

# THE EXECUTIVE COMMITTEE OF THE SOUTHERN BAPTIST CONVENTION

## Statements of Financial Position

September 30,	2019	2018
<b>Assets</b>		
Cash and cash equivalents	\$ 3,900,868	\$ 6,131,289
Investments - available for general operations	12,823,430	11,817,245
Investments - held for long-term purposes	2,779,062	2,661,009
Property and equipment, net	2,392,526	2,343,700
Other assets	<u>1,255,353</u>	<u>1,248,868</u>
<b>Total assets</b>	<b><u>\$ 23,151,239</u></b>	<b><u>\$ 24,202,111</u></b>
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 844,041	\$ 457,854
Undistributed gifts payable	3,108,510	4,812,045
Postretirement benefit obligation	3,853,419	4,042,668
Other liabilities	<u>1,213,208</u>	<u>1,175,234</u>
<b>Total liabilities</b>	<b><u>9,019,178</u></b>	<b><u>10,487,801</u></b>
<b>Net assets</b>		
Without donor restrictions	11,708,647	11,393,612
With donor restrictions	<u>2,423,414</u>	<u>2,320,698</u>
<b>Total net assets</b>	<b><u>14,132,061</u></b>	<b><u>13,714,310</u></b>
<b>Total liabilities and net assets</b>	<b><u>\$ 23,151,239</u></b>	<b><u>\$ 24,202,111</u></b>

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

## Statements of Activities

**For the Years Ended September 30,**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
<b>PUBLIC SUPPORT AND REVENUE AND NET ASSETS RELEASED FROM RESTRICTIONS</b>				
Cooperative Program allocation budget and designated gifts				
With donor restrictions	\$ -	\$ 382,325,927	\$ 382,325,927	\$ 385,839,563
Without donor restrictions	<u>6,101,330</u>	<u>-</u>	<u>6,101,330</u>	<u>5,990,800</u>
Total Cooperative Program allocation budget and designated gifts	<u>6,101,330</u>	<u>382,325,927</u>	<u>388,427,257</u>	<u>391,830,363</u>
Contributions without donor restrictions	<u>384,558</u>	<u>-</u>	<u>384,558</u>	<u>1,157,667</u>
Investment income				
Without donor restrictions	1,197,543	-	1,197,543	841,041
With donor restrictions	<u>-</u>	<u>191,518</u>	<u>191,518</u>	<u>142,839</u>
Total investment income	<u>1,197,543</u>	<u>191,518</u>	<u>1,389,061</u>	<u>983,880</u>
Annual meeting	953,907	-	953,907	973,432
Grants from LifeWay Christian Resources	160,000	-	160,000	220,000
Other	133,124	-	133,124	62,657
Net assets released from restrictions	<u>382,414,729</u>	<u>(382,414,729)</u>	<u>-</u>	<u>-</u>
Total public support and revenue and net assets released from restrictions	<u>391,345,191</u>	<u>102,716</u>	<u>391,447,907</u>	<u>395,227,999</u>
<b>EXPENSES</b>				
Program activities				
Southern Baptist Convention operations Executive Committee	2,427,981	-	2,427,981	2,469,525
Southern Baptist Convention missions and ministry	382,325,927	-	382,325,927	385,839,563
Convention communications and relations	1,253,984	-	1,253,984	1,243,224
Convention policy	825,770	-	825,770	781,995
Other ministry expenses	757,972	-	757,972	677,214
Cooperative Program and stewardship	588,809	-	588,809	666,113
Convention advancement	<u>457,976</u>	<u>-</u>	<u>457,976</u>	<u>462,987</u>
Total program activities	<u>388,638,419</u>	<u>-</u>	<u>388,638,419</u>	<u>392,140,621</u>

**For the Years Ended September 30,**

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	
Supporting activities				
General and administrative	2,281,325	-	2,281,325	1,881,364
Fundraising	110,412	-	110,412	104,052
Total supporting activities	2,391,737	-	2,391,737	1,985,416
Total expenses	391,030,156	-	391,030,156	394,126,037
Change in net assets without donor restrictions	315,035	-	315,035	1,046,645
Change in net assets with donor restrictions	-	102,716	102,716	55,317
<b>CHANGE IN NET ASSETS</b>	315,035	102,716	417,751	1,101,962
<b>Net assets - Beginning of year</b>	11,393,612	2,320,698	13,714,310	12,612,348
<b>Net assets - End of year</b>	<u>\$ 11,708,647</u>	<u>\$ 2,423,414</u>	<u>\$ 14,132,061</u>	<u>\$ 13,714,310</u>

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**Statements of Cash Flows**

<b>For the Years Ended September 30,</b>	2019	2018
<b>Operating cash flows</b>		
Cash received from Cooperative Program allocation budget and designated gifts	\$ 388,427,257	\$ 391,830,363
Cash received from contributions	384,558	1,157,667
Cash received from other activities	1,247,031	1,256,089
Dividend and interest income	565,580	464,773
Cash paid for operating activities and costs	(392,172,467)	(397,147,754)
<b>Net operating cash flows</b>	<u>(1,548,041)</u>	<u>(2,438,862)</u>
<b>Investing cash flows</b>		
Proceeds from sales of investments	105,996	104,431
Purchases of investments	(406,753)	(363,073)
Purchases of and improvements to property and equipment	(381,623)	(98,310)
<b>Net investing cash flows</b>	<u>(682,380)</u>	<u>(356,952)</u>
<b>Net change in cash and cash equivalents</b>	(2,230,421)	(2,795,814)
<b>Cash and cash equivalents - Beginning of year</b>	6,131,289	8,927,103
<b>Cash and cash equivalents - End of year</b>	<u>\$ 3,900,868</u>	<u>\$ 6,131,289</u>

**Reconciliation of change in net assets to net operating cash flows**

Change in net assets	\$ 417,751	\$ 1,101,962
Adjustments to reconcile change in net assets to net operating cash flows		
Depreciation	332,797	335,985
Net gain on investments	(823,481)	(519,107)
Change in other assets	(6,485)	34,643
Change in accounts payable and accrued expenses	386,187	8,509
Change in undistributed gifts payable	(1,703,535)	(3,309,749)
Change in postretirement benefit obligation	(189,249)	(116,072)
Change in other liabilities	37,974	24,967
<b>Net operating cash flows</b>	<u>\$ (1,548,041)</u>	<u>\$ (2,438,862)</u>

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

**NOTES TO FINANCIAL STATEMENTS****NOTE 1. DESCRIPTION OF THE ORGANIZATION**

The Executive Committee of the Southern Baptist Convention (“the Executive Committee”), a Tennessee nonprofit corporation, is the fiduciary, the fiscal, and the executive entity of the Southern Baptist Convention (“SBC”), a Georgia nonprofit corporation, in all its affairs that are not specifically delegated to another board or entity. The Executive Committee’s operations include the administration and distribution of funds received from state conventions, churches, and individuals for and to the various entities of the SBC in accordance with the SBC’s Cooperative Program Allocation directives or donor-imposed restrictions. The Executive Committee receives its financial support primarily from Cooperative Program gifts. The Cooperative Program is Southern Baptists’ primary method of supporting both state and national SBC missions and ministry efforts.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES****REVENUE AND SUPPORT**

The Executive Committee recognizes cash contributions as revenue when the contributions are received by the Executive Committee. Contributions received are recorded as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, net assets with donor restrictions

are reclassified to net assets without donor restrictions and reported in the statements of activities as “net assets released from restrictions.”

The SBC authorizes a portion of Cooperative Program allocation budget gifts received by the Executive Committee to be used to fund the Executive Committee’s operations. The portion of Cooperative Program allocation budget gifts received up to the amount authorized for this purpose is included as revenue without donor restrictions in the accompanying statements of activities. Gifts received above and beyond this amount are included as revenue with donor restrictions in the accompanying statements of activities. Amounts distributed (or held for distribution) to various entities of the SBC are included with net assets released from restrictions and SBC missions and ministry expense in the accompanying statements of activities.

#### PROGRAM ACTIVITIES

The Executive Committee’s program activities include the following:

##### *Southern Baptist Convention operations*

Carrying out the activities of the SBC, including overseeing the SBC annual meeting and managing the Southern Baptist building in Nashville, Tennessee.

##### *Southern Baptist Convention missions and ministry*

Grants to various SBC cooperating ministries.

##### *Convention communications and relations*

Promoting and publicizing the overall ministries of Southern Baptists.

##### *Convention policy*

Coordinating all legal matters, overseeing technological infrastructure and websites, and ensuring the operations of the SBC are carried out in conformity with foundational documents and policies.

##### *Other ministry expenses*

Conducting other outreach programs not classified elsewhere.

##### *Cooperative Program and stewardship*

Assisting churches through promotion of cooperative giving and stewardship education.

##### *Convention advancement*

Assisting in global evangelical relations and encouraging involvement and facilitating participation of various ethnic and demographic constituencies.

#### CASH AND CASH EQUIVALENTS

The Executive Committee 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 and are managed by the Southern Baptist Foundation (“SBF”). Such amounts are invested in money market funds, equity securities, and fixed income securities through SBF’s Balanced Fund. Estimated fair values are based on quoted market prices. Interest and dividend income and net gains or losses on investments are reported in the statements of activities as investment income without donor restrictions unless a donor restricts its use temporarily or perpetually, in which case such amounts are reported in the statements of activities as investment income with donor restrictions. Donated investments are recorded at estimated fair value on the date of donation and thereafter carried in accordance with the above provisions.

#### INVESTMENTS HELD FOR LONG-TERM PURPOSES

Investments held for long-term purposes relate to donor-restricted endowment net assets, unexpended endowment earnings, and board-designated endowment funds.

#### PROPERTY AND EQUIPMENT

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

#### UNDISTRIBUTED GIFTS PAYABLE

Undistributed gifts payable represent contributions received from state conventions, churches, and individuals that must be distributed to various entities of the SBC as soon as administratively practicable in accordance with SBC Cooperative Program allocation budget directives and donor-imposed designations to these entities.

#### POSTRETIREMENT BENEFIT PLANS

The Executive Committee provides postretirement healthcare and other benefits for retired employees. The Executive Committee accounts for the plans following guidance prescribed under accounting principles generally accepted in the United States (“U.S. GAAP”).

## NET ASSETS

Net assets without donor restrictions are available for use at the discretion of the Board of Trustees. Net assets with donor restrictions consist of amounts with uses limited by donor-imposed time and/or purpose restrictions.

## INCOME TAXES

The Executive Committee is exempt from federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code and from state income tax pursuant to Tennessee law. The Executive Committee is further classified as a public charity and not a private foundation for federal tax purposes. The Executive Committee has not incurred unrelated business income taxes. As a result, no income tax provision or liability has been provided for in the accompanying financial statements.

## USE OF ESTIMATES

Management uses estimates and assumptions in preparing the 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 financial statements include those related to the estimated fair values of investments, the useful lives of property and equipment, and the calculation of the postretirement benefit obligation. Actual results could differ from the estimates.

## 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 Executive Committee’s 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 Executive Committee’s net assets as of October 1, 2017 or the change in net assets for the year ended September 30, 2018. As allowed by applicable guidance, the Executive Committee has chosen not to retrospectively apply provisions not required to be applied to the financial statements as of and for the year ended September 30, 2018.

## SUBSEQUENT EVENTS

The Executive Committee has evaluated for possible financial reporting and disclosure subsequent events through December 19, 2019, the date as of which the financial statements were available to be issued.

## NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

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

Cash and cash equivalents	\$	3,900,868
Investments available for general operations		12,823,430
Investments held for long-term purposes		<u>2,779,062</u>
Total financial assets available within one year		19,503,360
Less:		
Amounts unavailable due to:		
Undistributed gifts to be paid as soon as administratively practicable		(3,108,510)
Board-designated endowment and other funds		(1,489,968)
Unexpended endowment earnings		(1,252,086)
Donor-restricted endowment funds		<u>(1,171,328)</u>
<b>Net financial assets available within one year</b>	<b>\$</b>	<b><u>12,481,468</u></b>

The Executive Committee is primarily supported by Cooperative Program gifts and other contributions. As part of the Executive Committee’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 amounts for endowments and other purposes. Because of the designations, these amounts are not available for general expenditures within the next year; however, the Board of Trustees could make them available, if necessary. The Executive Committee has certain assets limited to use for donor-restricted purposes. Because a donor’s restriction requires resources to be used in a specific manner or in a future period, the Executive Committee must maintain sufficient resources to meet its responsibilities to its donors. Thus, those financial assets may not be available for general expenditures within the next year and are excluded from net financial assets available to meet general expenditures within one year. Management believes the Executive Committee has sufficient liquid funds available for general operations that may be drawn upon in the event of unanticipated financial distress or immediate liquidity need.

## NOTE 4. CONCENTRATIONS

The Executive Committee 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 Executive Committee 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.

## NOTE 5. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments available for general operations consisted of the following:

<u>September 30,</u>	<u>2019</u>	<u>2018</u>
SBF Balanced Fund	\$ 12,823,430	\$ 11,817,245

Investments held for long-term purposes consisted of:

<u>September 30,</u>	<u>2019</u>	<u>2018</u>
Endowments - perpetual donor restrictions	\$ 1,171,328	\$ 1,169,184
Unexpended endowment earnings	1,252,086	1,151,514
Board-designated endowment funds	<u>355,648</u>	<u>340,311</u>
<b>Total investments held for long-term purposes</b>	<b><u>\$ 2,779,062</u></b>	<b><u>\$ 2,661,009</u></b>

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. 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. All of the Executive Committee's investments are considered Level 2 investments (i.e., fair value is estimated based on quoted prices for similar items).

## NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

<u>September 30,</u>	<u>2019</u>	<u>2018</u>
<b>Category</b>		
Land	\$ 205,000	\$ 205,000
Buildings and building improvements	8,648,015	8,438,990
Furniture and equipment	<u>2,141,183</u>	<u>1,968,586</u>
Total	10,994,198	10,612,576
Less: Accumulated depreciation	<u>(8,601,672)</u>	<u>(8,268,876)</u>
<b>Net property and equipment</b>	<b><u>\$ 2,392,526</u></b>	<b><u>\$ 2,343,700</u></b>

Depreciation expense amounted to \$332,797 and \$335,985 during the years ended September 30, 2019 and 2018, respectively.

## NOTE 7. EMPLOYEE BENEFIT PLANS

### DEFERRED COMPENSATION PLAN

The Executive Committee sponsors a 409(a) deferred compensation plan for certain employees which is administered by GuideStone Financial Resources of the Southern Baptist Convention ("GuideStone"). Contributions to the deferred compensation plan for the years ended September 30, 2019 and 2018 were approximately \$141,000 and \$180,000, respectively. The balance of assets and liabilities in the deferred compensation plan was approximately \$1,213,000 and \$1,175,000 as of September 30, 2019 and 2018, respectively, and is included in other assets and other liabilities in the accompanying statements of financial position.

### EMPLOYEE RETIREMENT PLAN

The Executive Committee participates in a defined contribution annuity plan ("the Plan") sponsored by GuideStone which covers substantially all employees. The Executive Committee makes contributions to the Plan equal to 10% of participant compensation and matches participant contributions up to 1% of compensation for each three years of service, not to exceed 5% of compensation. Employees are eligible to participate on their first day of employment. The Executive Committee contributed approximately \$416,000 and \$397,000 to the Plan during the years ended September 30, 2019 and 2018, respectively.

### POSTRETIREMENT BENEFIT OBLIGATION

The Executive Committee sponsors postretirement healthcare, life insurance, and retirement gift benefits for all eligible active participants provided they remain employed until retirement (age sixty or above) and meet certain other criteria. The postretirement healthcare benefits provide for a contribution toward both the retirees' and eligible dependents' supplemental Medicare insurance plan. The Executive Committee has a Healthcare Reimbursement Arrangement (HRA) in place for all eligible retirees. The HRA contribution provides a fixed contribution to cover a portion of the eligible retirees' and any eligible dependents' Medicare supplement premiums. The Executive Committee does not pay Medicare premiums. The life insurance benefits provide postretirement insurance benefits up to a maximum of \$20,000. The retirement gift benefits provide a one-time gift based on the participant's salary level and years of service.

There are no plan assets for the Executive Committee's postretirement benefit plans, as postretirement benefits are funded by the Executive Committee on an as-needed basis.

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

<b>For The Years Ended September 30,</b>	<b>2019</b>	<b>2018</b>
Postretirement benefit obligation, beginning of year	\$ 4,042,668	\$ 4,158,740
Service cost	52,817	52,183
Interest cost	159,456	163,941
Actuarial gain	(181,181)	(105,150)
Benefits paid	<u>(220,341)</u>	<u>(227,046)</u>
<b>Postretirement benefit obligation, end of year</b>	<b><u>\$ 3,853,419</u></b>	<b><u>\$ 4,042,668</u></b>

The following sets forth the postretirement benefit obligation's unfunded status reconciled with the amounts reported in the statements of financial position:

<b>September 30,</b>	<b>2019</b>	<b>2018</b>
Postretirement benefit obligation		
Retirees	\$ 2,008,923	\$ 2,179,189
Fully eligible active participants	1,101,799	1,125,236
Other active participants	<u>742,697</u>	<u>738,243</u>
	3,853,419	4,042,668
Plan assets at fair value	<u>-</u>	<u>-</u>
<b>Postretirement benefit obligation</b>	<b><u>\$ 3,853,419</u></b>	<b><u>\$ 4,042,668</u></b>

Components of net periodic postretirement benefit cost are as follows:

<b>For the years ended September 30,</b>	<b>2019</b>	<b>2018</b>
Service cost	\$ 52,817	\$ 52,183
Interest cost	159,456	163,941
Amortization of unrecognized prior service cost	-	(43,109)
Amortization of net loss from earlier periods	<u>202,286</u>	<u>229,629</u>
<b>Net periodic postretirement benefit cost</b>	<b><u>\$ 414,559</u></b>	<b><u>\$ 402,644</u></b>

The discount rate and rate of compensation increase used to determine the postretirement benefit obligation and the net periodic postretirement benefit cost as of and for the year ended September 30, 2019 were 4% and 3%, respectively. Because the Executive Committee provides fixed contributions for healthcare costs, healthcare cost trend rate assumptions do not impact the amounts reported.

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

<b>For the years ended September 30,</b>	
2020	\$ 279,000
2021	\$ 225,000
2022	\$ 275,000
2023	\$ 268,000
2024	\$ 323,000
2025-2029	<u>\$ 1,257,000</u>

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 approximately \$279,000.

#### NOTE 8. NET ASSETS

Net assets consisted of the following:

<b>September 30,</b>	<b>2019</b>	<b>2018</b>
Without donor restrictions		
Undesignated	\$ 7,826,153	\$ 7,456,770
Equity in property and equipment - net	2,392,526	2,343,700
Board-designated endowment funds	355,648	340,311
Other board-designated funds	<u>1,134,320</u>	<u>1,252,831</u>
<b>Total without donor restrictions</b>	<b><u>11,708,647</u></b>	<b><u>11,393,612</u></b>
With donor restrictions - time and/or purpose restrictions		
Unexpended endowment earnings		
Cooperative Program	525,795	467,217
Scholarships	<u>726,291</u>	<u>684,297</u>
<b>Total with donor restrictions - time and/or purpose restrictions</b>	<b><u>1,252,086</u></b>	<b><u>1,151,514</u></b>

<u>September 30,</u>	<u>2019</u>	<u>2018</u>
With donor restrictions - perpetual restrictions		
Cooperative Program endowment	924,132	921,988
Scholarship endowment	<u>247,196</u>	<u>247,196</u>
<b>Total with donor restrictions - perpetual restrictions</b>	<u>1,171,328</u>	<u>1,169,184</u>
<b>Total with donor restrictions</b>	<u>2,423,414</u>	<u>2,320,698</u>
<b>Total net assets</b>	<u>\$ 14,132,061</u>	<u>\$ 13,714,310</u>

The Executive Committee's endowments consist of funds established for a variety of purposes as a result of donor contributions. Net assets associated with endowment funds, including board-designated quasi-endowments, are classified and reported based on the existence or absence of donor restrictions. Earnings from net assets with perpetual donor restrictions are primarily available to support Cooperative Program activities and scholarships.

The Executive Committee 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 Executive Committee classifies as "net assets with perpetual donor restrictions" (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment (including investment income required to be reinvested into corpus). The Executive Committee 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 Executive Committee seeks the advice of investment counsel, as well as management and certain committees of the Executive Committee, when determining amounts to be spent on supported programs. The Executive Committee periodically makes distributions (in accordance with its spending policies) for use in furthering its exempt purpose.

Endowment net asset composition by type as of September 30, 2019:

	<u>Without donor restrictions</u>	<u>With donor restrictions - time and/or purpose restrictions</u>	<u>With donor restrictions - perpetual restrictions</u>	<u>Total</u>
Board-designated	\$ 355,648	\$ -	\$ -	\$ 355,648
Donor-restricted	<u>-</u>	<u>1,252,086</u>	<u>1,171,328</u>	<u>2,423,414</u>
<b>Total</b>	<u>\$ 355,648</u>	<u>\$ 1,252,086</u>	<u>\$ 1,171,328</u>	<u>\$ 2,779,062</u>

Endowment net asset composition by type as of September 30, 2018:

	<u>Without donor restrictions</u>	<u>With donor restrictions - time and/or purpose restrictions</u>	<u>With donor restrictions - perpetual restrictions</u>	<u>Total</u>
Board-designated	\$ 340,311	\$ -	\$ -	\$ 340,311
Donor-restricted	<u>-</u>	<u>1,151,514</u>	<u>1,169,184</u>	<u>2,320,698</u>
<b>Total</b>	<u>\$ 340,311</u>	<u>\$ 1,151,514</u>	<u>\$ 1,169,184</u>	<u>\$ 2,661,009</u>

Changes in endowment net assets:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, October 1, 2017	\$ 331,894	\$ 2,265,381	\$ 2,597,275
Net investment income	21,150	142,839	163,989
Appropriated for expenditure	<u>(12,733)</u>	<u>(87,522)</u>	<u>(100,255)</u>
Endowment net assets, September 30, 2018	340,311	2,320,698	2,661,009
Net investment income	28,287	191,518	219,805
Appropriated for expenditure	<u>(12,950)</u>	<u>(88,802)</u>	<u>(101,752)</u>
Endowment net assets, September 30, 2019	<u>\$ 355,648</u>	<u>\$ 2,423,414</u>	<u>\$ 2,779,062</u>

**NOTE 9. TRANSACTIONS WITH COOPERATING MINISTRIES**

The Executive Committee is the sole entity with an ownership interest in the Southern Baptist Building. The building is owned subject to a restriction that it be used for the benefit of the Executive Committee in addition to certain other Southern Baptist Convention entities. The Executive Committee receives no payment from the other entities related to occupancy of office space and each entity is responsible for the maintenance and operating costs associated with the office space which it occupies.

The Executive Committee is the sole member of SBF. As the sole member, the Executive Committee appoints SBF's board of trustees. However, the Executive Committee does not have an "economic interest" in SBF as that term is defined in U.S. GAAP. Accordingly, the accompanying financial statements do not include SBF's financial activities. SBF managed investments totaling \$15,602,492 and \$14,478,254 as of September 30, 2019 and 2018, respectively, on behalf of the Executive Committee.

Following are approximate financial statement amounts from SBF's audited financial statements as of and for the years ended September 30, 2019 and 2018:

<b>September 30,</b>	<b>2019</b>	<b>2018</b>
Total assets	\$ 215,780,000	\$ 206,180,000
Total liabilities	\$ 202,920,000	\$ 194,850,000
Total net assets	\$ 12,860,000	\$ 11,330,000
Total revenue	\$ 3,730,000	\$ 3,150,000
Total expenses	\$ 2,200,000	\$ 1,900,000
Total change in net assets	\$ 1,530,000	\$ 1,250,000

The Executive Committee's board of trustees is appointed by the SBC, as are the governing bodies of certain other SBC organizations. Following is a summary of grants (to)/from other SBC cooperating ministries:

<b>For the years ended September 30,</b>	<b>2019</b>	<b>2018</b>
The International Mission Board of the Southern Baptist Convention	\$ (231,912,937)	\$ (234,327,483)
The North American Mission Board of the Southern Baptist Convention, Inc.	\$ (102,873,610)	\$ (103,681,851)
Gateway Seminary of the Southern Baptist Convention	\$ (3,978,744)	\$ (4,168,806)
Midwestern Baptist Theological Seminary, Inc.	\$ (6,374,995)	\$ (5,786,857)
New Orleans Baptist Theological Seminary	\$ (7,161,887)	\$ (7,331,196)
The Southeastern Baptist Theological Seminary, Inc.	\$ (7,699,121)	\$ (7,976,304)
The Southern Baptist Theological Seminary	\$ (10,388,762)	\$ (10,231,671)
The Southwestern Baptist Theological Seminary	\$ (7,685,709)	\$ (7,844,857)
Historical Library and Archives	\$ (472,790)	\$ (473,186)
The Ethics and Religious Liberty Commission of the Southern Baptist Convention	\$ (3,258,880)	\$ (3,264,692)
GuideStone Financial Resources of the Southern Baptist Convention	\$ (37,758)	\$ (39,671)
LifeWay Christian Resources of the Southern Baptist Convention	\$ 160,000	\$ 220,000

#### **NOTE 10. FUNCTIONAL ALLOCATION OF EXPENSES**

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

##### **For the year ended September 30, 2019**

	Total program activities	Total supporting activities	Total expenses
Missions and ministry	\$383,083,899	\$ -	\$383,083,899
Personnel and benefits	2,727,519	1,624,526	4,352,045
Meetings and travel	1,623,794	456,487	2,080,281
Contract services	462,922	110,412	573,334
Building operations	365,100	88,245	453,345
Depreciation	299,517	33,280	332,797
General operations	75,668	78,787	154,455
Total expenses	<u>\$388,638,419</u>	<u>\$ 2,391,737</u>	<u>\$391,030,156</u>

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.

**SUPPLEMENTAL SCHEDULE OF COOPERATIVE PROGRAM ALLOCATION  
BUDGET AND DESIGNATED GIFTS RECEIVED FOR DISBURSEMENT  
For The Year Ended September 30, 2019**

<b>RECEIVED:</b>	<b>Cooperative Program Allocation Budget</b>	<b>Designated</b>	<b>Total</b>
Alabama	\$ 18,816,517	\$ 18,434,556	\$ 37,251,073
Alaska	156,172	209,786	365,958
Arizona	1,155,915	1,364,037	2,519,952
Arkansas	9,486,646	7,385,449	16,872,095
California	2,239,289	2,526,818	4,766,107
Colorado	650,545	647,399	1,297,944
Dakota	94,598	140,103	234,701
Florida	14,966,809	8,169,982	23,136,791
Georgia	16,174,800	15,993,052	32,167,852
Hawaii Pacific	244,989	308,748	553,737
Illinois	2,312,997	2,121,966	4,434,963
Indiana	812,509	895,443	1,707,952
Iowa	321,257	249,310	570,567
Kansas-Nebraska	803,809	946,847	1,750,656
Kentucky	9,865,588	7,639,989	17,505,577
Louisiana	6,838,064	6,042,052	12,880,116
Maryland-Delaware	1,686,659	1,388,151	3,074,810
Michigan	343,796	341,150	684,946
Minnesota-Wisconsin	233,099	232,838	465,937
Mississippi	12,318,599	12,542,870	24,861,469
Missouri	5,864,071	6,386,246	12,250,317
Montana	197,540	208,228	405,768
Nevada	623,420	251,961	875,381
New England	210,399	227,383	437,782
New Mexico	806,554	1,189,638	1,996,192
New York	223,748	362,663	586,411
North Carolina	11,621,226	19,698,459	31,319,685
Northwest	650,991	796,704	1,447,695
Ohio	2,079,821	1,506,294	3,586,115
Oklahoma	9,934,324	7,067,463	17,001,787
Pennsylvania-South Jersey	339,516	310,907	650,423
Puerto Rico/Virgin Islands	7,091	17,225	24,316
South Carolina	11,018,556	12,222,604	23,241,160
Tennessee	16,002,260	15,582,523	31,584,783
Texas - BGCT	10,208,419	12,962,268	23,170,687
Texas - SBTC	15,369,706	12,154,318	27,524,024
Utah - Idaho	211,676	300,025	511,701
Virginia - BGAV	823,068	3,104,174	3,927,242
Virginia - SBCV	4,620,758	4,875,536	9,496,294
West Virginia	522,680	493,448	1,016,128
Wyoming	108,921	120,704	229,625
	190,967,402	187,419,317	378,386,719
Churches & Individuals	<u>5,764,303</u>	<u>4,276,235</u>	<u>10,040,538</u>
	<u>\$ 196,731,705</u>	<u>\$ 191,695,552</u>	<u>\$ 388,427,257</u>

*See the Accompanying Report of Independent Auditor*

**SUPPLEMENTAL SCHEDULE OF COOPERATIVE PROGRAM ALLOCATION  
BUDGET AND DESIGNATED GIFTS RECEIVED FOR DISBURSEMENT  
For The Year Ended September 30, 2019  
(continued)**

	<b>Cooperative Program Allocation Budget</b>	<b>Percentage of Total Program</b>	<b>Designated</b>	<b>Total</b>
<b>EXPENDED:</b>				
The International Mission Board of the Southern Baptist Convention	\$ 99,254,130	50.45%	\$ 132,658,807	\$ 231,912,937
The North American Mission Board of the Southern Baptist Convention, Inc.	44,835,155	22.79%	58,038,455	102,873,610
Gateway Seminary of the Southern Baptist Convention	3,966,734	2.02%	12,010	3,978,744
Midwestern Baptist Theological Seminary, Inc.	6,358,059	3.23%	16,936	6,374,995
New Orleans Baptist Theological Seminary	7,144,588	3.63%	17,299	7,161,887
The Southeastern Baptist Theological Seminary, Inc.	7,664,237	3.90%	34,884	7,699,121
The Southern Baptist Theological Seminary	10,351,129	5.26%	37,633	10,388,762
The Southwestern Baptist Theological Seminary	7,638,843	3.88%	46,866	7,685,709
Historical Library and Archives	472,156	0.24%	634	472,790
The Ethics and Religious Liberty Commission of the Southern Baptist Convention	3,246,074	1.65%	12,806	3,258,880
GuideStone Financial Resources of the Southern Baptist Convention	-	0.00%	37,758	37,758
SBC Executive Committee and SBC Operating	<u>5,800,600</u>	<u>2.95%</u>	<u>781,464</u>	<u>6,582,064</u>
	<u>\$ 196,731,705</u>	<u>100.00%</u>	<u>\$ 191,695,552</u>	<u>\$ 388,427,257</u>

*See the Accompanying Report of Independent Auditor*

**REPORT OF INDEPENDENT AUDITOR**

*The Board of Trustees*

*The Executive Committee of the Southern Baptist Convention*

*Nashville, Tennessee*

We have audited the accompanying financial statements of **The Executive Committee of the Southern Baptist Convention** ("the Executive Committee"), which consist of the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Executive Committee of the Southern Baptist Convention as of September 30, 2019 and 2018, the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplemental schedule of cooperative program allocation budget and designated gifts received for disbursement and supplemental schedule of cooperative program allocation budget and designated gifts distributed for the year ended September 30, 2019 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

BATTS MORRISON WALES & LEE, P.A.

Orlando, Florida

December 19, 2019