	513	6,401
	3,414,548	3,826,639
Foundation:		
Program activities	204,305	197,916
General and administrative	111,186	111,186
Fundraising	7,625	7,625
	323,116	316,727
	\$ 3,737,664	\$ 4,143,366

18. RELATED PARTY TRANSACTIONS:

Related party transactions consist of:

	December 31,	
	2020	2019
Investor deposits for members of Convention and Foundation board and management	\$ 335,856	\$ 448,320

# STATE CONVENTION OF BAPTISTS IN INDIANA, INCORPORATED AND SUBSIDIARY

## Notes to Consolidated Financial Statements

December 31, 2020 and 2019

19. RISKS AND UNCERTAINTIES:

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Churches and church related organizations (CROs) throughout the United States were forced to temporarily cancel or severely limit in-person gatherings to stop the spread of the virus. In response to the COVID-19 outbreak, the Organization received a PPP loan through the SBA (Note 2). The Organization cannot reasonably estimate the length or severity of this pandemic and also cannot estimate with any certainty the effect COVID-19 will have on its consolidated financial position, results of operations, and cash flows in 2021.

20. LEGAL MATTERS:

The Convention is subject to various legal matters, at times, that arise in the ordinary course of operations. In the opinion of management, all such matters are adequately covered by insurance or by accruals and, if not so covered, are without merit or involve such amounts that would not have a significant effect on the Convention's consolidated financial position or results of operations if disposed of unfavorably.

21. SUBSEQUENT EVENTS:

Subsequent events have been evaluated through March 11, 2021, which represents the date the consolidated financial statements were available to be issued. Subsequent events after that date have not been evaluated.

As of January 4, 2021, the Organization received notice from the SBA that their PPP loan totaling \$185,000 was forgiven in full (Note 2).