



FINANCIAL STATEMENTS with INDEPENDENT AUDITOR'S REPORT

Fiscal Years Ending December 31, 2022 & December 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Alliance of Baptists, Inc.
Raleigh, NC

Opinion

We have audited the accompanying financial statements of Alliance of Baptists, Inc., which comprise the statements of financial position as December 31, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Alliance of Baptists, Inc. as of December 31, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alliance of Baptists, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Alliance of Baptists, Inc.'s ability to continue as a going concern within one year after the date the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expression an opinion on the effectiveness of Alliance of Baptists, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate, that raise substantial doubt about Alliance of Baptists, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Timothy E. Brown, CPA, LLC

Atlanta, Georgia
March 29, 2023

ALLIANCE OF BAPTISTS, INC.

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ALLIANCE OF BAPTISTS, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 & DECEMBER 31, 2021

	December 31, 2022	December 31, 2021
ASSETS		
Cash (Note B)	\$ 201,225	\$ 513,413
Investments (Note C)	262,138	112,557
Accounts Receivable (Note D)	16,939	25,065
Prepaid Expenses (Note B)	5,891	5,818
Total Current Assets	486,193	656,853
 Property & Equipment, net (Note H)	 7,849	 10,933
TOTAL ASSETS	\$ 494,042	\$ 667,786
 LIABILITIES & NET ASSETS		
LIABILITIES		
Mission Offering Payable (Note B)	\$ 13,899	\$ 27,571
Accounts Payable & Accrued Expenses (Note B)	3,942	20,774
Unearned Grant Revenue (Note B)	28,639	28,639
Total Current Liabilities	46,480	76,984
 Total Liabilities	 46,480	 76,984
 NET ASSETS		
Net Assets Without Donor Restrictions		
Board Designated Endowment Funds (Note I)	45,815	45,815
Undesignated	326,901	358,139
Net Assets Without Donor Restrictions	372,716	403,954
 Net Assets With Donor Restrictions		
Donor Restricted Endowment Funds (Note I)	22,075	22,075
Restricted purpose	52,771	164,773
Net Assets With Donor Restrictions	74,846	186,848
Total Net Assets	447,562	590,802
 TOTAL LIABILITIES & NET ASSETS	 \$ 494,042	 \$ 667,786

See accompanying notes.

ALLIANCE OF BAPTISTS, INC.
STATEMENTS OF ACTIVITIES
For the Years Ended DECEMBER 31, 2022 & DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021
REVENUE, GAINS AND SUPPORT				
Individual Contributions	\$ 232,239	\$ -	\$ 232,239	\$ 293,009
Church Contributions	248,419	-	248,419	242,464
General Contributions	86,447	-	86,447	102,532
Convocation Income	23,005	-	23,005	20,767
In Kind Contributions	2,243	-	2,243	-
Gatherings	10,848	-	10,848	-
Restricted Projects	94,756	53,082	147,838	214,833
Mission Partner Offerings	45,881	-	45,881	41,926
Realized Loss on Investment	(137)	-	(137)	-
Unrealized Gain (Loss) on Investment	(17,616)	-	(17,616)	8,380
Interest & Dividend Income	1,156	-	1,156	1,089
Other Income	2,218	-	2,218	1,149
Net Assets Released from Restrictions	164,984	(164,984)	-	-
Total Revenue, Gains and Support	<u>894,443</u>	<u>(111,902)</u>	<u>782,541</u>	<u>926,149</u>
EXPENSES				
Program Services	839,546	-	839,546	687,331
Supporting Services	67,748	-	67,748	92,298
Fundraising	18,487	-	18,487	15,935
Total Expenses	<u>925,781</u>	<u>-</u>	<u>925,781</u>	<u>795,564</u>
Change in Net Assets	(31,338)	(111,902)	(143,240)	130,585
Net Assets, Beginning of Year	403,954	186,848	590,802	460,217
Net Assets, End of Year	<u>\$ 372,616</u>	<u>\$ 74,946</u>	<u>\$ 447,562</u>	<u>\$ 590,802</u>

See accompanying notes.

ALLIANCE OF BAPTISTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended DECEMBER 31, 2022

	Program Services	Supporting Services	Fundraising	Total
Accounting	\$ -	\$ 7,500	\$ -	\$ 7,500
Advertising	-	-	2,778	2,778
Bank Fees	-	5,376	-	5,376
Contractors	25,411	-	-	25,411
Convocation	96,869	-	-	96,869
Development	-	-	2,775	2,775
Endorsments	4,253	-	-	4,253
Gatherings	23,018	-	-	23,018
Insurance	-	17,652	-	17,652
Minister Offerings	97,752	-	-	97,752
Office Expense	-	9,926	-	9,926
Office Supplies	-	1,288	-	1,288
Outreach	-	-	12,934	12,934
Payroll Benefits	70,130	-	-	70,130
Payroll Expemse	332,609	-	-	332,609
Payroll Service Fees	-	4,436	-	4,436
Payroll Taxes	27,667	-	-	27,667
Postage & Printing	-	2,988	-	2,988
Professional Services	-	1,535	-	1,535
Restricted Projects	71,239	-	-	71,239
Software	6,334	-	-	6,334
Telecommunications	-	13,445	-	13,445
Taxes & Licenses	-	327	-	327
Travel	78,706	-	-	78,706
Other Expenses	-	3,275	-	3,275
Depreciation	5,558	-	-	5,558
	<u>\$ 839,546</u>	<u>\$ 67,748</u>	<u>\$ 18,487</u>	<u>\$ 925,781</u>

See accompanying notes.

ALLIANCE OF BAPTISTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended DECEMBER 31, 2021

	Program Services	Supporting Services	Fundraising	Total
Accounting	-	11,900	-	11,900
Advertising	-	-	1,900	1,900
Bank Fees	-	4,418	-	4,418
Contractors	39,088	-	-	39,088
Convocation	80,737	-	-	80,737
Development	-	-	2,353	2,353
Endorsments	4,596	-	-	4,596
Gatherings	7,999	-	-	7,999
Insurance	-	26,678	-	26,678
Minister Offerings	107,124	-	-	107,124
Office Expense	-	13,019	-	13,019
Office Supplies	-	2,192	-	2,192
Outreach	11,683	-	11,682	23,365
Payroll Expenses	284,035	-	-	284,035
Payroll Benefits	55,846	-	-	55,846
Payroll Service Fees	-	13,297	-	13,297
Payroll Taxes	22,723	-	-	22,723
Postage & Printing	-	5,448	-	5,448
Professional Services	-	2,827	-	2,827
Restricted Projects	45,575	-	-	45,575
Software	10,901	-	-	10,901
Telecommunications	-	12,519	-	12,519
Travel	7,992	-	-	7,992
Depreciation	9,032	-	-	9,032
	<u>\$ 687,331</u>	<u>\$ 92,298</u>	<u>\$ 15,935</u>	<u>\$ 795,564</u>

See accompanying notes.

ALLIANCE OF BAPTISTS, INC.
 STATEMENTS OF CASH FLOWS
 For the Fiscal Years Ended DECEMBER 31, 2022 & DECEMBER 31, 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (143,240)	\$ 130,585
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	5,558	9,032
Unrealized Loss on Investments	17,616	(8,380)
(Increase) Decrease in Accounts Receivable	8,126	11,365
(Increase) Decrease in Prepaid Expenses	(73)	5,006
Increase (Decrease) in Mission Offering Payable	(13,672)	(1,497)
Increase (Decrease) in Accounts Payable	(16,832)	17,521
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(142,517)	163,632
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Property & Equipment	(2,474)	(4,992)
Purchase of Investments	(270,957)	(9,112)
Sale of Investment	104,060	-
Realized Loss on Investment	137	-
Reinvested Dividends	(437)	-
NET CASH USED IN INVESTING ACTIVITIES	(169,671)	(14,104)
CASH FLOWS FROM FINANCING ACTIVITIES		
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	-
NET INCREASE (DECREASE) IN CASH	(312,188)	149,528
CASH, Beginning of year	513,413	363,885
CASH , End of Year	\$ 201,225	\$ 513,413
Supplemental Information		
Cash Paid During the Year for Interest	\$ -	\$ -

See accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note A – Alliance and Nature of Operations

ALLIANCE OF BAPTISTS, INC. (“the Alliance”) is a non-profit that was established on February 12, 1987. The Alliance operates as an alliance of individuals and churches dedicated to the preservation of historic Baptist principles, freedoms, and traditions.

Note B – Summary of Significant Accounting Policies

Basis of Presentation

Alliance of Baptists, Inc. presents its financial statements on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America. In addition, the Alliance is required to present a statement of cash flows. Alliance of Baptists, Inc. has adopted Accounting Standards Codification (ASC) 958-205 *Not-for-Profit Entities-Presentation of Financial Statements*. Under ASC 958-205, the Alliance is required to report information regarding its financial position and activities according to two classes of net assets which are defined as follows:

Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions. Items that affect (increase or decrease) this net asset category included unrestricted contributions, investment income, and fundraising event income and related expenses associated with the Alliance’s core activities. At times, the governing board may earmark otherwise unrestricted net assets for a specified purpose. Since this is not a donor-imposed restriction, the designated asset is classified and reported a part of net assets without donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor, or certain grantor, imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires; that is; when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

In addition, under professional standards, contributions received are recorded as net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Net Assets were \$447,562 and \$590,802 as of December 31, 2022 and December 31, 2021 respectively.

Cash

For purposes of the statements of cash flows, Alliance of Baptists, Inc. considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash. Alliance of Baptists, Inc. maintains cash in a bank deposit account, which is insured with the Federal Deposit Insurance Corporation for up to \$250,000. Alliance of Baptists, Inc. has not experienced any losses in such accounts and monitors the credit worthiness of each financial institution with which it conducts business. The Alliance believes that it is not exposed to any significant credit risk with respect to its cash balances as of December 31, 2022 and December 31, 2021.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note B – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Investments

Investments are stated at the readily determinable market value in accordance with the *Not-For-Profit Entities* topic of the FASB Accounting Standards Codification. All gains and losses arising from that sale, collection or other disposition of investments in the endowment fund are accounted for in net assets with donor restrictions, as the donors have restricted the use of the earnings as well. All other gains and losses are accounted for in the fund that owned the disposed assets. Income from investments in the endowment funds are recorded as an increase to net assets with donor restrictions, as designated by the individual endowments.

Accounts Receivable

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectable amounts through provision for bad debt expense and an adjustment to a valuation allowance based on assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. Changes in the valuation allowance have not been material to the financial statements. On December 31, 2022 and December 31, 2021 the Alliance did not have an allowance for doubtful accounts.

Mission Offering Payable

The Alliance has made a commitment to give 20% of unrestricted individual and church contributions to mission partners. This represents amounts owed to mission partners.

Accounts Payable

The Alliance has accrued amounts that represent obligations due to vendors for various administrative goods and services.

Unearned Grant Revenue

At times the Alliance receives assets that are subject to conditional events whose occurrence or failure to occur gives the grantor the right of return of the assets. Upon satisfaction of the conditional events, the grant revenue is earned and is recognized in the accompanying statement of activities.

In-Kind Contributions

In-kind contributions are recorded at their estimated fair value at the date of receipt. For the year ending December 31, 2022 contributions of this kind include travel costs for which staff and board members have chosen not to be reimbursed for.

Contributed Services

Members of the Governing Board, certain officers and a number of volunteers have donated significant amounts of their time to the Alliance's operations without compensation. However, no additional amounts have been reported in the accompanying financial statements for donated services because these services do not meet the criteria for recognition as contributed services.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note B – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Contributions

Contributions including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Expense Allocation

The costs of providing the various programs and other activities are summarized on a functional basis on the statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of periodic time and expense review. Supporting services include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Alliance.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Alliance that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions.

Federal and State Income Taxes

Alliance of Baptists, Inc. is exempt from income taxes under the provisions of Section 501 (C) (3) of the Internal Revenue Code, as amended, and classified by the Internal Revenue Service as other than a private foundation. Accordingly, no provisions for federal and state income taxes have been recorded in the accompanying financial statements. The Alliance believes that it has appropriate support for any tax provisions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note B – Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Endowment Accounting

The endowment includes funds subject to the restrictions of gift instruments which require that the principle be invested in perpetuity. Unless explicitly stated in the gift instrument, accumulated realized and unrealized gains of these endowment funds have been classified as net assets with donor restrictions. The Alliance adopted *Endowments of Not-For-Profit Alliances: Net Asset Classification of Funds Subject to and Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for all Endowment Funds*. See Note I for further discussion on endowment accounting.

Note C – Investments

Investments are stated at fair value which are readily determinable market values and consists of the following on December 31, 2022 and December 31, 2021:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Moderate Balance Fund	\$ 87,001	\$ 112,557
Money Market	<u>175,137</u>	<u>-</u>
Total Investments	<u>\$ 262,138</u>	<u>\$ 112,557</u>

Investment return is summarized for the fiscal years ended December 31, 2022 and December 31 2021:

	<u>Year Ended 2022</u>	<u>Year Ended 2021</u>
Net Unrealized Gain (Loss)	\$ (17,616)	\$ 8,380
Net Realized Loss	(137)	-
Interest & Dividend Income	<u>1,156</u>	<u>1,089</u>
Net Investment Return	<u>\$ (16,597)</u>	<u>\$ 9,469</u>

In accordance with the FASB's fair value measurements and disclosure guidance, the following information is provided for investments in alternative assets valued at net asset value on December 31, 2022 and December 31, 2021, to enable users of financial statements to understand the nature and risk of the Alliance's investments by major category and whether investments are probable of being sold at amounts different from net asset value per share or ownership in partner's capital. Investments that are measured at net asset value include moderate balance fund, invested primarily in equities and fixed income securities. There are no unfunded commitments as of December 31, 2022, and December 31, 2021. The fund has daily redemptions frequency.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note D – Accounts Receivable

Accounts Receivable were \$16,939 and \$25,065 as of December 31, 2022 and December 31, 2021.

Note E – Information About Liquidity

The Alliance is substantially supported by contributions without donor restrictions. However sometimes the Alliance receives contributions with restrictions for various programs. Because a donor’s restrictions require funds to be used in a particular manner or in a future period, the Alliance maintains those funds with donor restrictions so that they are available to meet those responsibilities as they are required to be met.

Note F – Availability of Financial Assets

The following reflects the Alliance’s financial assets as of December 31, 2022 and December 31, 2021, reduced by amounts not available for general use within one year of the balance sheet date because of contractual, donor-imposed restrictions or internal designations.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash	\$ 201,225	\$ 513,413
Investments	262,138	112,557
Accounts Receivable	<u>16,939</u>	<u>25,065</u>
Total financial assets available	480,302	651,035
Less those unavailable for general expenditures within one year, due to:		
Donor-restricted to maintain as an endowment	(22,075)	(22,075)
Donor-restricted purpose	<u>(52,771)</u>	<u>(164,773)</u>
Financial assets available to meet cash needs for general expenses within one year	<u>\$ 405,456</u>	<u>\$ 464,187</u>

Note G – Fair Value Measurements

The Financial Accounting Standards Board’s *Fair Value Measurements* defines fair value, establishes guidelines for measuring fair value and expands disclosures regarding fair value measurements. This standard does not require any new fair value measurements but rather eliminates inconsistencies in guidance found in various other accounting pronouncements.

Assets and liabilities measured at fair value are recorded in accordance with *Fair Value Measurements*, which clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note G – Fair Value Measurements (continued)

As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, this standard establishes a value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

Level 1 Inputs – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets and liabilities.

Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Unobservable inputs in which there is little or no market data, which requires management to develop their assumptions.

NAV Inputs – Valued at the net asset value (NAV) of shares on the last trading day of the fiscal year, which is the basis for transactions at that date.

For the years ending December 31, 2022 and December 31, 2021, the application of valuation techniques applied to similar assets and liabilities has been consistent. The fair value of investment securities is the market value based on quoted market prices, when available. Or market prices provided by recognized broker-dealers.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Alliance believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Alliance adopted the provisions of *Investments In Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)* to certain investments in funds that do not have readily determinable fair values. The guidance allows for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value, using net asset value per share or its equivalent. Net asset value, in many instances, may not equal fair value that would be calculated under those standards.

The Alliance's direct investments consists of moderate balanced funds which are valued at net asset value of shares on the last trading day of the fiscal year (as described above). As of December 31, 2022 the Alliance does not have any Level 2 or Level 3 investments.

For the years ending December 31, 2022, and December 31, 2021 the Alliance had \$1,156 and \$1,089 in investment income, respectively. The fair value of investments included in the accompanying statement of financial position as of December 31, 2022, and December 31, 2021 was \$262,138 and \$112,557 respectively.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note G – Fair Value Measurements (continued)

The fair value of assets measured on a recurring basis are as follows for the year ended December 31, 2022:

	Level 1	Level 2	Level 3	NAV	December 31, 2022
Moderate Balanced Fund	\$ -	\$ -	\$ -	\$ 87,001	\$ 87,001
Money Market	175,137	-	-	-	175,137
Total Investments	<u>\$ 175,137</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,001</u>	<u>\$ 262,138</u>

The fair value of assets measured on a recurring basis are as follows for the year ended December 31, 2021:

	Level 1	Level 2	Level 3	NAV	December 31, 2021
Moderate Balanced Fund	\$ -	\$ -	\$ -	\$ 112,557	\$ 112,557
Total Investments (NAV)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 112,557</u>	<u>\$ 112,557</u>

Note H – Property & Equipment

The Alliance capitalizes all expenditures for property and equipment in excess of \$500. Property and equipment are stated at cost less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the related assets ranging from three to five years.

Property & equipment consisted of the following on December 31, 2022, and December 31, 2021:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Computer Software	\$ 32,708	\$ 32,708
Computer Equipment	<u>20,685</u>	<u>18,211</u>
Total Property & Equipment	53,393	50,919
Accumulated Depreciation	<u>(45,544)</u>	<u>(39,986)</u>
Property & Equipment, net	<u><u>\$ 7,849</u></u>	<u><u>\$ 10,933</u></u>

Depreciation expense was \$5,558 and \$9,032 for the fiscal years ended December 31, 2022 and December 31, 2021 respectively.

Alliance of Baptists, Inc.
Notes to the Financial Statements
For the Years Ended December 31, 2022 & December 31, 2021

Note I – Endowment

The Alliance’s endowment fund was established in 2006 by the board of directors for future sustainability in the Alliance. Contributions to the fund are subject to donor restrictions that stipulate the original principle is to be held in perpetuity and invested. As required by generally accepted accounting principles, net assets associated with endowment fund as classified and reported based on the existence or absence of donor restrictions.

Interpretation of Relevant Law

The Alliance is subject to the UPMIFA (Uniform Prudent Management of Institutional Funds Act), and therefore classifies amounts in its donor restricted endowment fund, as net assets with donor restrictions until the Board appropriate amounts for expenditures and any purpose restrictions have been met. The Alliance has interpreted the relevant has relied upon the actions, reports, information, advice and counsel taken or provided by its duly constituted committees and the duly appointed officers of the Alliance and in doing so has interpreted the law to require the preservation of the historic dollar value of donor-restricted endowment funds, absent explicit donor directions to the contrary.

As a result of this interpretation, for accounting and financial statement purposes, the Alliance classifies as net assets with donor restrictions the historic dollar value of assets held as donor-restricted endowment, including any subsequent gifts and any accumulations to donor-restricted endowments made in accordance with the direction of the applicable gift instruments.

Spending Policy and Investment Objectives

As of December 31, 2022 and 2021, the endowment assets are held in investments. Endowment assets include those assets of donor-restricted funds that the Alliance must hold in perpetuity as well as Board-designated funds. The Alliance has adopted investment and spending policies for endowment assets that attempt to provide long-term stability for the Alliance. Under these policies, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve capital appreciation comparable to established market benchmarks, without accepting greater than normal market risk to principal. The Board may authorize spending an amount equal to 5% of the 3-year average asset value of the funds, as calculated on the last day of the preceding fiscal year.

Funds With Deficiencies

From time to time, the fair value of the assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA (Uniform Prudent Management of Institutional Funds Act) requires the Alliance to retain as a fund of perpetual duration. The Alliance did not have any deficiencies of this nature as of December 31, 2022, or December 31, 2021.

The endowment net asset composition by type of fund on December 31, 2022 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	December 31, 2022
Board Designated Endowment Fund	\$ 45,815	\$ -	\$ 45,815
Donor Restricted Endowment Fund (includes original donor gift amount, and amounts required to be held in perpetuity by the donor	-	22,075	22,075
	<u>\$ 45,815</u>	<u>\$ 22,075</u>	<u>\$ 67,890</u>

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Note I – Endowment (continued)

The endowment net asset composition by type of fund on December 31, 2021 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	December 31, 2021
Board Designated Endowment Fund	\$ 45,815	\$ -	\$ 45,815
Donor Restricted Endowment Fund (includes original donor gift amount, and amounts required to be held in perpetuity by the donor)	-	22,075	22,075
	<u>\$ 45,815</u>	<u>\$ 22,075</u>	<u>\$ 67,890</u>

Changes in the endowment net assets for the fiscal years ending December 31, 2022 and December 31, 2021 consisted of the following:

	Without Donor Restrictions	With Donor Restrictions	December 31, 2022
Beginning Endowment Net Assets	\$ 45,815	\$ 22,075	\$ 67,890
Contributions	-	-	-
Board Desingations	-	-	-
Ending Endowment Net Assets	<u>\$ 45,815</u>	<u>\$ 22,075</u>	<u>\$ 67,890</u>

	Without Donor Restrictions	With Donor Restrictions	December 31, 2021
Beginning Endowment Net Assets	\$ 43,315	\$ 22,075	\$ 65,390
Contributions	-	-	-
Board Desingations	2,500	-	2,500
Ending Endowment Net Assets	<u>\$ 45,815</u>	<u>\$ 22,075</u>	<u>\$ 67,890</u>

Note J – Net Assets Released from Restrictions

Net Assets were released from donor restrictions during the fiscal years ended December 31, 2022 and December 31, 2021, by incurring expenses, totaling \$164,984 and \$42,775 respectively, satisfying the restricted purpose specified by the donors.

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Note J – Net Assets Released from Restrictions (continued)

Net Assets released from donor restrictions during the fiscal years ended December 31, 2022 and December 31, 2021 were as follows:

	December 31, 2022	December 31, 2021
Cuba Project	\$ 35,612	\$ 7,557
Zimbabwe	1,446	-
Republic of Georgia	23,547	22,118
Annual Gathering	15,000	-
Racial Justice Work	52,000	8,000
BIPOC LGBTQ	12,500	-
Carpernter Foundation	12,500	-
Seminario Intercultural Mayense	1,625	2,400
Philip Congolulu	520	2,700
Jitokese Wamama	1,974	-
Paula Clayton Dempsey Love Offering	5,915	-
Mother Emmanuel Church	1,845	-
ABC Creation Justice Ministries	500	-
Total Net Assets Released	<u>\$ 164,984</u>	<u>\$ 42,775</u>

Note K – Net Assets With Donor Restrictions

Net Assets with donor restrictions consisted of cash and investments and consisted of the following on December 31, 2022 and December 31, 2021:

	December 31, 2022	December 31, 2021
Cuba	\$ 5,545	\$ 22,827
Zimbabwe Seminary Project	-	246
Republic of Georgia	-	3,075
Annual Gathering	-	15,000
Racial Justice Work	20,000	72,000
BIPOC LGBTQ	12,500	25,000
Carpenter Foundation	12,500	25,000
Ugandan National Alliance	-	1,025
Afghan Refugees	-	500
Wayne Hyder	-	100
Philip Congolulu	-	-
Jitokese Wamama	2,326	-
Paula Clayton Dempsey Love Offering	-	-
Mother Emmanuel Church	-	-
ABC Creation Justice Ministries	-	-
Endowment: Subject to spending policy	<u>22,075</u>	<u>22,075</u>
Ending Net Assets with Donor Restrictions	<u>\$ 74,946</u>	<u>\$ 186,848</u>

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Note L – Advertising Costs

Alliance of Baptist's policy on advertising costs are to expense them as paid. Advertising costs totaled \$2,700 and \$1,900 years ended December 31, 2022 and December 31, 2021.

Note M – COVID-19

During the fiscal year ended December 31, 2021 and continuing for the fiscal year ended December 31, 2022, a global coronavirus pandemic threatened to deeply harm global economic growth. This has affected the United States and global equity markets as well as consumer confidence. There still is uncertainty how this downturn in the financial markets and consumer confidence may affect the operations, investments, funding, and contribution income of nonprofit Alliances in the near future. The Alliance depends heavily on contributions to support its operations. The ability of contributors to continue giving may be dependent on current and future overall economic conditions.

Note N – Subsequent Events

Subsequent events were evaluated through March 29, 2023, which is the date the financial statements were available to be issued.