THE NORTH AMERICAN MISSION BOARD OF THE SOUTHERN BAPTIST CONVENTION, INC.

Consolidated Statements of Financial Position

September 30	2019	2018
Assets		
Cash and cash equivalents	$ 7,054,430	$ 1,789,428
Investments	213,161,690	230,921,835
Investments restricted for long-term purposes	5,481,214	5,480,987
Church loans, net	70,342,482	65,275,262
Beneficial interest in trusts and endowments held by others	52,972,385	48,938,372
Property and equipment, net	78,417,208	78,552,497
Other assets, net	6,919,132	6,079,924
Total assets	$ 434,348,541	$ 437,038,305
Liabilities		
Accounts payable and accrued expenses	$ 7,810,803	$ 7,230,875
Accrued postretirement benefit obligation	52,332,353	49,559,529
Total liabilities	60,143,156	56,790,404
Net assets		
Without donor restrictions	308,698,461	317,099,918
With donor restrictions	65,506,924	63,147,983
Total net assets	374,205,385	380,247,901
Total liabilities and net assets	$ 434,348,541	$ 437,038,305

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

Consolidated Statements of Activities

For the Years Ended September 30,	2019	2018
Change in net assets without donor restrictions		
Public support and revenue:		
Annie Armstrong Easter Offering™	$ 61,600,104	$ 61,185,206
Cooperative Program	44,835,155	44,849,541
Investment income	1,301,650	15,478,714
Contributions	15,136,333	17,545,851
Interest on church loans	3,370,629	3,187,276
Other	1,760,261	1,553,999
Total public support and revenue	128,004,132	143,800,587
Net assets released from restrictions:		
Satisfaction of time and use restrictions	3,712,066	6,980,242
Total public support and revenue and net assets released from restrictions	131,716,198	150,780,829
Expenses:		
Program activities:		
Church planting	66,985,421	68,270,217
Evangelism and relief	25,326,155	24,211,156
Mission education and opportunities	10,751,581	11,298,431
Sending and leadership	9,558,335	8,985,558
Total program activities	112,621,492	112,765,362
Supporting activities:		
Administration	18,035,299	18,230,215
Total supporting activities	18,035,299	18,230,215
Total expenses	130,656,791	130,995,577
Change in net assets without donor restrictions before other change - postretirement benefit plan	1,059,407	19,785,252
Postretirement benefit change other than periodic postretirement benefit cost	(9,460,864)	(1,782,035)
Change in net assets without donor restrictions	(8,401,457)	18,003,217
Change in net assets with donor restrictions		
Change in beneficial interest in trusts and endowments held by others	4,034,013	3,155,231
Contributions	1,883,529	4,549,886
Investment income	153,465	893,187
Net assets released from restrictions	(3,712,066)	(6,980,242)
Change in net assets with donor restrictions	2,358,941	1,618,062

For the Years Ended September 30,	2019	2018
Change in net assets	(6,042,516)	19,621,279
Net assets - Beginning of year	380,247,901	360,626,622
Net assets - End of year	$ 374,205,385	$ 380,247,901

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

Consolidated Statements of Cash Flows

For the Years Ended September 30,	2019	2018
Operating cash flows		
Cash received from Annie Armstrong Easter Offering™	$ 61,600,104	$ 61,185,206
Cash received from Cooperative Program	45,900,103	45,115,263
Cash received from contributions	17,019,635	20,872,538
Interest received on church loans	3,370,629	3,187,276
Dividend and interest income	2,833,953	3,553,209
Cash received from other activities	1,257,163	1,477,836
Cash paid for operating activities and costs	(128,025,560)	(135,009,589)
Net operating cash flows	3,956,027	381,739
Investing cash flows		
Purchases of investments	(61,833,106)	(115,226,290)
Proceeds from sales of investments	78,214,412	73,917,315
Net investment in assets restricted for long-term purposes	(227)	(1,792)
Loans made to churches	(12,432,093)	(13,342,976)
Principal payments received on church loans	7,364,873	5,250,762
Proceeds from sales of church loans	-	40,391,223
Proceeds from sales of property and equipment	3,114,406	2,624,752
Purchases of and improvements to property and equipment	(13,119,517)	(22,048,278)
Net investing cash flows	1,308,748	(28,435,284)
Financing cash flows		
Proceeds from contributions restricted for long-term investment	227	1,792
Proceeds from draws on line of credit	37,099,000	1,919,000
Repayments of amounts drawn on line of credit	(37,099,000)	(1,919,000)
Net financing cash flows	227	1,792
Net change in cash and cash equivalents	5,265,002	(28,051,753)
Cash and cash equivalents - Beginning of year	1,789,428	29,841,181
Cash and cash equivalents - End of year	$ 7,054,430	$ 1,789,428

The Accompanying Notes are an Integral Part of These Consolidated Financial Statements

Notes to Consolidated Financial Statements

NOTE 1. DESCRIPTION OF THE ORGANIZATION

The North American Mission Board of the Southern Baptist Convention, Inc. ("the Board") is a Georgia not-for-profit corporation. The Board aids and shares in the support of Southern Baptist churches, media, missions, and missionary efforts in the United States, Canada, and their territories by providing direct programs and activities and by sharing in the funding of state convention programs and activities. For the years ended September 30, 2019 and 2018, the Board provided approximately $27,030,000 and $27,009,000, in funding to state conventions and associations of the Southern Baptist Convention ("the SBC") for these activities. The Board is also active in assisting churches and individuals with the resources, training, and tools necessary to plant new churches through its Send North America program. The Board is a cooperating ministry of the SBC and receives most of its regular financial support from gifts received through the Executive Committee of the SBC ("the Executive Committee"), mainly through the Cooperative Program ("the CP") and the annual Annie Armstrong Easter Offering™ ("the AAEO"). The SBC also funds other programs of the Board (e.g., disaster relief and hunger relief). Total support received from the Executive Committee for the years ended September 30, 2019 and 2018 was approximately $103,000,000 and $104,000,000, respectively.

In conformity with accounting principles generally accepted in the United States ("U.S. GAAP"), the consolidated financial statements of the Board also include the accounts of the following organizations, which are separate legal entities:

- **Send Relief, Inc. ("Send Relief")** is a Texas not-for-profit corporation whose purpose is to support and assist the Board in its activities, including relief and compassion ministries. The Board elects Send Relief's board of directors. Send Relief, Inc.'s financial transactions are included in the accompanying consolidated financial statements, and all significant inter-organizational balances and transactions have been eliminated.
- **NAMB Canada** is a not-for-profit Canadian corporation whose purposes include planting Southern Baptist churches and supporting Southern Baptist missionaries in order to spread the Gospel of Jesus Christ in Canada. The Board and NAMB Canada share common management. The Board also has certain representation rights with respect to

NAMB Canada's governing body. However, the Board does not control NAMB Canada, as that term is defined by U.S. GAAP. For readability, and because NAMB Canada's financial activity is not material to the Board's overall consolidated financial statements, the accompanying financial statements are referred to as "consolidated" instead of "consolidated and combined." All significant inter-organizational balances and transactions have been eliminated.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

REVENUE AND SUPPORT
The Board recognizes cash contributions as revenue when the contributions are received by the Board. Contributions are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as "net assets released from restrictions."

REVENUE CLASSIFICATIONS
The Board's primary revenue sources included in the accompanying consolidated statements of activities are further described as follows:

Annie Armstrong Easter Offering™: The AAEO honors the life and work of Annie Walker Armstrong. The purpose of the AAEO is to enable missionary personnel to share the good news of Jesus Christ. The Board works in partnership with state conventions to distribute monies given through the offering to missionaries and their efforts.

Cooperative Program: The CP is Southern Baptists' method of supporting missions and ministry efforts of state conventions, associations, and the SBC. The Board received revenues ratably over the course of the year based on the annual budget allocation of the SBC.

PROGRAM ACTIVITIES
The Board's program activities include the following:

Church planting: assisting churches in planting healthy, multiplying, evangelistic Southern Baptist churches in the United States and Canada;

Evangelism and relief: assisting churches in the ministries of evangelism, making disciples, and relief ministries to victims of disaster and other people in need;

Mission education and opportunities: assisting churches by providing mission education and coordinating volunteer missions opportunities for church members; and

Sending and leadership: assisting churches with leadership development and with appointing, supporting, and assuring accountability for missionaries serving in the United States and Canada.

CASH AND CASH EQUIVALENTS
The Board considers investments purchased or donated with original maturities of three months or less to be cash equivalents.

INVESTMENTS
Investments are carried at estimated fair value.

INVESTMENTS RESTRICTED FOR LONG-TERM PURPOSES
Investments restricted for long-term purposes relate to donor-restricted endowment net assets and unexpended endowment earnings.

CHURCH LOANS
Church loans are stated at their unpaid principal amounts outstanding, reduced by an allowance for loan losses, and are generally collateralized by church real estate. Interest income is accrued based on the outstanding principal amount and contractual terms of each individual loan. Church loans generally have original terms from 20 to 30 years, but interest rates generally adjust at three-year to five-year intervals. The carrying value of loan balances approximates fair value.

The Board typically charges a loan processing fee for construction loans and recognizes such fees as revenue in the period in which the loan is originated. Loan origination fees are recognized as revenue in the period in which the loan is originated. Loan fees are intended to offset the direct costs related to issuing the loans. Late payment fees are recognized as revenue when assessed. Interest rates generally range from 3% to 6% per annum.

The Board classifies loans as impaired when it is probable that it will be unable to collect all amounts due according to contractual terms of the loan agreements. Loans are classified as delinquent when payments are 90 days past due. Payments for delinquent loans are applied to interest first, and then to principal, for each past due month starting with the oldest such past due payment. Accrual of interest income is discontinued when, in management's judgment, it is determined that the collectability of interest is doubtful.

ALLOWANCE FOR LOAN LOSSES
Management determines an appropriate allowance for loan losses based upon historical loan loss experience, the amount of past due and nonperforming loans, specific known risks, the value of collateral securing the loans, and current and

anticipated economic and interest rate conditions. Evaluation of these factors involves subjective estimates and judgments that may change over time. Additions to the allowance are recognized as expenses and are described as a “provision” for loan losses in Note 7.

BENEFICIAL INTERESTS IN TRUSTS AND ENDOWMENTS HELD BY OTHERS

The Board is the beneficiary of certain perpetual irrevocable trusts and endowments held and administered by other parties. The Board generally has the irrevocable right to receive the income earned on the underlying assets in perpetuity. The estimated fair value of such amounts is recognized as an asset and as revenue with donor restrictions at the date the Board becomes aware of the agreement. The Board’s estimate of fair value is based on fair value information received from the other parties. The underlying assets are not subject to the Board’s discretion or control. Gains and losses, which are not distributed, are reflected within “change in beneficial interest in trusts and endowments held by others” in the consolidated statements of activities.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost, if purchased, or estimated fair value on the date of donation, if donated. The Board uses the straight-line method of depreciating property and equipment over the estimated useful lives of the related assets.

POSTRETIREMENT BENEFIT PLANS

The Board provides postretirement healthcare and other benefits for retired employees. The Board accounts for the plans following guidance prescribed under U.S. GAAP.

NET ASSETS

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees. Board designated net assets consist of amounts designated by the Board of Trustees for various purposes as further described in Note 11. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

INCOME TAXES

The Board and Send Relief are exempt from federal income tax as organizations described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to state law. These entities are further classified as public charities and not private foundations for federal tax purposes. NAMB Canada is classified as a charity under Canadian law. None of the organizations have incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying consolidated financial statements.

USE OF ESTIMATES

Management uses estimates and assumptions in preparing the consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Significant estimates used in preparing these consolidated financial statements include those related to the estimated fair values of investments, the useful lives of property and equipment, the collectability of church loans, and the calculation of the accrued postretirement benefits liability. Actual results could differ from the estimates.

RECLASSIFICATIONS

Certain amounts included in the consolidated financial statements for the year ended September 30, 2018 have been reclassified to conform to classifications adopted during the year ended September 30, 2019. The reclassifications had no material effect on the accompanying consolidated financial statements.

NEW ACCOUNTING PRONOUNCEMENT

Financial Accounting Standards Board Accounting Standards Update (“ASU”) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities is effective for the Board’s consolidated financial statements for the year ended September 30, 2019. The ASU requires various changes to the presentation of financial statements of not-for-profit entities, the most significant of which relate to the classifications of net assets, a requirement to report expenses by natural classification as well as by functional classification, and new required disclosures related to an entity’s liquidity and availability of resources. The adoption of the ASU had no effect on the Board’s consolidated net assets as of October 1, 2017 or the consolidated change in net assets for the year ended September 30, 2018. As allowed by applicable guidance, the Board has chosen not to retrospectively apply provisions not required to be applied to the consolidated financial statements as of and for the year ended September 30, 2018.

SUBSEQUENT EVENTS

The Board has evaluated for possible financial reporting and disclosure subsequent events through January 22, 2020, the date as of which the consolidated financial statements were available to be issued.

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available within one year of the date of the September 30, 2019 consolidated statement of financial position for general expenditure are as follows:

Cash and cash equivalents	$ 7,054,430
Investments available for general purposes	213,161,690
Investments held for long-term purposes	5,481,214
Accounts receivable, net (included in other assets)	3,244,477
Total financial assets available within one year	228,941,811
Less:	
Amounts unavailable due to:	
Board-designated financial assets	(159,939,000)
Donor-restricted endowment funds	(5,481,214)
Net financial assets available within one year	$ 63,521,597

The Board is primarily supported by contributions. As part of the Board's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Board of Trustees has designated certain financial assets for various ministry needs. Because of the nature of the designations, these amounts are not available for general expenditure within the next year; however, the Board of Trustees could make them available, if necessary. Certain net assets with donor restrictions (related to time and/or purpose restrictions) are available for general expenditure within one year, because the restrictions on net assets are expected to be met by conducting the normal activities of the Board in the coming year. Management believes the Board has sufficient financial assets available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need. Additionally, the Board has two revolving lines of credit (one for $5,000,000 and another for $10,000,000) as described in Note 14 as additional sources of liquidity.

NOTE 4. CONCENTRATIONS

The Board maintains its cash and cash equivalents in deposit accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Board has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk related to cash and cash equivalents.

During the years ended September 30, 2019 and 2018, the Board received approximately 77% and 68% of its revenue from the Executive Committee.

NOTE 5. INVESTMENTS

Investments consisted of the following:

September 30,	2019	2018
Category		
Money market and similar funds	$ 5,165,818	$ 12,555,161
Common and preferred stocks	112,636,679	125,746,457
Mutual funds	69,401,772	71,896,552
Corporate debt securities	815,404	5,534,773
Government obligations	1,024,284	4,822,633
Church debt obligations	-	490,044
Nontraditional investments:		
Infrastructure	8,704,397	-
Direct lending	8,273,504	5,818,447
Limited partnership interest	6,240,170	8,219,876
Long/short equity hedge fund	5,000,000	-
Pooled funds held by others	1,380,876	1,318,879
Total investments	$ 218,642,904	$ 236,402,822

Investments were held for the following purposes:

September 30,	2019	2018
Investments available for general operations	$ 213,161,690	$ 230,921,835
Investments restricted for long-term purposes	5,481,214	5,480,987
Total investments	$ 218,642,904	$ 236,402,822

NOTE 6. FAIR VALUE OF FINANCIAL INSTRUMENTS

U.S. GAAP defines fair value for an investment generally as the price an organization would receive upon selling the investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. The information available to measure fair value varies depending on the nature of each investment and its market or markets. Accordingly, U.S. GAAP recognizes a hierarchy of "inputs" an organization may use in determining or estimating fair value. The inputs are categorized into "levels" that relate to the extent to which an input is objectively observable and the extent to which markets exist for identical or comparable investments. In determining or estimating fair value, an organization is required to maximize the use of observable market data (to the extent available) and minimize the use of unobservable inputs. The hierarchy assigns the highest priority to unadjusted quoted prices in active markets for identical items (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Following is a description of each of the three levels of input within the fair value hierarchy:

Level 1 – unadjusted quoted market prices in active markets for identical items

Level 2 – other significant observable inputs (such as quoted prices for similar items)

Level 3 – significant unobservable inputs

The estimated fair value of the Board's investments using Level 1 inputs is based on unadjusted quoted market prices within active markets. The estimated fair value of nontraditional investments using Level 3 inputs consist of the following:

- The infrastructure investment consists of pooled funds which invest in a broad range of infrastructurerelated assets including, but not limited to, toll roads, electricity and power generation assets, and airports. The estimated fair value is based on amounts provided by the investee.
- Direct lending investments consist of pooled funds which invest primarily in loans to various businesses and the estimated fair value based on amounts provided by the investees.
- The Board's limited partnership interest consists of a pooled fund which invests primarily in short-term deposits of various financial institutions and the estimated fair value is based on amounts provided by the investee.
- The estimated fair value of the long/short equity hedge fund consists of pooled funds which invest in long and short positions in securities within the technology sector and the estimated fair value is based on amounts provided by the investee.
- Investments in pooled funds held by others consist primarily of investments held by state Baptist foundations and the estimated fair value is based on information provided by state Baptist foundations.
- The estimated fair value of church debt obligations is based on information provided by a certain Baptist foundation.

The Board's nontraditional investments can be liquidated at an amount approximating carrying value in the near-term with proper notice.

Beneficial interest in trusts and endowments held by others are administered primarily by state Baptist foundations. The estimated fair value of the Board's beneficial interest in trusts and endowments held by others using Level 3 inputs is based on amounts provided by the Baptist foundations, and in some cases, banks or other financial institutions. The estimated fair value of beneficial interest in trusts and endowments held by others is measured as of June 30. There were no significant changes to the estimated fair value between July 1 and September 30 of each fiscal year-end.

Because the fair value estimates for assets made using Level 2 or Level 3 inputs involve a greater element of subjectivity than do determinations made using Level 1 inputs, it is possible that the actual value of such assets may differ significantly from the estimated amounts.

Estimated fair value of certain assets measured on a recurring basis at September 30, 2019 are as follows:

Category	Total	Level 1	Level 2	Level 3
Common and preferred stocks	$ 112,636,679	$ 112,636,679	$ -	$ -
Mutual funds	69,401,772	69,401,772	-	-
Corporate debt securities	815,404	815,404	-	-
Government obligations	1,024,284	1,024,284	-	-
Nontraditional investments:				
Infrastructure	8,704,397	-	-	8,704,397
Direct lending	8,273,504	-	-	8,273,504
Limited partnership interest	6,240,170	-	-	6,240,170
Long/short equity hedge fund	5,000,000	-	-	5,000,000
Pooled funds held by others	1,380,876	-	-	1,380,876
Beneficial interest in trusts and endowments held by others	52,972,385	-	-	52,972,385
Total	$ 266,449,471	$ 183,878,139	$ -	$ 82,571,332

The following is a reconciliation of certain assets in which significant unobservable inputs (Level 3) were used in estimating fair value for the year ended September 30, 2019:

Balance, October 1, 2018	$ 64,785,618
Net unrealized gains	5,584,592
Net purchases	12,201,122
Balance, September 30, 2019	$ 82,571,332

Estimated fair value of certain assets measured on a recurring basis at September 30, 2018 are as follows:

Category	Total	Level 1	Level 2	Level 3
Common and preferred stocks	$ 125,746,457	$ 125,746,457	$ -	$ -
Mutual funds	71,896,552	71,896,552	-	-
Corporate debt securities	5,534,773	5,534,773	-	-
Government obligations	4,822,633	4,822,633	-	-
Church debt obligations	490,044	-	-	490,044
Nontraditional investments:				
Limited partnership interest	8,219,876	-	-	8,219,876
Direct lending	5,818,447	-	-	5,818,447
Pooled funds held by others	1,318,879	-	-	1,318,879
Beneficial interest in trusts and endowments held by others	48,938,372	-	-	48,938,372
Total	$ 272,786,033	$ 208,000,415	$ -	$ 64,785,618

The following is a reconciliation of certain assets in which significant unobservable inputs (Level 3) were used in estimating fair value for the year ended September 30, 2018:

Balance, October 1, 2017	$ 57,369,162
Net unrealized gains	3,325,112
Net purchases	4,091,344
Balance, September 30, 2018	$ 64,785,618

NOTE 7. CHURCH LOANS, NET

Loan Balances Stratified by Principal Amount

As of September 30, 2019, the Board had 158 loans with balances as follows:

Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Less than $250,000	87	$ 7,981,829	11%
$250,000 - $499,999	30	10,114,561	14%
$500,000 - $999,999	23	15,779,130	22%
$1,000,000 - $1,999,999	11	15,408,074	21%
$2,000,000 or more	7	23,653,888	32%
	158	$ 72,937,482	100%

As of September 30, 2018, the Board had 161 loans with balances as follows:

Loan Balance	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Less than $250,000	91	$ 7,905,226	12%
$250,000 - $499,999	31	10,503,375	16%
$500,000 - $999,999	22	15,913,008	23%
$1,000,000 - $1,999,999	10	13,504,797	20%
$2,000,000 or more	7	19,963,298	29%
	161	$ 67,789,704	100%

Geographic Concentrations of Loans

As of September 30, 2019, aggregate loans of at least five percent of total balances are due from churches based in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
Colorado	6	$ 13,644,603	19%
California	25	12,850,523	18%
Arizona	8	7,065,755	10%
Ohio	17	5,005,995	7%
Missouri	8	4,477,707	6%
Georgia	8	4,055,271	6%
Massachussetts	9	3,860,714	5%
	81	$ 50,960,568	71%

As of September 30, 2018, aggregate loans of at least five percent of total balances are due from churches based in the following states:

State	Number of Loans	Principal Outstanding	Percent of Loan Portfolio
California	27	$ 14,560,787	21%
Colorado	5	8,938,274	13%
Arizona	8	7,401,328	11%
Ohio	19	5,270,373	8%
Missouri	8	4,578,864	7%
	67	$ 40,749,626	60%

During the year ended September 30, 2018, the Board sold church loans with an outstanding principal balance of approximately $40,400,000 to an unrelated third party. The amount of the proceeds received approximated the net carrying value of the underlying loans at the date of the sale.

Delinquent Loans

As of September 30, 2019 and 2018, loans with outstanding principal balances of $421,384 and $602,091 were classified as delinquent.

Impaired Loans

As of September 30, 2019 and 2018, the Board held no outstanding loans that were considered impaired.

Allowance for Loan Losses

Allowance for credit losses and recorded investment in church loans during the year ended September 30, 2019 was approximately as follows:

		Year Ended September 30, 2019
Allowance for credit losses		
Beginning Balance	$	2,514,000
Charge-offs		-
Recoveries		-
Provision (reduction)		81,000
Ending Balance		2,595,000
Ending Balance individually evaluated for impairment		1,503,000
Ending Balance collectively evaluated for impairment	$	1,092,000

Allowance for credit losses and recorded investment in church loans during the year ended September 30, 2018 was approximately as follows:

		Year Ended September 30, 2018
Allowance for credit losses		
Beginning Balance	$	2,834,000
Charge-offs		-
Recoveries		-
Provision (reduction)		(320,000)
Ending Balance		2,514,000
Ending Balance individually evaluated for impairment		1,423,000
Ending Balance collectively evaluated for impairment	$	1,091,000

Loan Performance

Credit risk profile based on payment activity as of September 30, 2019:

		Principal Balance
Performing loans	$	72,516,098
Non-performing loans *		421,384
Total	$	72,937,482

* Loans 90 days past due or more, last evaluated as of September 30, 2019

Credit risk profile based on payment activity as of September 30, 2018:

		Principal Balance
Performing loans	$	67,187,613
Non-performing loans *		602,091
Total	$	67,789,704

* Loans 90 days past due or more, last evaluated as of September 30, 2018

Age of Delinquent Loans

Age analysis of delinquent loan balances as of September 30, 2019:

	90-179 Days Past Due	180-365 Days Past Due	More than 365 Days Past Due	Total Delinquent
Principal Balance	$ -	$ -	$ 421,384	$ 421,384

Age analysis of delinquent loan balances as of September 30, 2018:

	90-179 Days Past Due	180-365 Days Past Due	More than 365 Days Past Due	Total Delinquent
Principal Balance	$ 158,008	$ -	$ 444,083	$ 602,091

As of September 30, 2019, loans with principal balances of $3,072,639 were past due 30-89 days. As of September 30, 2018, loans with principal balances of $2,805,813 were past due 30-89 days.

Troubled Debt Restructuring

During the years ended September 30, 2019 and 2018, the Board restructured troubled debts with aggregate principal amounts of approximately $5,327,000 and $2,926,000, respectively, reducing the contractual monthly payments for periods ranging from 3 to 12 months. This modification had a minimal impact in the loan portfolio yield.

NOTE 8. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

September 30,	**2019**	**2018**
Category		
Land	$ 9,770,085	$ 9,262,445
Buildings and building improvements	75,773,907	74,715,237
Equipment, furniture and fixtures, and vehicles	10,750,187	10,254,539
Computer equipment and software	13,786,844	12,238,717
Construction in progress	1,907,396	1,413,877
Total	111,988,419	107,884,815
Less: Accumulated depreciation	(33,571,211)	(29,332,318)
Net property and equipment	$ 78,417,208	$ 78,552,497

During the year ended September 30, 2019, the Board donated certain real property with an approximate net book value of $5,363,000 to a church in Sutherland Springs, Texas for use as its new church location. This transaction is recognized in the accompanying consolidated statement of activities as program activities expense.

Depreciation expense amounted to approximately $5,971,000 and $5,084,000 during the years ended September 30, 2019 and 2018, respectively.

NOTE 9. OTHER ASSETS

Other assets consisted of the following:

September 30,	**2019**	**2018**
Category		
Accounts receivable, net	$ 3,244,477	$ 4,190,086
Inventories	2,174,338	745,342
Prepaid expenses	1,172,449	814,626
Real estate held for sale	150,000	150,000
Contributions receivable from remainder interest trusts	177,868	179,870
Total	$ 6,919,132	$ 6,079,924

NOTE 10. POSTRETIREMENT BENEFIT PLAN

The Board provides health care and other benefits to substantially all retired employees, all retired missionaries, and their eligible dependents. The Board accrues the costs of such benefits during the periods employees provide service to the Board. The Board uses census data as of June 30 to measure the year-end liability and to determine the related footnote disclosures. There were no material changes in the census data from the period July 1 through September 30. There are no plan assets for the Board's postretirement benefit plans, as postretirement benefits are funded by the Board when claims are made.

A summary of changes to the accumulated postretirement benefit obligation is as follows:

For the year ended September 30,	2019	2018
Accumulated benefit obligations, beginning of year	$ 49,559,529	$ 54,648,793
Service cost	222,861	260,353
Interest cost	1,931,684	1,769,260
Actuarial (gain) loss	(736,931)	406,418
Change in discount rate assumption	5,320,370	(3,410,279)
Benefits paid	(3,965,160)	(4,115,016)
Accumulated benefit obligation, end of year	$ 52,332,353	$ 49,559,529

Components of the accumulated postretirement benefit obligation that have not been recognized as periodic benefit cost include the following:

September 30,	2019	2018
Unrecognized actuarial loss/net loss	$ 17,374,364	$ 13,730,566
Unrecognized 2004 plan amendment	-	(1,185,114)
Unrecognized 2013 plan amendment/prior service cost	(19,315,237)	(23,947,189)
	$ (1,940,873)	$ (11,401,737)

Components of net periodic postretirement benefit cost are as follows:

For the year ended September 30,	2019	2018
Service cost	$ 222,861	$ 260,353
Interest cost	1,931,684	1,769,260
Amortization of actuarial loss	939,641	1,385,168
Amortization of 2004 plan amendment	-	(1,539,112)
Amortization of 2013 plan amendment	(5,817,066)	(4,631,952)
	$ (2,722,880)	$ (2,756,283)

Postretirement benefit-related changes other than net periodic postretirement benefit cost recognized in the consolidated statements of activities consist of the following:

For the year ended September 30,	2019	2018
Amounts recognized during the period:		
Actuarial (gain) loss	$ (736,931)	$ 406,418
Change in actuarial assumptions	5,320,370	(3,410,279)
Amounts reclassified to net periodic benefit cost:		
Amortization of actuarial loss	(939,641)	(1,385,168)
Amortization of plan amendments	5,817,066	6,171,064
	$ 9,460,864	$ 1,782,035

Estimated amounts that will be amortized in the year ending September 30, 2020 from unrecognized plan amendment gain and unrecognized actuarial loss and recognized as components of net periodic benefit cost are as follows:

Amortized Amounts	2020
2013 plan amendment	$ (4,631,952)
Actuarial loss	$ 1,147,310

The discount rate used to determine the accumulated postretirement benefit and the net periodic postretirement benefit cost as of and for the years ended September 30, 2019 and 2018 related to the postretirement healthcare and other benefits plan was 2.91% and 4.07%, respectively.

The Board assumed a 7.10% and 7.50% cost trend rate for pre-Medicare retirees for the medical and prescription drug components, respectively, decreasing to 4.75% and 5.25%, respectively, by the year ended September 30, 2026 and thereafter, to determine the accumulated postretirement benefit obligation. Additionally, the Board assumed a constant 3.20% cost rate for post-Medicare retirees for the medical component and a 6.90% cost trend rate decreasing to 5.25% for the prescription drug component, by the year ended September 30, 2026 and thereafter, to determine the accumulated postretirement benefit obligation.

A one percentage point increase or decrease in the assumed healthcare cost trend rates for each future year would have an immaterial impact on the accumulated postretirement benefit obligation at September 30, 2019 and 2018 and the estimated service and interest components of the postretirement benefit costs for the years ended September 30, 2019 and 2018.

The postretirement health care and other benefits estimated to be paid over the next 10 years are approximately as follows:

Year	
2020	$ 4,425,000
2021	$ 4,188,000
2022	$ 4,023,000
2023	$ 3,870,000
2024	$ 3,714,000
2025-2029	$ 16,048,000

The expected benefits are based on the same assumptions used to measure the benefit obligation and include estimated future employee service. Because the plans are funded as claims are made, the expected employer contribution for the year ending September 30, 2020 is $4,425,000.

NOTE 11. NET ASSETS

Net assets without donor restrictions were designated in the approximate following amounts:

September 30,	2019	2018
Property and equipment	$ 78,417,000	$ 78,552,000
Church planting building and loans	72,388,000	83,005,000
Church loans	70,342,000	65,275,000
Operating contingency	62,100,000	62,098,000
Board-approved projects	15,100,000	16,600,000
Healthcare	8,680,000	9,500,000
Send North America	1,671,000	2,070,000
Total	$ 308,698,000	$ 317,100,000

Activity for net assets with donor restrictions during the year ended September 30, 2019 is as follows:

	Balance October 1, 2018	Contributions, investment income, and other changes	Releases	Balance September 30, 2019
Scholarships and other	$ 4,158,268	$ 578,577	$ (526,008)	$ 4,210,837
Crisis response	4,151,221	1,026,712	(2,948,507)	2,229,426
Hunger relief	239,265	433,480	(237,551)	435,194
Contributions receivable from remainder interest trusts	179,870	(2,002)	-	177,868
Total net assets with donor restrictions - time and/or purpose restrictions	8,728,624	2,036,767	(3,712,066)	7,053,325
Beneficial interest in trusts and endowments held by others	48,938,372	4,034,013	-	52,972,385
Endowments	5,480,987	227	-	5,481,214
Total net assets with donor restrictions - perpetual restrictions	54,419,359	4,034,240	-	58,453,599
Total net assets with donor restrictions	$ 63,147,983	$ 6,071,007	$ (3,712,066)	$ 65,506,924

Activity for net assets with donor restrictions during the year ended September 30, 2018 is as follows:

	Balance October 1, 2017	Contributions, investment income, and other changes	Releases	Balance September 30, 2018
Scholarships and other	$ 3,361,777	$ 1,303,301	$ (506,810)	$ 4,158,268
Crisis response	6,609,213	3,911,863	(6,369,855)	4,151,221
Hunger relief	103,577	239,265	(103,577)	239,265
Contributions receivable from remainder interest trusts	193,018	(13,148)	-	179,870
Total net assets with donor restrictions - time and/or purpose restrictions	10,267,585	5,441,281	(6,980,242)	8,728,624
Beneficial interest in trusts and endowments held by others	45,783,141	3,155,231	-	48,938,372
Endowments	5,479,195	1,792	-	5,480,987
Total net assets with donor restrictions - perpetual restrictions	51,262,336	3,157,023	-	54,419,359
Total net assets with donor restrictions	$ 61,529,921	$ 8,598,304	$ (6,980,242)	$ 63,147,983

Earnings from net assets with perpetual donor restrictions are primarily available to support the general purposes of the Board. The Board preserves the estimated fair value of all original endowment gifts as of the gift date, which management deems is in compliance with state law. Accordingly, the Board classifies as "endowments" (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The Board has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to supported programs while seeking to maintain the purchasing power of the endowment assets and to preserve the invested capital. The Board seeks the advice of investment counsel, as well as management and certain committees of the Board, when determining amounts to be spent on supported programs. The Board periodically makes distributions (in accordance with its spending policies) for use in furthering its exempt purpose.

NOTE 12. EMPLOYEE BENEFIT PLANS

HEALTH BENEFIT PLAN

The Board provides medical benefits under a partially self-funded plan and a reinsurance contract with an insurance company for stop-loss coverage. Medical benefits are provided to all eligible participants (including employees and missionaries) and their dependents. Total medical claims incurred during the years ended September 30, 2019 and 2018 were approximately $4,828,000 and $6,616,000. Claims incurred but not reported or paid at year end were estimated to be approximately $768,000 and $1,004,000 as of September 30, 2019 and 2018 and are included within "accounts payable and accrued expenses" on the consolidated statements of financial position.

RETIREMENT PLAN

The Board maintains a 403(b) retirement plan ("the Plan") through GuideStone Financial Resources of the Southern Baptist Convention. Employees are eligible to participate upon meeting the eligibility requirements described in the Plan document. Eligible employees may make tax-deferred contributions to the Plan. The Plan requires the employer to make contributions of 10% of the base compensation of participating employees. The Plan also allows for employer discretionary matching contributions. Employees are 100% vested in employer contributions. The Board contributed approximately $3,196,000 and $3,253,000 to the Plan during the years ended September 30, 2019 and 2018, respectively.

NOTE 13. FUNCTIONAL ALLOCATION OF EXPENSES

The Board's expenses reported on a natural and functional classification are as follows:

For the year ended September 30, 2019

	Program activities					
	Church planting	Evangelism and relief	Mission education and opportunities	Sending and leadership	Administration	Total expenses
Personnel	$ 16,330,340	$ 2,803,466	$ 3,897,547	$ 3,822,025	$ 5,592,482	$ 32,445,860
Ministry assistance	19,436,720	12,307,399	133,460	301,311	83,631	32,262,521
Church planting	17,081,946	-	-	-	-	17,081,946
Contract services	2,202,496	2,071,772	2,932,323	578,084	4,681,346	12,466,021
Operations	4,117,561	1,328,847	1,103,989	915,603	2,661,108	10,127,108
Benefits	3,395,963	691,900	1,020,320	886,439	1,477,330	7,471,952
Ministry partners	2,449,915	1,014,817	319,166	1,570,594	705,472	6,059,964
Depreciation	1,427,307	425,899	-	1,372,759	2,745,518	5,971,483
Convention evangelism stratgies	-	3,499,769	-	-	-	3,499,769
Media	543,173	1,182,286	1,344,776	111,520	88,412	3,270,167
Total expenses	$ 66,985,421	$ 25,326,155	$10,751,581	$ 9,558,335	$18,035,299	$130,656,791

Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Indirect costs that benefit multiple functional areas are allocated among the various functional areas based primarily on employee time and space utilization.

NOTE 14. COMMITMENTS

The Board has two revolving lines of credit with two financial institutions, one for $5,000,000 and the other for $10,000,000. Outstanding amounts under the lines of credit, if any, are secured by certain assets held by the financial institutions. With respect to the $5,000,000 line of credit, interest on the outstanding principal balance is payable monthly at the one-month LIBOR plus 1.25% per annum. With respect to the $10,000,000 line of credit, interest on the outstanding principal balance is payable monthly at a corresponding index (as further defined in the line of credit agreement) plus 2.25% per annum. As of September 30, 2019 and 2018, there were no amounts outstanding under these lines of credit.

As of September 30, 2019, the Board has committed to loan approximately $7,602,000 to four churches. In addition, the Board has construction loans and holdbacks with seven churches with approximately $1,441,000 in undistributed funds. Such commitments are made to accommodate the needs of the qualified churches. The credit risk associated with these commitments is essentially the same as that involved in extending loans to churches and is subject to the Board's normal credit policies and terms. Collateral for the loans does or will consist of church real estate.

Furthermore, as of September 30, 2019, Send Relief executed a contract totaling approximately $5,043,000 in connection with building improvements related to its Puerto Rico Ministry Center. Approximately $4,257,000 remained unpaid in connection with this contract as of September 30, 2019, and will be paid as work on the project is completed.

SUPPLEMENTAL SCHEDULE OF REVENUE ANALYSIS BY REGION (Unaudited)
For The Year Ended September 30, 2019

	Cooperative Program	Annie Armstrong Easter Offering™	Undesignated	Hunger Designated	Disaster Relief Designated	Other Designated
Alabama	$ 4,288,285	$ 7,071,189	$ 126,000	$ 80,833	$ 46,727	$ 696,757
Alaska	35,592	77,700	-	515	-	63,176
Arizona	263,433	462,215	68,211	2,378	69,678	181,571
Arkansas	2,162,007	2,194,128	191,525	4,774	9,384	186,011
California	510,334	846,746	49,100	5,362	74,100	810,525
Colorado	148,259	277,806	3,237	6,344	10,526	478,494
Dakotas	21,559	49,083	450	50	2,085	3,150
District of Columbia	-	280	11,890	22,714	73	2,800
Florida	3,410,936	2,839,130	137,899	18,607	73,881	466,340
Georgia	3,686,237	5,417,962	948,286	55,957	169,029	890,842
Hawaii Pacific	55,833	148,029	900	2,351	550	11,177
Illinois	527,132	733,233	4,279	14,874	16,652	145,270
Indiana	185,171	352,013	13,659	3,110	9,308	213,374
Iowa	73,215	92,967	2,600	460	6,500	12,657
Kansas-Nebraska	183,188	376,326	47,618	4,035	2,569	122,026
Kentucky	2,248,368	2,402,426	116,882	31,221	24,298	217,216
Louisiana	1,558,395	1,998,627	114,151	20,790	14,515	189,247
Maryland-Delaware	384,390	524,856	31,649	-	19,368	214,267
Michigan	78,351	142,005	11,411	2,329	685	69,540
Minnesota-Wisconsin	53,123	94,236	925	1,169	40	68,477
Mississippi	2,807,409	3,982,153	219,063	-	10,150	-
Missouri	1,336,422	2,337,018	85,032	1,907	25,930	505,534
Montana	45,019	75,735	-	1,513	62	40,711
Nevada	142,077	137,116	3,800	810	2,360	34,086
New England	47,950	178,585	22,761	899	64,127	241,570
New Mexico	183,814	241,516	27,957	2,332	21,320	47,307
New York	50,992	146,174	8,454	428	100	118,740
North Carolina	2,648,477	6,923,593	95,616	48,897	16,272	805,392
Northwest	148,361	286,102	16,012	6,501	8,402	124,195
Ohio	473,991	625,832	44,888	4,243	45,805	210,704
Oklahoma	2,264,032	1,959,265	297,893	22,281	11,832	621,592
Pennsylvania-South Jersey	77,376	132,019	8,005	1,355	11,518	245,923
South Carolina	2,511,129	3,760,132	83,498	73,213	20,425	338,621
Tennessee	3,646,915	5,300,892	314,609	24,522	437,729	612,064
Texas – BGCT	2,326,499	3,333,524	67,434	1,835	25,000	-
Texas – SBTC	3,502,756	3,545,545	675,152	5,163	123,797	1,323,452
Utah-Idaho	48,241	133,580	970	1,473	6,780	37,127
Virginia – BGAV	187,577	1,043,077	7,250	434	2,600	-
Virginia – SBCV	1,053,071	1,039,965	124,647	19,970	25,428	191,193
West Virginia	119,119	207,149	-	2,824	450	28,180
Wyoming	24,823	37,435	245	639	3,080	16,643
Canada	-	47,940	-	-	-	21,993
Caribbean	1,616	23,448	100	809	-	5,434
Miscellaneous	1,313,681	1,352	41,074	600	445,415	961,171
Total revenue	$ 44,835,155	$ 61,600,104	$ 4,025,132	$ 500,521	$ 1,858,550	$11,574,549
Received through						
Executive Committee	$ 44,835,155	$ 56,457,702	$ 1,089,648	$ 469,839	$ 19,631	$ 1,635
Received directly	-	5,142,402	2,935,484	30,682	1,838,919	11,572,914
Total revenue	$ 44,835,155	$ 61,600,104	$ 4,025,132	$ 500,521	$ 1,858,550	$11,574,549

See the Accompanying Report of Independent Auditor

REPORT OF INDEPENDENT AUDITOR

The Board of Trustees
The North American Mission Board of the Southern Baptist Convention, Inc.
Alpharetta, Georgia

We have audited the accompanying consolidated financial statements of **The North American Mission Board of the Southern Baptist Convention, Inc.** ("the Board"), which consist of the consolidated statements of financial position as of September 30, 2019 and 2018, and 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.

Auditor's 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 audit 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 Board'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 Board'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 The North American Mission Board of the Southern Baptist Convention, Inc. as of September 30, 2019 and 2018, the consolidated changes in its net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information
Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying Supplemental Schedule of Revenue Analysis by Region (Unaudited) for the years ended September 30, 2019 and 2018 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and has not been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements, and accordingly, we express no opinion on it.

Batts Morrison Wales & Lee, P.A.
Orlando, Florida
January 22, 2020

The final paragraph of this opinion contains information regarding the 2018 Supplemental Schedule of Revenue Analysis by Region (Unaudited) which can be found in the original audit; it is not included here as it was not required for publication in the 2020 Annual.