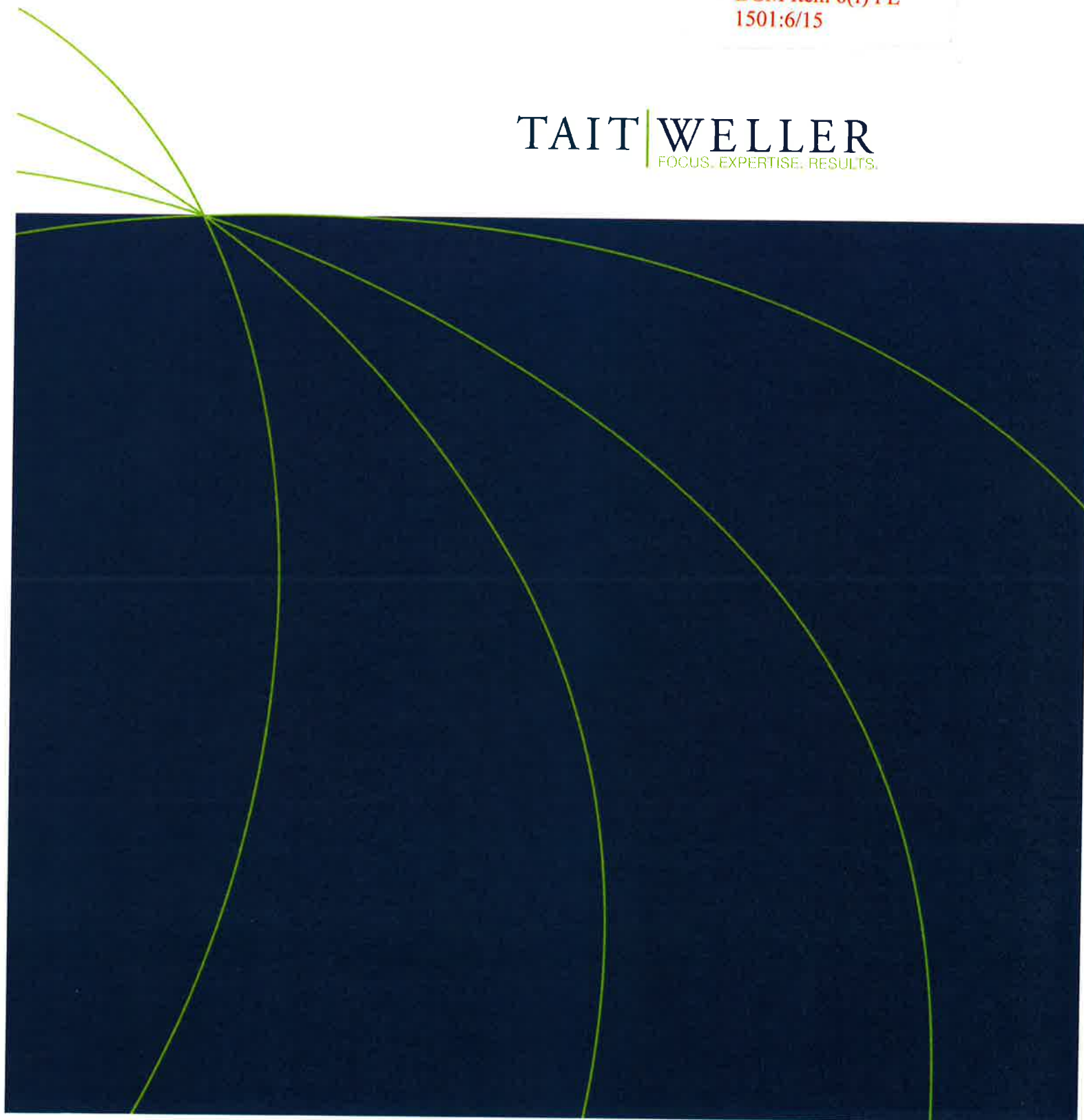


**AMERICAN BAPTIST CHURCHES IN THE U.S.A.**  
***FINANCIAL STATEMENTS AND***  
***REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS***  
**DECEMBER 31, 2014 AND 2013**

BGM EC Item 4(d) PL  
BGM Item 6(f) PL  
1501:6/15

TAIT|WELLER  
FOCUS. EXPERTISE. RESULTS.



# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## ***TABLE OF CONTENTS***

---

|                                                                                                                         | <b><u>Page</u></b> |
|-------------------------------------------------------------------------------------------------------------------------|--------------------|
| <b>REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS</b>                                                               | <b>1</b>           |
| <b>FINANCIAL STATEMENTS</b>                                                                                             |                    |
| <i>Statements of Financial Position,</i><br>December 31, 2014 and 2013                                                  | 2                  |
| <i>Statement of Activities and Changes in Net Assets,</i><br>Year ended December 31, 2014 (with comparative 2013 total) | 3                  |
| <i>Statement of Activities and Changes in Net Assets,</i><br>Year ended December 31, 2013                               | 4                  |
| <i>Statements of Cash Flows,</i><br>Years ended December 31, 2014 and 2013                                              | 5                  |
| <i>Notes to Financial Statements</i>                                                                                    | 6-17               |

---

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

**To the Board of General Ministries  
American Baptist Churches in the USA  
Valley Forge, Pennsylvania**

We have audited the accompanying statements of American Baptist Churches in the U.S.A. (ABC-USA) which comprise the statements of financial position as of December 31, 2014 and 2013, and the related statements of activities, changes in net assets, 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 audit. We conducted our audit 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 financial statements are free of 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 entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 ABC-USA as of December 31, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Tait, Weller & Baker LLP*

**Philadelphia, Pennsylvania  
June 8, 2015**

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## STATEMENTS OF FINANCIAL POSITION

December 31, 2014 And 2013

|                                                                                                                                | <u>2014</u>         | <u>2013</u>          |
|--------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------|
| <b>ASSETS</b>                                                                                                                  |                     |                      |
| <b>CURRENT ASSETS</b>                                                                                                          |                     |                      |
| Cash and cash equivalents                                                                                                      | \$ 2,057,645        | \$ 3,148,876         |
| Accounts receivable from Baptist-related organizations,<br>net of allowance for doubtful accounts of \$4,357 for 2014 and 2013 | 2,596,342           | 2,380,555            |
| Prepaid expenses and other current assets                                                                                      | 178,203             | 191,651              |
| Note receivable, current portion                                                                                               | <u>618,458</u>      | <u>576,895</u>       |
| <b>Total Current Assets</b>                                                                                                    | 5,450,648           | 6,297,977            |
| <b>NONCURRENT ASSETS</b>                                                                                                       |                     |                      |
| Investments, at fair value                                                                                                     | 21,510,416          | 20,334,733           |
| Investment in partnership                                                                                                      | 6,960,145           | 7,043,359            |
| Property, land and equipment, net                                                                                              | 537,365             | 526,875              |
| Note receivable, non-current portion                                                                                           | 5,102,311           | 5,719,945            |
| Lease acquisition costs, net                                                                                                   | 144,773             | 161,681              |
| Assets whose use is limited                                                                                                    | <u>242,237</u>      | <u>215,995</u>       |
| <b>Total Assets</b>                                                                                                            | <u>\$39,947,895</u> | <u>\$ 40,300,565</u> |
| <b>LIABILITIES AND NET ASSETS</b>                                                                                              |                     |                      |
| <b>CURRENT LIABILITIES</b>                                                                                                     |                     |                      |
| Accounts payable and accrued liabilities                                                                                       | \$ 255,783          | \$ 232,605           |
| Funds of others – Mission Support                                                                                              | 1,898,356           | 1,774,482            |
| Funds held for others                                                                                                          | 1,068,048           | 1,233,219            |
| Deferred lease revenue, current portion                                                                                        | <u>96,476</u>       | <u>96,476</u>        |
| <b>Total Current Liabilities</b>                                                                                               | 3,318,663           | 3,336,782            |
| <b>NONCURRENT LIABILITIES</b>                                                                                                  |                     |                      |
| Deferred Compensation                                                                                                          | 242,237             | 215,995              |
| Deferred lease revenue, non-current portion                                                                                    | <u>1,784,651</u>    | <u>1,881,127</u>     |
| <b>Total Liabilities</b>                                                                                                       | <u>5,345,551</u>    | <u>5,433,904</u>     |
| <b>NET ASSETS</b>                                                                                                              |                     |                      |
| Unrestricted                                                                                                                   |                     |                      |
| Board designated                                                                                                               | 23,611,446          | 23,178,023           |
| Board undesignated                                                                                                             | <u>2,126,671</u>    | <u>2,929,305</u>     |
| <b>Total unrestricted</b>                                                                                                      | 25,738,117          | 26,107,328           |
| Temporarily restricted                                                                                                         | 5,651,051           | 5,546,157            |
| Permanently restricted                                                                                                         | <u>3,213,176</u>    | <u>3,213,176</u>     |
| <b>Total Net Assets</b>                                                                                                        | <u>34,602,344</u>   | <u>34,866,661</u>    |
| <b>Total Liabilities and Net Assets</b>                                                                                        | <u>\$39,947,895</u> | <u>\$ 40,300,565</u> |

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2014

(With Comparative Totals For The Year Ended December 31, 2013)

|                                                        | <u>Unrestricted</u>  | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2014<br/>Total</u> | <u>2013<br/>Total</u> |
|--------------------------------------------------------|----------------------|-----------------------------------|-----------------------------------|-----------------------|-----------------------|
| <b>Revenues, gains and other support:</b>              |                      |                                   |                                   |                       |                       |
| American Baptist mission support                       |                      |                                   |                                   |                       |                       |
| Amounts received on behalf<br>of others                | \$30,809,407         |                                   |                                   |                       |                       |
| Amounts remitted to others                             | <u>\$28,613,260</u>  |                                   |                                   |                       |                       |
| Amounts retained by ABC-USA                            | \$ 2,196,147         | \$ -                              | \$ -                              | \$ 2,196,147          | \$ 2,240,759          |
| Donations and other revenue                            | 1,998,282            | 348,710                           | -                                 | 2,346,992             | 2,283,238             |
| Investment income on estate gifts and endowments       | 81,485               | 254,206                           | -                                 | 335,691               | 331,194               |
| Other investment income                                | 731,304              | 139,908                           | -                                 | 871,212               | 858,756               |
| Net realized and unrealized gain/(loss) on investments | 177,058              | (34,841)                          | -                                 | 142,217               | 1,815,578             |
| Net change in value of investment in partnerships      | (275,714)            | -                                 | -                                 | (275,714)             | (77,755)              |
| Mission Center building operations                     | 897,630              | -                                 | -                                 | 897,630               | 856,894               |
| Lease revenue                                          | 96,476               | -                                 | -                                 | 96,476                | 96,476                |
| Net assets released from restrictions:                 |                      |                                   |                                   |                       |                       |
| Satisfaction of program restrictions                   | <u>603,089</u>       | <u>(603,089)</u>                  | <u>-</u>                          | <u>-</u>              | <u>-</u>              |
| <b>Total revenues, gains and other support</b>         | <u>6,505,757</u>     | <u>104,894</u>                    | <u>-</u>                          | <u>6,610,651</u>      | <u>8,405,140</u>      |
| <b>Expenses</b>                                        |                      |                                   |                                   |                       |                       |
| Mission Center building operations                     | 945,493              | -                                 | -                                 | 945,493               | 883,687               |
| Treasurer's office                                     | 728,611              | -                                 | -                                 | 728,611               | 692,055               |
| Mission resource development                           | 669,355              | -                                 | -                                 | 669,355               | 637,058               |
| Biennial                                               | -                    | -                                 | -                                 | -                     | 383,938               |
| General Secretary                                      | 495,562              | -                                 | -                                 | 495,562               | 479,657               |
| Development Office                                     | 217,240              | -                                 | -                                 | 217,240               | 163,989               |
| Representative process                                 | 439,497              | -                                 | -                                 | 439,497               | 381,228               |
| Regional operations                                    | 337,361              | -                                 | -                                 | 337,361               | 333,527               |
| Distribution to others                                 | 253,607              | -                                 | -                                 | 253,607               | 244,504               |
| General and administrative                             | 473,567              | -                                 | -                                 | 473,567               | 559,823               |
| Human resource development                             | 327,334              | -                                 | -                                 | 327,334               | 321,482               |
| Office of travel and conference planning               | 344,335              | -                                 | -                                 | 344,335               | 313,601               |
| Transition Ministries                                  | 765,748              | -                                 | -                                 | 765,748               | 600,894               |
| Denominational emphasis                                | 164,610              | -                                 | -                                 | 164,610               | 249,021               |
| ABC information                                        | 166,682              | -                                 | -                                 | 166,682               | 183,733               |
| Women in Ministry                                      | 93,467               | -                                 | -                                 | 93,467                | 136,152               |
| Ecumenical relations                                   | 157,153              | -                                 | -                                 | 157,153               | 95,055                |
| Orientation to American Baptist Life                   | <u>295,346</u>       | <u>-</u>                          | <u>-</u>                          | <u>295,346</u>        | <u>-</u>              |
| <b>Total expenses</b>                                  | <u>6,874,968</u>     | <u>-</u>                          | <u>-</u>                          | <u>6,874,968</u>      | <u>6,659,404</u>      |
| <b>Changes in net assets</b>                           | (369,211)            | 104,894                           | -                                 | (264,317)             | 1,745,736             |
| <b>Net Assets</b>                                      |                      |                                   |                                   |                       |                       |
| Beginning of year                                      | <u>26,107,328</u>    | <u>5,546,157</u>                  | <u>3,213,176</u>                  | <u>34,866,661</u>     | <u>33,120,925</u>     |
| <b>End of year</b>                                     | <u>\$ 25,738,117</u> | <u>\$ 5,651,051</u>               | <u>\$ 3,213,176</u>               | <u>\$ 34,602,344</u>  | <u>\$ 34,866,661</u>  |

The accompanying notes are an integral part of these financial statements.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For The Year Ended December 31, 2013

|                                                        | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>2013<br/>Total</u> |
|--------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|-----------------------|
| <b>Revenues, gains and other support:</b>              |                     |                                   |                                   |                       |
| American Baptist mission support                       |                     |                                   |                                   |                       |
| Amounts received on behalf<br>of others                | \$30,784,430        |                                   |                                   |                       |
| Amounts remitted to others                             | <u>\$28,543,671</u> |                                   |                                   |                       |
| Amounts retained by ABC-USA                            | \$ 2,240,759        | \$ -                              | \$ -                              | \$ 2,240,759          |
| Donations and other revenue                            | 2,068,825           | 214,413                           | -                                 | 2,283,238             |
| Investment income on estate gifts and endowments       | 135,975             | 195,219                           | -                                 | 331,194               |
| Other investment income                                | 778,423             | 80,333                            | -                                 | 858,756               |
| Net realized and unrealized gain/(loss) on investments | 1,250,932           | 564,646                           | -                                 | 1,815,578             |
| Net change in value of investment in partnerships      | (77,755)            | -                                 | -                                 | (77,755)              |
| Mission Center building operations                     | 856,894             | -                                 | -                                 | 856,894               |
| Lease revenue                                          | 96,476              | -                                 | -                                 | 96,476                |
| Net assets released from restrictions:                 |                     |                                   |                                   |                       |
| Satisfaction of program restrictions                   | <u>604,905</u>      | <u>(604,905)</u>                  | <u>-</u>                          | <u>-</u>              |
| <b>Total revenues, gains and other support</b>         | <u>7,955,434</u>    | <u>449,706</u>                    | <u>-</u>                          | <u>8,405,140</u>      |
| <b>Expenses</b>                                        |                     |                                   |                                   |                       |
| Mission Center building operations                     | 883,687             | -                                 | -                                 | 883,687               |
| Treasurer's office                                     | 692,055             | -                                 | -                                 | 692,055               |
| Mission resource development                           | 637,058             | -                                 | -                                 | 637,058               |
| Biennial                                               | 383,938             | -                                 | -                                 | 383,938               |
| General Secretary                                      | 479,657             | -                                 | -                                 | 479,657               |
| Development Office                                     | 163,989             | -                                 | -                                 | 163,989               |
| Representative process                                 | 381,228             | -                                 | -                                 | 381,228               |
| Regional operations                                    | 333,527             | -                                 | -                                 | 333,527               |
| Distribution to others                                 | 244,504             | -                                 | -                                 | 244,504               |
| General and administrative                             | 559,823             | -                                 | -                                 | 559,823               |
| Human resource development                             | 321,482             | -                                 | -                                 | 321,482               |
| Office of travel and conference planning               | 313,601             | -                                 | -                                 | 313,601               |
| Transition Ministries                                  | 600,894             | -                                 | -                                 | 600,894               |
| Denominational emphasis                                | 249,021             | -                                 | -                                 | 249,021               |
| ABC information                                        | 183,733             | -                                 | -                                 | 183,733               |
| Women in Ministry                                      | 136,152             | -                                 | -                                 | 136,152               |
| Ecumenical relations                                   | <u>95,055</u>       | <u>-</u>                          | <u>-</u>                          | <u>95,055</u>         |
| <b>Total expenses</b>                                  | <u>6,659,404</u>    | <u>-</u>                          | <u>-</u>                          | <u>6,659,404</u>      |
| <b>Changes in net assets</b>                           | 1,296,030           | 449,706                           | -                                 | 1,745,736             |
| <b>Net Assets</b>                                      |                     |                                   |                                   |                       |
| Beginning of year                                      | <u>24,811,298</u>   | <u>5,096,451</u>                  | <u>3,213,176</u>                  | <u>33,120,925</u>     |
| <b>End of year</b>                                     | <u>\$26,107,328</u> | <u>\$5,546,157</u>                | <u>\$3,213,176</u>                | <u>\$34,866,661</u>   |

The accompanying notes are an integral part of these financial statements.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## STATEMENT OF CASH FLOWS

For The Years Ended December 31, 2014 And 2013

|                                                                                                             | <u>2014</u>         | <u>2013</u>         |
|-------------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                                                 |                     |                     |
| Total change in net assets                                                                                  | \$ (264,317)        | \$ 1,745,736        |
| Adjustments to reconcile total change in net assets to net cash (used) in/provided by operating activities: |                     |                     |
| Depreciation                                                                                                | 51,722              | 57,712              |
| Amortization of lease acquisition costs                                                                     | 16,908              | 16,908              |
| Net realized and unrealized gain on investments                                                             | (142,217)           | (1,815,578)         |
| Net change/ loss in value of investment in partnership                                                      | 275,714             | 77,755              |
| Amortization of lease income                                                                                | (96,476)            | (96,476)            |
| Decrease (increase) in operating assets:                                                                    |                     |                     |
| Accounts receivable from Baptist related organizations                                                      | (215,787)           | 272,805             |
| Prepaid expenses and other assets                                                                           | 13,448              | (2,199)             |
| Increase (decrease) in operating liabilities:                                                               |                     |                     |
| Accounts payable/accrued expenses                                                                           | 23,178              | 5,670               |
| Assets whose use is limited                                                                                 | 26,242              | 43,435              |
| Funds of others and funds held for others-mission support                                                   | (41,297)            | (378,692)           |
| <b>Net cash used in operating activities</b>                                                                | <u>(352,882)</u>    | <u>(72,924)</u>     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                                                                 |                     |                     |
| Purchases of equipment                                                                                      | (62,212)            | (14,224)            |
| Additional investment in partnership                                                                        | (192,500)           | -                   |
| Purchases of investments, net of proceeds from sales                                                        | (1,033,466)         | (694,951)           |
| Net change in assets whose use is limited                                                                   | (26,242)            | (43,435)            |
| Collections of notes receivable                                                                             | <u>576,071</u>      | <u>537,836</u>      |
| <b>Net cash used in investing activities</b>                                                                | <u>(738,349)</u>    | <u>(214,774)</u>    |
| <b>Net decrease in cash and cash equivalents</b>                                                            | (1,091,231)         | (287,698)           |
| <b>CASH AND CASH EQUIVALENTS</b>                                                                            |                     |                     |
| Beginning of year                                                                                           | <u>3,148,876</u>    | <u>3,436,574</u>    |
| End of year                                                                                                 | <u>\$ 2,057,645</u> | <u>\$ 3,148,876</u> |

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS

December 31, 2014 And 2013

---

### (1) BACKGROUND

The American Baptist Churches in the U.S.A. (***ABC-USA***), as a manifestation of the church universal, bears witness to God's intention to bring redemption and wholeness to all creation. American Baptist believe that God's intention can be sought and followed in local congregations and other gatherings of Christians and in associational, regional, national and world bodies as they receive from one another mutual counsel and correction. Since Jesus Christ is the head of the church, each body of Christians, seeking to order its life in accordance with the Scriptures under the guidance of the Holy Spirit, has a proper responsibility under God for maintaining its life of worship, witness, and ministry.

The Internal Revenue Service (***IRS***) has determined ABC-USA to be an "association of churches" and, therefore, exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The IRS has further determined that contributions made to the ABC-USA are deductible by the donors to the extent allowed by law. Management has reviewed their tax positions and has concluded that there are no significant uncertain tax positions that would require recognition in the financial statements.

### (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### ***BASIS OF ACCOUNTING***

The accompanying financial statements of ABC-USA have been prepared using the accrual basis of accounting.

#### ***NET ASSETS***

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

***Unrestricted Net Assets*** – include the revenues and expenses associated with the principal mission of ABC-USA and are segregated as follows:

***Board Undesignated:*** These may be used by management for any purpose without restriction.

***Board Designated:*** Includes reserves such as the Functioning as Endowment, Proceeds from the Sale of the Mission Center, ABC-USA Operating Reserve and other designated balances. Although intended for specific use, these are not binding on ABC-USA.

***Temporarily Restricted Net Assets*** – include gifts for which restrictions have not been met. Temporarily restricted net assets are limited by donors for a specific purpose or specified period.

***Permanently Restricted Net Assets*** – include ABC-USA's permanent endowment funds.

#### ***CASH AND CASH EQUIVALENTS***

Cash and cash equivalents consist of amounts held in highly liquid securities with maturities of less than three months at the time of purchase and are stated at cost, which approximates fair value.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

---

### **ACCOUNTS RECEIVABLE FROM BAPTIST RELATED ORGANIZATIONS**

Accounts receivable consist of amounts due from Baptist related organizations and local churches for mission fund support and reimbursable costs, net of allowance for doubtful accounts. Allowance for doubtful accounts is determined by review of the aged accounts receivable listing for balances that are specifically identifiable as a credit risk or uncollectible.

### **INVESTMENTS**

Investments are stated at fair value. Donated securities are recorded at fair value on the date of receipt. Investments primarily consist of funds invested in investment pools that are managed by the American Baptist Foundation (“ABF”) (an affiliate), and American Baptist Home Missions Societies (“ABHMS”) (an affiliate).

Investment income is recorded on the accrual basis of accounting and investment transactions are recorded on trade date. Investment income including realized and unrealized gains and losses on investments are recognized as income in the Statement of Activity.

### **INVESTMENT IN PARTNERSHIP**

In 2008, ABC-USA entered into a limited partnership agreement with the American Baptist Foreign Missions Society (“ABFMS”), American Baptist Home Mission Society (“ABHMS”), and the Ministers and Missionaries Benefits Board (“MMBB”) to form 588 Associates, LP (the “Partnership”), a Pennsylvania limited partnership, for the purpose of the acquisition of the Mission Center (the “Sale”), and 588 Associates, LLC (the “Company”), a Pennsylvania limited liability company, for the purpose of managing the activities and serving as the General Partner of the Partnership. ABC-USA holds a 34.65% interest in the Partnership and a 35% interest in the Company, which holds a 1% interest in the Partnership. ABC-USA reports its investment in the Partnership based on the equity method of accounting.

### **PROPERTY, LAND, EQUIPMENT AND DEPRECIATION**

Property, land, and equipment are recorded at cost. Depreciation is provided on a straight-line basis and is charged to expense over the estimated useful lives of the assets. Gains and losses on the disposition of assets are recognized in the Statement of Activity in the period of disposition. Repair and maintenance costs are expensed when incurred, while improvements that extend the life of the assets are capitalized.

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

### **ASSETS WHOSE USE IS LIMITED**

Assets whose use is limited consist of investments held for a deferred compensation plan.

### **FUNDS OF OTHERS-MISSION SUPPORT**

Mission Support consists of funds administered by ABC-USA but intended for affiliated organizations in accordance with the approved budget covenant. These payments are recorded as a liability, funds of others-Mission Support, when received.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

---

### **FUNDS HELD FOR OTHERS**

ABC-USA collects and distributes other (non-Mission Support) funds for the benefit of others. ABC-USA holds these funds in a fiduciary capacity and its sole responsibility regarding these funds is in the capacity of acting as an agent. These funds represent contributions for other institutions and are recorded as a liability, funds held for others, when received.

### **DEFERRED LEASE REVENUE**

Deferred lease revenue represents rental income received for a land lease and is amortized using the straight-line method over the term of the leases.

### **CONTRIBUTIONS**

Contributions which are unconditional are recognized when received. Contributions restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the period in which the contributions are received. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions.

### **USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and related disclosures. Actual results could differ from those estimates.

### **RECLASSIFICATIONS**

Certain reclassifications were made to the 2013 financial statements to conform to the 2014 presentation.

## **(3) INVESTMENTS**

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

Level 1 – Unadjusted quoted prices in active markets at the measurement date for identical assets and/or liabilities. An active market is one in which transactions for assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. This category includes contracts traded on active exchange markets valued using unadjusted prices quoted directly from the exchange.

Level 2 – Observable inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument on an inactive market, prices for similar instruments, interest rates, prepayment speeds, credit risk, yield curves, default rates and similar data.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

Level 3 – Assets or liabilities whose fair value is estimated based on internally developed models or methodologies using inputs that are generally less readily observable and supported by little, if any, market activity at the measurement date. Unobservable inputs are developed based on the best available information and subject to cost benefit constraints.

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

The fair values of the investment securities and the associated fair value measurements as of December 31, 2014 and 2013 are as follows:

| <b><u>2014</u></b>              | <b><u>Level 1</u></b>     | <b><u>Level 2</u></b>     | <b><u>Level 3</u></b>     | <b><u>Total</u></b>     |
|---------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|
| <b>Investment Type</b>          |                           |                           |                           |                         |
| Blended Portfolio of the        |                           |                           |                           |                         |
| American Baptist Foundation     | \$ -                      | \$ 13,443,116             | \$ -                      | \$ 13,443,116           |
| Common Investment Fund of the   |                           |                           |                           |                         |
| American Home Mission Society – | -                         | 7,535,619                 | -                         | 7,535,619               |
| Mutual Funds – Fixed Income     | <u>531,681</u>            | <u>-</u>                  | <u>-</u>                  | <u>531,681</u>          |
| Total investments               | <u>\$ 531,681</u>         | <u>\$ 20,978,735</u>      | <u>\$ -</u>               | <u>\$ 21,510,416</u>    |
| Assets whose use is limited     | <u>\$ -</u>               | <u>\$ 242,237</u>         | <u>\$ -</u>               | <u>\$ 242,237</u>       |
| <br><b><u>2013</u></b>          | <br><b><u>Level 1</u></b> | <br><b><u>Level 2</u></b> | <br><b><u>Level 3</u></b> | <br><b><u>Total</u></b> |
| <b>Investment Type</b>          |                           |                           |                           |                         |
| Blended Portfolio of the        |                           |                           |                           |                         |
| American Baptist Foundation     | \$ -                      | \$ 13,282,047             | \$ -                      | \$ 13,282,047           |
| Common Investment Fund of the   |                           |                           |                           |                         |
| American Home Mission Society – | -                         | 6,528,832                 | -                         | 6,528,832               |
| Mutual Funds – Fixed Income     | <u>523,854</u>            | <u>-</u>                  | <u>-</u>                  | <u>523,854</u>          |
| Total investments               | <u>\$ 523,854</u>         | <u>\$ 19,810,879</u>      | <u>\$ -</u>               | <u>\$ 20,334,733</u>    |
| Assets whose use is limited     | <u>\$ -</u>               | <u>\$ 215,995</u>         | <u>\$ -</u>               | <u>\$ 215,995</u>       |

There were no transfers between Level 1 and Level 2 during the years ended December 31, 2014 or 2013.

The Blended Portfolio of the ABF and the Common Investment Fund of the ABHMS represent investment pools managed by ABF and ABHMS, respectively. Each investment has a calculated net asset value and distributions may be taken at any time. As a result, these investments are classified as Level 2.

The Blended Portfolio of the ABF has a target allocation of 60% stock and 40% bonds, however, the target allocation may vary by plus or minus in each category.

The Common Investment Fund of the ABHMS has a long-term optimal allocation target of 66% stocks, 23% bonds and 11% alternatives, however, the allocation may vary by plus or minus in each category.

Assets whose use is limited represent investments held for a deferred compensation plan.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

### (4) INVESTMENT IN LIMITED PARTNERSHIP AND COMPANY

ABC-USA investment in the Partnership and Company represents its equity interest of 34.65%, in the net assets of those entities which amounted to \$6,960,145 at December 31, 2014 and \$7,043,359 at December 31, 2013.

Summarized financial information for 588 Associates, LP for the year ended December 31, 2014 and 2013 is as follows:

|                                           | <b>Statement of Financial Condition</b> |                      |
|-------------------------------------------|-----------------------------------------|----------------------|
|                                           | <b><u>2014</u></b>                      | <b><u>2013</u></b>   |
| Total Assets                              | <u>\$ 20,077,281</u>                    | <u>\$ 20,333,827</u> |
| Total Liabilities                         | \$ 180,951                              | \$ 209,938           |
| Partnership Capital                       | <u>19,896,330</u>                       | <u>20,123,889</u>    |
| Total Liabilities and Partnership Capital | <u>\$ 20,077,281</u>                    | <u>\$ 20,333,827</u> |

Its share of the partnership loss for 2014 and 2013 was \$(275,714) and (\$77,755), respectively, which is recorded as “net change in value of investment in partnership” in the statement of activities. During 2014, ABC-USA contributed capital of \$192,500 to the Partnership.

Assets of the Partnership consist principally of land and buildings in which the buildings are being depreciated over their useful lives.

ABC-USA provides financial management services to the Partnership. During 2014 and 2013, the fees collected for these services, including reimbursement of allocated personnel expenses, totaled \$311,220 and \$286,203, respectively, which is included in the “Mission Center building operations” revenue and expense lines in the statement of activities.

### (5) PROPERTY, LAND AND EQUIPMENT

Property, land and equipment as of December 31, 2014 and 2013 consist of the following:

|                                         | <b><u>2014</u></b> | <b><u>2013</u></b> |
|-----------------------------------------|--------------------|--------------------|
| Computer software and equipment         | \$ 2,563,900       | \$ 2,548,986       |
| Leasehold improvements                  | 31,531             | -                  |
| Office equipment                        | 646,798            | 631,031            |
| Automobiles                             | <u>39,385</u>      | <u>39,385</u>      |
| Subtotal                                | 3,281,614          | 3,219,402          |
| Accumulated depreciation                | <u>(3,159,165)</u> | <u>(3,107,443)</u> |
| Subtotal property and equipment, net    | 122,449            | 111,959            |
| Land                                    | <u>414,916</u>     | <u>414,916</u>     |
| Total property, land and equipment, net | <u>\$ 537,365</u>  | <u>\$ 526,875</u>  |

Depreciation expense for the years ended December 31, 2014 and 2013 was \$51,722 and \$57,712, respectively.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

**December 31, 2014 And 2013**

---

### (6) RELATED PARTY LEASE COMMITMENT

588 Associates, L.P. leases to ABC-USA certain premises in the Mission Center Building. ABC-USA entered a lease agreement with 588 Associates, L.P. which expires February 28, 2015. The rent expense for 2014 and 2013 was \$114,055 and \$110,727, respectively.

Future commitments under this lease are as follows:

**December 31,**

|       |                  |
|-------|------------------|
| 2015  | \$109,507        |
| 2016  | 112,802          |
| 2017  | <u>18,893</u>    |
| Total | <u>\$241,202</u> |

### (7) NOTES RECEIVABLE

ABC-USA and other affiliates entered into a loan agreement with American Baptist Historical Society (“ABHS”), an affiliate, to assist in the relocation of ABHS to another geographical location. The loan agreement with ABC-USA, ABFMS, ABHMS, and MMBB (collectively, the “lessors”) totaled \$464,970. ABC-USA contributed 15% of the principal totaling \$69,750.

Commencing October 1, 2009 and thereafter interest accrues at 5%. As of December 31, 2014 and 2013, ABC-USA’s share of the principal balance due was \$29,737 and \$32,498, respectively.

ABC-USA entered into loan agreements with ABFMS, ABHMS, and MMBB in conjunction with the 2009 sale of the Mission Center to the partnership. The notes, which carry an interest rate of 7%, are payable in monthly installments over 10 years for MMBB and over 25 years for ABHMS. During 2011, ABFMS paid in full the remaining balance due on its outstanding note. These notes are collateralized by each organization’s interest in the Partnership. As of December 31, 2014 and 2013, the outstanding note receivable balance due from ABHMS and MMBB was \$5,691,032 and \$6,264,342, respectively.

The following is the schedule of future minimum principal payments of all outstanding notes receivable as of December 31, 2014:

**Year Ending December 31,**

|                     |                     |
|---------------------|---------------------|
| 2015                | \$ 618,458          |
| 2016                | 663,021             |
| 2017                | 710,800             |
| 2018                | 762,375             |
| 2019                | 282,108             |
| 2020 and thereafter | <u>2,684,007</u>    |
| Total               | <u>\$ 5,720,769</u> |

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

---

### (8) LEASE OF AMERICAN BAPTIST FREEDOM CENTER

In July 1984, ABC-USA entered into an agreement to lease 24 acres of the building property to a third party. The initial lease term is for 50 years with renewal options for an additional 49 years at the lessee's discretion. In 1990, the lease was amended to provide the lessee with additional development considerations on the property. The lease has been classified as an operating lease.

Rent received for the initial lease term approximated \$4,690,000. This amount and subsequent rental revenues were deferred and are amortized using the straight-line method over various lease terms of up to 50 years. Amortization of deferred lease revenue for each of the years ended December 31, 2014 and 2013 was \$96,476.

Costs incurred in negotiating and consummating the lease transactions described above totaled \$624,496. These costs were deferred and are amortized using the straight-line method over various periods of up to 50 years. Amortization on these deferred lease acquisition costs for each of the years ended December 31, 2014 and 2013 was \$16,908. Accumulated amortization was \$479,723 and \$462,815 as of December 31, 2014 and 2013, respectively.

### (9) RETIREMENT PLAN

Substantially all of ABC-USA full-time employees are covered by the American Baptist Churches Retirement Plan (the "*Plan*"), a multi-employer defined contribution plan in accordance with Section 403(b) of the Internal Revenue Code. ABC-USA contributes 13 percent of each participant's annual compensation. Plan expenses for the years ended December 31, 2014 and 2013 were \$328,927 and \$309,553, respectively.

Exempt employees are eligible to participate in the Plan immediately upon enrollment. Non-exempt employees are eligible to participate in the Plan upon completion of three years of service. Upon completion of ten years of service for non-exempt employees, a lump sum contribution will be made that is equivalent to contributions that would have been made during the participant's first three years of services. All participants are fully vested in the Plan upon enrollment.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

---

### (10) AMOUNTS RECEIVED ON BEHALF OF AND REMITTED TO OTHERS

Amounts received on behalf of and remitted to others through the American Baptist Mission Support (“ABMS”) during the years ended December 31, 2014 and 2013 were as follows:

|                                                                                                           | <u>2014</u>         | <u>2013</u>         |
|-----------------------------------------------------------------------------------------------------------|---------------------|---------------------|
| Amounts received through ABMS:                                                                            |                     |                     |
| ABC Offerings and Other Objectives                                                                        | \$ 21,385,528       | \$ 20,456,390       |
| United Mission                                                                                            | 8,853,293           | 9,896,226           |
| Other campaigns                                                                                           | 103,857             | 229,635             |
| Gifts to other agencies                                                                                   | <u>196,860</u>      | <u>202,179</u>      |
| Total amounts received through ABMS                                                                       | <u>30,539,538</u>   | <u>30,784,430</u>   |
| Amounts received on behalf of others were distributed as follows:                                         |                     |                     |
| National Related Boards                                                                                   | 14,916,350          | 13,200,555          |
| Regions, States, and Baptist Related Activities                                                           | 10,743,752          | 11,773,309          |
| Other organizations                                                                                       | 2,262,630           | 3,147,270           |
| Shared Support Services to Related Boards                                                                 | 329,104             | 323,576             |
| Uncommitted Fund Disbursements                                                                            | <u>91,555</u>       | <u>98,961</u>       |
| Total amounts distributed to others                                                                       | <u>28,343,391</u>   | <u>28,543,671</u>   |
| Amounts retained by American Baptist Churches in the U.S.A. in accordance with budget covenant provisions | <u>\$ 2,196,147</u> | <u>\$ 2,240,759</u> |

### (11) NET ASSETS

Temporarily restricted net assets consist of the following:

|                                 | <u>2014</u>         | <u>2013</u>         |
|---------------------------------|---------------------|---------------------|
| Funds functioning as endowment: |                     |                     |
| Roblee Fund                     | \$ 4,331,357        | \$ 4,357,956        |
| Other Funds                     | 1,129,380           | 1,005,885           |
| Other                           | <u>190,314</u>      | <u>182,316</u>      |
|                                 | <u>\$ 5,651,051</u> | <u>\$ 5,546,157</u> |

Temporarily restricted net asset released from restriction for the years ended December 31, 2014 and 2013 comprised the following:

|                     | <u>2014</u>       | <u>2013</u>       |
|---------------------|-------------------|-------------------|
| Specifics           | \$ 253,608        | \$ 244,504        |
| Women in Ministry   | 113,915           | 113,163           |
| Operational Support | <u>235,566</u>    | <u>247,238</u>    |
|                     | <u>\$ 603,089</u> | <u>\$ 604,905</u> |

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

### PERMANENTLY RESTRICTED NET ASSETS

Restricted endowment funds account for the principal amount of gifts and bequests accepted with the donor's stipulation that the principal be maintained in perpetuity or until the occurrence of a specified event or for a specified period. The income from the investment of such funds is available for unrestricted use, unless specifically restricted by the donor.

|                     | <u>2014</u>        | <u>2013</u>        |
|---------------------|--------------------|--------------------|
| Women in Ministry   | \$ 2,323,285       | \$ 2,323,285       |
| Operational Support | <u>889,891</u>     | <u>889,891</u>     |
|                     | <u>\$3,213,176</u> | <u>\$3,213,176</u> |

Endowment net asset composition by type of fund as of December 31, 2014 and 2013:

|                                  | <u>2014</u>         |                                   |                                   |                     |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
| Donor restricted endowment funds | \$ (443,200)        | \$ -                              | \$3,213,176                       | \$ 2,769,976        |
| Funds functioning as endowment   | <u>11,182,364</u>   | <u>5,460,737</u>                  | <u>-</u>                          | <u>16,643,101</u>   |
| Total funds                      | <u>\$10,739,164</u> | <u>\$5,460,737</u>                | <u>\$3,213,176</u>                | <u>\$19,413,077</u> |

|                                  | <u>2013</u>         |                                   |                                   |                     |
|----------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
|                                  | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
| Donor restricted endowment funds | \$ (383,863)        | \$ -                              | \$3,213,176                       | \$ 2,829,313        |
| Funds functioning as endowment   | <u>10,251,488</u>   | <u>5,363,841</u>                  | <u>-</u>                          | <u>15,615,329</u>   |
| Total funds                      | <u>\$ 9,867,625</u> | <u>\$5,363,841</u>                | <u>\$3,213,176</u>                | <u>\$18,444,642</u> |

Change in endowment net assets for the years ended December 31, 2014 and 2013:

|                                                                                   | <u>2014</u>         |                                   |                                   |                     |
|-----------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
|                                                                                   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
| Endowment net assets, December 31, 2013                                           | <u>\$ 9,867,625</u> | <u>\$ 5,363,841</u>               | <u>\$ 3,213,176</u>               | <u>\$18,444,642</u> |
| Investment return:                                                                |                     |                                   |                                   |                     |
| Investment income                                                                 | 434,016             | 334,777                           | -                                 | 768,793             |
| Net realized/unrealized gains                                                     | <u>115,157</u>      | <u>(34,841)</u>                   | <u>-</u>                          | <u>80,316</u>       |
| Total investment return                                                           | 549,173             | 299,936                           | -                                 | 849,109             |
| Contributions                                                                     | 1,011,768           | 105,147                           | -                                 | 1,116,915           |
| Appropriation of assets for expenditure in<br>accordance with the spending policy | <u>(630,065)</u>    | <u>(367,524)</u>                  | <u>-</u>                          | <u>(997,589)</u>    |
| Deficit balances in endowment income                                              | <u>(59,337)</u>     | <u>59,337</u>                     | <u>-</u>                          | <u>-</u>            |
| Endowment net assets, December 31, 2014                                           | <u>\$10,739,164</u> | <u>\$ 5,460,737</u>               | <u>\$ 3,213,176</u>               | <u>\$19,413,077</u> |

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

|                                                                                   | 2013                |                                   |                                   |                     |
|-----------------------------------------------------------------------------------|---------------------|-----------------------------------|-----------------------------------|---------------------|
|                                                                                   | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> | <u>Total</u>        |
| Endowment net assets, December 31, 2012                                           | <u>\$ 7,681,147</u> | <u>\$ 4,881,310</u>               | <u>\$ 3,213,176</u>               | <u>\$15,775,633</u> |
| Investment return:                                                                |                     |                                   |                                   |                     |
| Investment income                                                                 | 423,502             | 329,715                           | -                                 | 753,217             |
| Net realized/unrealized gains                                                     | <u>1,243,751</u>    | <u>631,518</u>                    | <u>-</u>                          | <u>1,875,268</u>    |
| Total investment return                                                           | 1,667,253           | 961,233                           | -                                 | 2,628,486           |
| Contributions                                                                     | 993,498             | -                                 | -                                 | 993,498             |
| Appropriation of assets for expenditure in<br>accordance with the spending policy | (595,308)           | (357,667)                         | -                                 | (952,975)           |
| Recovery of endowment income in<br>deficit balance                                | <u>121,035</u>      | <u>(121,035)</u>                  | <u>-</u>                          | <u>-</u>            |
| Endowment net assets, December 31, 2013                                           | <u>\$ 9,867,625</u> | <u>\$ 5,363,841</u>               | <u>\$ 3,213,176</u>               | <u>\$18,444,642</u> |

### RETURN OBJECTIVES AND RISK PARAMETERS

ABC-USA's endowment funds are invested in various investments, primarily with ABF and ABHMS (*See Note 3*). According to policy approved by the General Board, funds are invested in a manner to preserve the real purchasing power of the assets after all withdrawals and fees by earning a total rate of return over full market cycles of 3 to 5 years which will support the spending policy stated below. Additionally, the total rate of return (net of fees) is expected to equal or exceed a passive investment in commonly quoted market indices (benchmarks) based on a long-term optimal asset allocation.

To satisfy its long-term rate-of-return objectives, ABC-USA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). ABC-USA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

### SPENDING POLICY

ABC-USA sets the draw from the endowment funds by approval of the BGM Finance Committee annually. The percentage draw for operations and disbursements to related partners was 5% for all restricted and funds functioning as endowment, except for the Proceeds on the Sale of the Mission Center Fund which was at 4% for 2014 and 2013. Effective January 1, 2004, ABC-USA was assigned American Baptist Women in Ministry ("*ABWIM*") as a department within the Office of the General Secretary by the General Board, and thus, investments held in an endowment fund were transferred to ABC-USA to support the operations of the new department. ABWIM's percentage draw was 6% for 2014 and 2013. The maximum percentage allowable under terms of ABC-USA's Covenant Agreement with the Ministers & Missionaries Benefit Board ("*MMBB*") is 8%.

# AMERICAN BAPTIST CHURCHES IN THE U.S.A.

## NOTES TO FINANCIAL STATEMENTS – (Continued)

December 31, 2014 And 2013

---

### **INTERPRETATION OF RELEVANT LAW**

The General Board of ABC-USA has interpreted the applicable state standards and guidelines for the prudent management of an endowment fund as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, ABC-USA classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization.

The remaining portion of the donor-restricted endowment fund (i.e. the accumulated realized and unrealized gains/losses) that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by ABC-USA.

### **FUNDS WITH DEFICIENCIES**

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or state standards require ABC-USA to retain as a fund of perpetual duration. As of December 31, 2014 and 2013, deficit balances of endowment income in permanently restricted net assets of \$443,200 and \$383,863 were charged to unrestricted net assets.

## **(12) FUNCTIONAL CLASSIFICATION OF EXPENSES**

ABC/USA is required to present expenses on a functional basis if natural classifications are presented in the Statement of Activities. The functional allocation of expenses is based primarily on the amount of direct cost spent on the program or activity as follows:

|                        | <u>2014</u>         | <u>2013</u>         |
|------------------------|---------------------|---------------------|
| Programs               | \$ 5,103,670        | \$ 4,793,866        |
| Management and General | 1,317,444           | 1,358,528           |
| Fundraising            | <u>453,854</u>      | <u>418,812</u>      |
| Total                  | <u>\$ 6,874,968</u> | <u>\$ 6,571,206</u> |

## **(13) CREDIT RISK AND OTHER CONCENTRATIONS**

ABC-USA is required by Accounting Standards Codification (“ASC”) 825, “*Financial Instruments*” to disclose significant concentrations of credit risk regardless of the degree of such risk. As of December 31, 2014 and 2013, ABC-USA maintained bank deposits that exceeded the limit of insurability under the Federal Deposit Insurance Corporation. This risk is managed by ABC-USA in continuing to monitor the financial institutions in which it maintains relationships.

# **AMERICAN BAPTIST CHURCHES IN THE U.S.A.**

## ***NOTES TO FINANCIAL STATEMENTS – (Continued)***

**December 31, 2014 And 2013**

---

### **(14) CONTINGENCIES**

ABC-USA is involved in litigation from time to time arising in the ordinary course of business. In the opinion of management, all such matters are adequately covered by insurance or, if not covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position and results of activities and cash flows of ABC-USA, if disposed of unfavorably.

### **(15) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through June 8, 2015, the date which the financial statements were available to be issued. There were no material subsequent events required to be disclosed.